

**State of Illinois
HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
FINANCIAL AUDIT
(In Accordance with the Single Audit Act and
OMB Circular A-133)
For the Year Ended June 30, 2008**

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

HAMILTON/JEFFERSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #25
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 June 30, 2008

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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

REGIONAL OFFICE OF EDUCATION #25

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	5
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	4	1

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

An additional matter which is less than a significant deficiency or material weakness but more than inconsequential, has been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, this issue has been included as an immaterial finding 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)			
08-01	12a	Controls Over Financial Statement Preparation	Significant Deficiency
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
08-02	12c	Improper Revenue Classification	Significant Deficiency
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
07-01	15	Inadequate Internal Control Procedures	
07-02	15	Misclassification of Reimbursements	
07-03	15	Improper Expenditure Classification	
07-04	15	Interest Allocation	
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
07-04	15	Interest Allocation	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 22, 2008. Attending were Bryan Cross, Regional Superintendent, and Tami Colpitts-Knight, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Bryan Cross, Regional Superintendent.

FINANCIAL STATEMENT REPORT

SUMMARY

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

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

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #25, as of and for the year ended June 30, 2008, which collectively comprise the Regional Office of Education #25's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #25's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #25, as of June 30, 2008, 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 January 7, 2009, on our consideration of the Regional Office of Education #25's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a to 16h, and 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #25's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurer's and Other Entities – Distributive Fund 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 for Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurer's and Other Entities – Distributive Fund, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Marion, Illinois
January 7, 2009



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #25, as of and for the year ended June 30, 2008, which collectively comprise the Regional Office of Education #25's basic financial statements and have issued our report thereon dated January 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #25's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Regional Office of Education #25's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #25's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting as item 08-01.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #25's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we have reported to management of the Regional Office of Education #25 in a separate letter dated January 7, 2009.

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

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Marion, Illinois
January 7, 2009



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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #25 with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Regional Office of Education #25's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #25's management. Our responsibility is to express an opinion on the Regional Office of Education #25's compliance based on our audit.

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

In our opinion, the Regional Office of Education #25 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Regional Office of Education #25 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #25's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #25's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 08-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

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

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Marion, Illinois
January 7, 2009

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2008

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant Deficiency(ies) identified that are not considered to be material weakness(es)? Yes

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

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

Identification of **major** programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	Standards Aligned Classroom
84.213C	Even Start
17.259	Job Training Partnership Act - Tutorial

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

Auditee qualified as a low-risk auditee? No

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 08-01 – Controls Over Financial Statement Preparation (Repeat from Finding 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. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, there were no entries made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not post prior year audit adjusting entries timely in fiscal year 2007. This resulted in the Regional Office's fund balances rolling forward to fiscal year 2008 incorrectly and not in accordance with GAAP.

Effect:

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

Cause:

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

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 08-01 – Controls Over Financial Statement Preparation (Repeat from Finding 07-05) (Concluded)

Recommendation:

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

Management's Response:

The Regional 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/JEFFERSON REGIONAL OFFICE OF EDUCATION #25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 08-02 – Improper Revenue Classification

Federal Program Name & Year: Job Training Partnership Act
Project Number: 1Y-PY07-YOUTH-3 and 1Y-PY08-YOUTH-3
CFDA Number: 17.259
Passed Through: Management Training and Consulting Corporation
Federal Agency: Department of Labor

Criteria/specific requirement:

The Regional Office of Education #25 is required by the Illinois State Board of Education (ISBE) to maintain its accounting system consistent with the ISBE Regional Office of Education Accounting Manual. That manual requires the Regional Office of Education #25 to track funding sources as federal, State, or local.

Condition:

The Regional Office of Education #25 classified \$137,028 of federal grant revenue in their general ledger system incorrectly as State and local source revenue.

Questioned Costs:

\$137,028

Context:

The Regional Office received \$356,098 in federal funding, of which, \$131,877 and \$5,151 was misclassified as local and State revenue, respectively.

Effect:

Revenues are not classified in accordance with the ISBE Regional Office of Education Accounting Manual.

Cause:

The Regional Office of Education was unaware of ISBE account classification requirements and inadvertently made errors when posting federal revenue from certain flow through entities to their general ledger.

Recommendation:

The Regional Office of Education #25 should identify and record revenues as local, State or federal revenue in accordance with requirements identified by the ISBE Regional Office of Education Accounting Manual.

Management's Response:

The Regional Superintendent agrees with this finding.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

NONE

SIGNIFICANT DEFICIENCIES:

Finding No. 08-02 – Improper Revenue Classification (finding details on page 12c)

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2008

Corrective Action Plan

Finding No. 08-01 – Controls Over Financial Statement Preparation (Repeat of finding 07-05)

Condition:

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

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, there were no entries made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not post prior year audit adjusting entries timely in fiscal year 2007. This resulted in the Regional Office's fund balances rolling forward to fiscal year 2008 incorrectly and not in accordance with GAAP.

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.

The Regional Office will continue to send the Controller to various trainings to assist her in gaining a better understanding of accrual accounting and reporting under generally accepted accounting principles (GAAP).

Anticipated Date of Completion:

On-going

Name of Contact Person:

Mr. Bryan Cross, Regional Superintendent

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2008

Corrective Action Plan (Concluded)

Finding No. 08-02 – Improper Revenue Classification

Condition:

The Regional Office of Education #25 classified \$137,028 of federal grant revenue in their general ledger system incorrectly as State and local source revenue.

Plan:

The Regional Office of Education #25 will identify and record revenues as local, State or federal revenue in accordance with requirements identified by the ISBE Regional Office of Education Accounting Manual.

Anticipated Date of Completion:

Immediately upon learning of oversight.

Name of Contact Person:

Mr. Bryan Cross, Regional Superintendent

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
07-01	Inadequate Internal Control Procedures	Corrected
07-02	Misclassification of Reimbursements	Corrected
07-03	Improper Expenditure Classification	Corrected
07-04	Interest Allocation	(See Note Below)
07-05	Controls Over Financial Statement Preparation	Repeat 08-01

Note: Although the Regional Office of Education #25 has not fully implemented the corrective action plan associated with this finding during the fiscal year 2008, they have made significant progress in addressing the condition. Therefore, the effect of the condition is inconsequential to the specific programs and the overall financial statements and is now being addressed with management in a separate letter dated January 7, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2008

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, 2008. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follow.

2008 Financial Highlights

- Within the Governmental Funds, the General Fund revenues were \$917,465 and \$922,768 in fiscal year 2008 and 2007, respectively. General Fund expenditures were \$973,776 and \$758,545 for fiscal year 2008 and 2007, respectively. Revenue remained relatively consistent with the prior year. Increases in General Fund expenditures are a result of the timing of payments to the University Classes program. In addition, there was a significant increase in the salaries and benefits paid to the Regional Superintendent and the Assistant Regional Superintendent in the current year, which is determined by the State. This increased the current year's on-behalf payments approximately \$53,000.
- Within the Governmental Funds, the Special Revenue Funds recorded total revenues of \$2,588,046 and \$2,564,479 in fiscal year 2008 and 2007, respectively. The Special Revenue Funds recorded total expenditures of \$2,532,275 and \$2,596,431 for fiscal year 2008 and 2007, respectively. Revenues and expenditures for the Special Revenue Funds remained relatively consistent with the prior year. Expenditures decrease primarily due to timing of expenditures for grant programs that overlap fiscal years.
- The Proprietary Fund revenues were \$172,490 and \$175,251 in fiscal year 2008 and 2007, respectively. Proprietary Fund expenses were \$183,901 and \$192,121 for fiscal year 2008 and 2007, respectively. This decrease in revenue and expenses is attributable to a decrease in salaries and no current year upgrades of the equipment utilized in the testing fund.

Using This Report

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

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2008

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2008

Reporting the Office as a Whole (Concluded)

The Regional Office has three kinds of funds:

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

Government-Wide Financial Analysis

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The difference between the Regional Office of Education #25's assets and liabilities is its net assets. As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education #25 net assets at the end of fiscal year 2008 totaled \$610,184. This compared to \$528,726 at the end of fiscal year 2007.

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, 2008 and 2007 for the governmental and business-type activities.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2008

Government-Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	2008	2007	Increase / (Decrease)
Current Assets	\$ 792,437	\$ 600,531	191,906
Capital Assets, being depreciated, net	29,381	50,734	(21,353)
Total Assets	821,818	651,265	170,553
Current Liabilities	217,920	140,236	77,684
Net Assets:			
Invested in Capital Assets	29,381	50,734	(21,353)
Unrestricted	566,734	444,474	122,260
Restricted for teacher professional development	7,783	15,821	(8,038)
Total Net Assets	\$ 603,898	\$ 511,029	92,869

The Regional Office of Education #25's governmental assets exceeded governmental liabilities (net assets) by \$603,898 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. Net assets related to the Institute Fund are considered restricted for teacher professional development.

BUSINESS-TYPE ACTIVITIES

	2008	2007	Increase / (Decrease)
Current Assets	\$ 2,802	\$ 15,995	(13,193)
Capital Assets, being depreciated, net	3,484	7,746	(4,262)
Total Assets	6,286	23,741	(17,455)
Current Liabilities	-	6,044	(6,044)
Net Assets:			
Invested in Capital Assets	3,484	7,746	(4,262)
Unrestricted	2,802	9,951	(7,149)
Total Net Assets	\$ 6,286	\$ 17,697	(11,411)

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2008

Government-Wide Financial Analysis (Continued)

STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES

	2008	2007	Increase / (Decrease)
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 1,856,367	\$ 1,877,516	(21,149)
General Revenues:			
Local sources	1,180,817	1,197,524	(16,707)
State sources	538,695	531,713	6,982
On-behalf payments - State	351,123	298,130	52,993
Investment earnings	42,728	49,615	(6,887)
Total Revenues	<u>3,969,730</u>	<u>3,954,498</u>	15,232
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	2,169,564	2,121,631	47,933
Purchased services	1,132,945	969,441	163,504
Supplies and materials	138,445	205,917	(67,472)
Other objects	25	-	25
Payments to other governments	61,661	111,512	(49,851)
Depreciation expense	23,098	30,090	(6,992)
Administrative Expense:			
On-behalf payments - State	351,123	298,130	52,993
Total Expenses	<u>3,876,861</u>	<u>3,736,721</u>	140,140
Change in Net Assets	92,869	217,777	(124,908)
Net Assets - Beginning	<u>511,029</u>	<u>293,252</u>	217,777
Net Assets - Ending	<u>\$ 603,898</u>	<u>\$ 511,029</u>	92,869

Increases in program revenues are mainly due to increases in State revenue for the Early Childhood Block Grant and federal revenue for the SAC and System of Support grants. Increases in program expenditures are largely due to increases in salaries and benefits in the Early Childhood Block Grant Pre Kindergarten program, more SAC program teams, and providing more support services for the System of Support program.

HAMILTON/JEFFERSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #25
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2008

Government-Wide Financial Analysis (Concluded)

BUSINESS-TYPE ACTIVITIES			
	2008	2007	Increase / (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 172,490	\$ 175,251	(2,761)
Total Revenues	172,490	175,251	(2,761)
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and Benefits	31,445	35,976	(4,531)
Purchased Services	145,477	147,607	(2,130)
Supplies and Materials	2,717	3,639	(922)
Depreciation Expense	4,262	4,899	(637)
Total Expenses	183,901	192,121	(8,220)
Change in Net Assets	(11,411)	(16,870)	5,459
Net Assets - Beginning	17,697	34,567	(16,870)
Net Assets - Ending	\$ 6,286	\$ 17,697	(11,411)

This decrease in revenues and expenses is consistent with the prior period. Expenditures exceeded revenues by \$11,411 in the current year mainly due to small decrease in salaries and no upgrades to equipment utilized for the testing fund.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2008

Financial Analysis of the Regional Office of Education #25 Funds

As previously noted, the Regional Office of Education #25 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #25's governmental funds reported combined fund balances of \$508,609 and \$466,421 for fiscal year end June 30, 2008 and 2007, respectively.

- The General Fund is the principal operating fund. The fund balance in the General Fund decreased from \$270,769 to \$257,047. The decrease is due to increased expenditures for the following programs: University College Classes, Special Projects, Office Operations, and Regional In-Service Meeting. Revenues in the General Fund stayed consistent with prior years.
- The Special Revenue fund balance increased from the prior year in the amount of \$55,910 to an ending fund balance of \$251,562. This increase is due in part to the decrease in the amount of grant funding that was passed through to school districts in the region while the overall amount of grant funding increased slightly. In addition, the timing of expenditures for grant programs that overlap two fiscal years can cause significant swings in the expenditures recognized in a given year.
- The Proprietary funds decreased from the prior year in the amount of \$11,411 to an ending net asset balance of \$6,286. The decrease in this fund is the result of the Regional Office's costs for workshops exceeding the reimbursement requested from the participating school districts. This fund is designed to operate at breakeven and now that the Regional Office has depleted the excess cash accumulated; the fee structure for the Regional Office's fiscal year 2009 workshops will increase to cover costs.

Budgetary Highlights

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

Capital Assets

Capital Assets of the Regional Office of Education #25 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #25 maintains an inventory of capital assets which have been accumulated over time. No fixed assets were disposed of during the year. In addition, the Regional Office of Education #25 has adopted a depreciation schedule which reflects the level of Net Governmental and Business-Type Activities Capital Assets. More detailed information about capital assets is available in Note 6 to the financial statements.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2008

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the calculation per student;
- The interest rate on investments;
- Grants that remain at constant levels or are reduced drastically; and
- County Board support dollars that remain at constant levels or are increased slightly.

Contacting the Regional Office's Financial Management

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

BASIC FINANCIAL STATEMENTS

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 583,942	\$ 2,802	\$ 586,744
Due from other governments:			
Local	24,534	-	24,534
State	93,708	-	93,708
Federal	90,253	-	90,253
Total current assets	<u>792,437</u>	<u>2,802</u>	<u>795,239</u>
NONCURRENT ASSETS			
Capital assets, being depreciated, net	<u>29,381</u>	<u>3,484</u>	<u>32,865</u>
TOTAL ASSETS	<u>821,818</u>	<u>6,286</u>	<u>828,104</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	210,027	-	210,027
Deferred revenue	7,893	-	7,893
Total current liabilities	<u>217,920</u>	<u>-</u>	<u>217,920</u>
TOTAL LIABILITIES	<u>217,920</u>	<u>-</u>	<u>217,920</u>
NET ASSETS			
Invested in capital assets	29,381	3,484	32,865
Restricted for teacher professional development	7,783	-	7,783
Unrestricted	<u>566,734</u>	<u>2,802</u>	<u>569,536</u>
TOTAL NET ASSETS	<u>\$ 603,898</u>	<u>\$ 6,286</u>	<u>\$ 610,184</u>

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	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
FUNCTIONS/PROGRAMS						
PRIMARY GOVERNMENT						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 2,169,564	\$ -	\$ 1,363,535	\$ (806,029)	\$ -	\$ (806,029)
Purchased services	1,132,945	-	324,750	(808,195)	-	(808,195)
Supplies and materials	138,445	-	104,676	(33,769)	-	(33,769)
Other objects	25	-	-	(25)	-	(25)
Depreciation	23,098	-	-	(23,098)	-	(23,098)
Capital outlay	-	-	1,745	1,745	-	1,745
Payments to other governments	61,661	-	61,661	-	-	-
Administrative:						
On-behalf payments - State	351,123	-	-	(351,123)	-	(351,123)
Total governmental activities	3,876,861	-	1,856,367	(2,020,494)	-	(2,020,494)
Business-type activities:						
Registration/Testing fee	183,901	172,490	-	-	(11,411)	(11,411)
Total business-type activities	183,901	172,490	-	-	(11,411)	(11,411)
TOTAL PRIMARY GOVERNMENT	\$ 4,060,762	\$ 172,490	\$ 1,856,367	(2,020,494)	(11,411)	(2,031,905)
GENERAL REVENUES:						
Local sources				1,180,817	-	1,180,817
State sources				538,695	-	538,695
On-behalf payments - State				351,123	-	351,123
Investment earnings				42,728	-	42,728
Total general revenues				2,113,363	-	2,113,363
CHANGE IN NET ASSETS				92,869	(11,411)	81,458
NET ASSETS - BEGINNING				511,029	17,697	528,726
NET ASSETS - ENDING				\$ 603,898	\$ 6,286	\$ 610,184

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 234,658	\$ 200,962	\$ 12,292	\$ -	\$ 447,912
Due from other funds	21,795	106,468	-	(128,263)	-
Due from other governments:					
Local	22,646	18	1,870	-	24,534
State	-	93,708	-	-	93,708
Federal	-	90,253	-	-	90,253
TOTAL ASSETS	<u>\$ 279,099</u>	<u>\$ 491,409</u>	<u>\$ 14,162</u>	<u>\$ (128,263)</u>	<u>\$ 656,407</u>
LIABILITIES					
Accounts payable	\$ 1,800	\$ 138,105	\$ -	\$ -	\$ 139,905
Due to other funds	20,252	106,468	1,543	(128,263)	-
Deferred revenue	-	7,726	167	-	7,893
Total Liabilities	<u>22,052</u>	<u>252,299</u>	<u>1,710</u>	<u>(128,263)</u>	<u>147,798</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	257,047	-	-	-	257,047
Special revenue fund	-	239,110	12,452	-	251,562
Total Fund Balances	<u>257,047</u>	<u>239,110</u>	<u>12,452</u>	<u>-</u>	<u>508,609</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 279,099</u>	<u>\$ 491,409</u>	<u>\$ 14,162</u>	<u>\$ (128,263)</u>	<u>\$ 656,407</u>

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 GOVERNMENTAL FUNDS
 JUNE 30, 2008

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS	\$	508,609
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		29,381
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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	\$ 68,670		
Less Capital Assets Included in Total Above	<u>(2,762)</u>	<u>65,908</u>	

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>603,898</u></u>
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The notes to the financial statements are an integral part of this statement.

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 496,680	\$ 249,407	\$ 13,239	\$ 759,326
State sources	69,662	1,944,112	25,190	2,038,964
State sources-payments made on behalf of region	351,123	-	-	351,123
Federal sources	-	356,098	-	356,098
Total revenues	<u>917,465</u>	<u>2,549,617</u>	<u>38,429</u>	<u>3,505,511</u>
EXPENDITURES				
Instructional Services				
Salaries and benefits	108,246	1,828,232	15,900	1,952,378
Purchased services	502,764	470,704	27,206	1,000,674
Supplies and materials	11,618	123,140	3,687	138,445
Payments to other governments	-	61,661	-	61,661
Other objects	25	-	-	25
On-behalf payments	351,123	-	-	351,123
Capital outlay	-	1,745	-	1,745
Total expenditures	<u>973,776</u>	<u>2,485,482</u>	<u>46,793</u>	<u>3,506,051</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(56,311)</u>	<u>64,135</u>	<u>(8,364)</u>	<u>(540)</u>
OTHER FINANCING SOURCES (USES)				
Interest	42,589	-	139	42,728
Total other financing sources (uses)	<u>42,589</u>	<u>-</u>	<u>139</u>	<u>42,728</u>
NET CHANGE IN FUND BALANCES	<u>(13,722)</u>	<u>64,135</u>	<u>(8,225)</u>	<u>42,188</u>
FUND BALANCES - BEGINNING	<u>270,769</u>	<u>174,975</u>	<u>20,677</u>	<u>466,421</u>
FUND BALANCES - ENDING	<u>\$ 257,047</u>	<u>\$ 239,110</u>	<u>\$ 12,452</u>	<u>\$ 508,609</u>

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 42,188

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

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

Capital outlay	\$ 1,745	
Depreciation expense	(23,098)	(21,353)

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities - excluding the related depreciation expense of \$1,105 which is included above.

72,034

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 92,869

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Total	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,802	\$ 2,802	\$ 136,030
Due from other funds	2,073	2,073	10,876
Total current assets	<u>4,875</u>	<u>4,875</u>	<u>146,906</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:	<u>3,484</u>	<u>3,484</u>	<u>2,762</u>
Total noncurrent assets	<u>3,484</u>	<u>3,484</u>	<u>2,762</u>
TOTAL ASSETS	<u>8,359</u>	<u>8,359</u>	<u>149,668</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	-	70,122
Due to other funds	<u>2,073</u>	<u>2,073</u>	<u>10,876</u>
Total current liabilities	<u>2,073</u>	<u>2,073</u>	<u>80,998</u>
TOTAL LIABILITIES	<u>2,073</u>	<u>2,073</u>	<u>80,998</u>
NET ASSETS			
Invested in capital assets	3,484	3,484	2,762
Unrestricted	<u>2,802</u>	<u>2,802</u>	<u>65,908</u>
TOTAL NET ASSETS	<u>\$ 6,286</u>	<u>\$ 6,286</u>	<u>\$ 68,670</u>

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Total	
OPERATING REVENUES			
Local sources	\$ 172,490	\$ 172,490	\$ 421,491
Total operating revenues	<u>172,490</u>	<u>172,490</u>	<u>421,491</u>
OPERATING EXPENSES			
Salaries and benefits	31,445	31,445	217,186
Purchased services	145,477	145,477	132,271
Supplies and materials	2,717	2,717	-
Depreciation	4,262	4,262	1,105
Total operating expenses	<u>183,901</u>	<u>183,901</u>	<u>350,562</u>
CHANGE IN NET ASSETS	(11,411)	(11,411)	70,929
TOTAL NET ASSETS - BEGINNING	<u>17,697</u>	<u>17,697</u>	<u>(2,259)</u>
TOTAL NET ASSETS - ENDING	<u>\$ 6,286</u>	<u>\$ 6,286</u>	<u>\$ 68,670</u>

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Totals	
Cash flows from operating activities:			
Receipts from customers	\$ 170,417	\$ 170,417	\$ 421,491
Payments to suppliers and providers of goods and services	(152,165)	(152,165)	(132,022)
Payments to employees	(31,445)	(31,445)	(235,039)
Net cash provided by (used for) operating activities	<u>(13,193)</u>	<u>(13,193)</u>	<u>54,430</u>
Net increase (decrease) in cash and cash equivalents	(13,193)	(13,193)	54,430
Cash and Cash Equivalents - Beginning	<u>15,995</u>	<u>15,995</u>	<u>81,600</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 2,802</u></u>	<u><u>\$ 2,802</u></u>	<u><u>\$ 136,030</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (11,411)	\$ (11,411)	\$ 70,929
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	4,262	4,262	1,105
Change in assets and liabilities:			
(Increase) in Due from other funds	(2,073)	(2,073)	(249)
Increase in Accounts payable	-	-	(17,604)
Increase (Decrease) in Due to other funds	<u>(3,971)</u>	<u>(3,971)</u>	<u>249</u>
Net cash provided by (used for) operating activities	<u><u>\$ (13,193)</u></u>	<u><u>\$ (13,193)</u></u>	<u><u>\$ 54,430</u></u>

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 73,593
Due from other governments	<u>1,244,739</u>
TOTAL ASSETS	<u><u>\$ 1,318,332</u></u>
LIABILITIES	
Due to other governments	<u>\$ 1,318,332</u>
TOTAL LIABILITIES	<u><u>\$ 1,318,332</u></u>

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2008, the Regional Office of Education #25 implemented Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. The Regional Office of Education #25 implemented these standards during the current year, however; GASB No. 48 has no impact on the financial statements.

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

A. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to state controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the regional superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

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

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (CONCLUDED)

The Regional Superintendent is also responsible for apportionment and payment of funds received from the state for the districts in the Regional Office of Education #25, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2008, the Regional Office of Education #25 applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #25. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

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

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

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

D. PROPRIETARY FUND FINANCIAL STATEMENTS

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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

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

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #25; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

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

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

G. FUND ACCOUNTING

The Regional Office of Education #25 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #25 uses governmental, proprietary, and fiduciary funds.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

Early Childhood Block Grant (3705-70) – This program provides training for the parents of children ages 3 to kindergarten enrollment, assisting parents to become full partners in the education of their children.

School Improvement – This fund accounts for a cooperative program that administers school improvement activities.

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

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

Job Training Partnership Act – This program provides work based learning opportunities and/or work experiences for WIA (Workforce Investment Act Title I) eligible youth ages 16-21. Activities include helping youth increase their basic educational skills and to help develop their career awareness and abilities.

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

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

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

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

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

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

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

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

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

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

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

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

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

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

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

PROPRIETARY FUNDS

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

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

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS (Concluded)

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

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

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

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

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

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

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

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

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #25 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

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

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Concluded)

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

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

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

H. NET ASSETS

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

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

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

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

I. CASH AND CASH EQUIVALENTS

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

J. INVENTORY

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

K. CAPITAL ASSETS

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

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

K. CAPITAL ASSETS (Concluded)

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

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

L. COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore; no liability is accrued.

M. ESTIMATES

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

N. BUDGET INFORMATION

The Regional Office of Education #25 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. The General Fund and certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budget to actual statements have been provided in supplementary schedules for the following funds: ROE/ISC Operations, Office Operations, Illinois Violence Prevention Authority, Penny Severns, Early Childhood Block Grant (3705-01), Early Childhood Block Grant (3705-70), Regional Safe Schools, Truants Alternative Optional Education, Job Training Partnership Act, Early Childhood Block Grant (3705-00), McKinney Education for Homeless Children, Mathematics and Science Partnerships (4936-00 & 4936-01), and Even Start.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 – CASH

The Regional Office of Education #25 does not have a formal investment policy. The Regional Office of Education #25 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2008, the carrying amount of the Regional Office of Education #25's government-wide and Agency fund deposits were \$586,744 and \$73,593 respectively, and the bank balances were \$586,704 and \$218,394, respectively. Of the total bank balances as of June 30, 2008, \$259,782 was secured by federal depository insurance and \$312,713 was collateralized by securities pledged by the Regional Office of Education #25's financial institution on behalf of the Regional Office.

B. INVESTMENTS

The Regional Office of Education #25 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2008, the Regional Office of Education #25 had investments with carrying and fair value of \$232,603 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2008, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

HAMILTON/JEFFERSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #25
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy. As set by statute, the Regional Office of Education #25's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 11.19 percent of annual covered payroll. The Regional Office of Education #25 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2007, the Regional Office of Education #25's annual pension cost of \$50,089 for the Regular plan was equal to the Regional Office of Education #25's required and actual contributions.

THREE YEAR TREND INFORMATION

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
12/31/07	50,089	100%	\$0
12/31/06	67,255	100%	0
12/31/05	51,095	100%	0

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Regional Office of Education #25's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 99.92 percent funded. The actuarial accrued liability for benefits was \$1,185,644 and the actuarial value of assets was \$1,184,709, resulting in an underfunded actuarial accrued liability (UAAL) of \$935. The covered payroll (annual payroll of active employees covered by the plan) was \$447,625 and the ratio of the UAAL to the covered payroll was .21 percent.

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

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2008, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2007 and 2006. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2008, and the member THIS Fund health insurance contribution was 0.84 percent.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

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

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

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #25. For the year ended June 30, 2008, the State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #25 recognized revenue and expenditures of \$129,958 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 9.78 percent (\$98,855) and 7.06 percent (\$63,832), respectively. The state contributions to TRS from the year ended June 30, 2008 were based on an actuarial formula. The state contributions for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined.

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2008 were \$5,749. Contributions for the years ending June 30, 2007, and June 30, 2006, were \$5,863 and \$5,244, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #25, there is a statutory requirement for the Regional Office of Education #25 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2007 and 2006, the employer contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2008 salaries totaling \$131,834 were paid from federal and special trust funds that required employer contributions of \$17,283. For the years ended June 30, 2007 and 2006, required Regional Office of Education #25 contributions were \$8,862 and \$5,040, respectively.
- **Early retirement option.** The Regional Office of Education #25 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

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

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

Under the Pipeline ERO, the maximum employer contribution was 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2008, the Regional Office of Education #25 paid no employer contributions under the ERO program. For the years ended June 30 2007 and June 30, 2006 the Regional Office of Education #25 paid no employer ERO contributions.

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

For the year ended June 30, 2008, the Regional Office of Education #25 paid no employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007 and June 30, 2006, the Regional Office of Education #25 paid no employer contributions on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of salary during the year ended June 30, 2008). For the year ended June 30, 2008, the Regional Office of Education #25 paid no TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2007 and June 30, 2006, the Regional Office of Education #25 paid no employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

HAMILTON/JEFFERSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #25
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2008 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets. The balances between governmental and business-type activities are not eliminated in the government-wide Statement of Net Assets.

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Education Fund	\$ 106,468	\$ 106,468
General Fund	21,795	20,252
Proprietary Fund	12,949	12,949
Special Revenue	-	1,543
Totals	<u>\$ 141,212</u>	<u>\$ 141,212</u>

NOTE 6 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #25 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2008:

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 - CAPITAL ASSET ACTIVITY (Continued)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
<u>General Fund</u>				
ROE/ISC Operation	\$ 46,409	\$ -	\$ -	\$ 46,409
Special Projects	105,774	-	-	105,774
University Classes	709	-	-	709
<u>Education Fund</u>				
ROE/ISC Technology	2,000	-	-	2,000
Title I Reading First Part B SEA Funds	1,610	-	-	1,610
Early Childhood Block Grant (3705-70)	6,293	1,745	-	8,038
Title IV Safe and Drug Free School	10,749	-	-	10,749
Southern Thirty	16,328	-	-	16,328
Early Childhood Block Grant (3705-00)	20,612	-	-	20,612
Mathematics and Science Partnerships	10,140	-	-	10,140
Community Oriented Policing Servicing				
School Safety	29,991	-	-	29,991
Technology Enhancing Education	7,480	-	-	7,480
Title I School Improvement and				
Accountability System of Support	1,230	-	-	1,230
State Aid	122,686	-	-	122,686
Scientific Literacy	52,594	-	-	52,594
Technology Literacy	13,500	-	-	13,500
Even Start	584	-	-	584
Project Success	1,578	-	-	1,578
<u>Internal Service</u>				
Building fund	5,525	-	-	5,525
Governmental Activities Total Assets	455,792	1,745	-	457,537
Less Accumulated Depreciation	405,058	23,098	-	428,156
Governmental Activities				
Investment in Capital Assets, Net	\$ 50,734	\$ (21,353)	\$ -	\$ 29,381

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 - CAPITAL ASSET ACTIVITY (Concluded)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Business-type Activities:				
Mt. Vernon Conference	\$ 896	\$ -	\$ -	\$ 896
Testing	14,603	-	-	14,603
<hr/>				
Business-type Activities				
Total Assets	15,499	-	-	15,499
<hr/>				
Less Accumulated Depreciation	7,753	4,262	-	12,015
<hr/>				
Business-type Activities				
Investment in Capital Assets	<u>\$ 7,746</u>	<u>\$ (4,262)</u>	<u>\$ -</u>	<u>\$ 3,484</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2008 of \$23,098 and \$4,262 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 7 - RISK MANAGEMENT

The Regional Office of Education #25 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #25 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8 – ON BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 101,211
Assistant Regional Superintendent Salary	91,097
Regional Superintendent Fringe Benefit (Includes State paid insurance)	6,406
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	22,451
TRS Pension contributions	<u>129,958</u>
Total	<u>\$ 351,123</u>

HAMILTON/JEFFERSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #25
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 8 – ON BEHALF PAYMENTS (Concluded)

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

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

NOTE 9 – DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments:

<u>Fiduciary Fund</u>	
Illinois State Board of Education	\$1,244,739
<u>General Fund</u>	
Local Governments	22,646
<u>Education Fund</u>	
Local Governments	18
Illinois State Board of Education	93,708
Federal Government	90,253
<u>Other Nonmajor Funds</u>	
Local Governments	1,870
Total	<u>\$1,453,234</u>

Due To Other Governments:

<u>Fiduciary Fund</u>	
Local School Districts	\$1,244,739
Local Governments	73,593
Total	<u>\$1,318,332</u>

NOTE 10 - OPERATING LEASE

The Education Fund has an annual renewable operating lease for its Alternative Education, Safe School, and Preschool Programs, as well as, its administrative office. Rent expense for 2008 totaled \$186,444.

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 11 – RELATED PARTY TRANSACTIONS

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

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

NOTE 12 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE

The Internal Service Fund, Transportation Reimbursement Fund has a deficit in net assets at June 30, 2008 of \$ 10,876. The Hamilton-Jefferson County Regional Office of Education #25 will monitor expenses within this program during the course of the subsequent fiscal year.

In addition, the Enterprise Fund, Mt. Vernon Conference Fund has a deficit in net assets at June 30, 2008 of \$ 1,865. The Hamilton-Jefferson County Regional Office of Education #25 will monitor expenses within this program during the course of the subsequent fiscal year.

REQUIRED SUPPLEMENTAL INFORMATION
(Other than Management Discussion and Analysis)

HAMILTON / JEFFERSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #25
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 June 30, 2008

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)
12/31/07	1,184,709	1,185,644	935	99.92%	447,625	0.21%
12/31/06	1,147,141	1,146,603	(538)	100.05%	467,373	0.00%
12/31/05	969,977	1,038,672	68,695	93.39%	414,060	16.59%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$1,266,272. On a market basis, the funded ratio would be 106.80%.

* Digest of changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

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

SUPPLEMENTAL INFORMATION

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2008

	University College Classes	ROE/ISC Operation	ISBE Emotional and Behavioral Disabilities State Network Grant	Special Projects	Office Operations	Regional In-Service Meeting	Region VI Illinois Association of Regional Superintendents of Schools	TOTALS
ASSETS								
Cash and cash equivalents	\$ 151,841	\$ -	\$ -	\$ 53,735	\$ 25,497	\$ 1,436	\$ 2,149	\$ 234,658
Due from other funds	21,795	-	-	-	-	-	-	21,795
Due from other governments	-	1,800	-	20,846	-	-	-	22,646
TOTAL ASSETS	\$ 173,636	\$ 1,800	\$ -	\$ 74,581	\$ 25,497	\$ 1,436	\$ 2,149	\$ 279,099
LIABILITIES								
Accounts payable	\$ -	\$ 1,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,800
Due to other funds	-	-	-	20,252	-	-	-	20,252
Total Liabilities	-	1,800	-	20,252	-	-	-	22,052
FUND BALANCES								
Unreserved	173,636	-	-	54,329	25,497	1,436	2,149	257,047
Total Fund Balances	173,636	-	-	54,329	25,497	1,436	2,149	257,047
TOTAL LIABILITIES AND FUND BALANCES	\$ 173,636	\$ 1,800	\$ -	\$ 74,581	\$ 25,497	\$ 1,436	\$ 2,149	\$ 279,099

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

	University College Classes	ROE/ISC Operation	ISBE Emotional and Behavioral Disabilities State Network Grant	Special Projects	Office Operations	Regional In-Service Meeting	Region VI Illinois Association of Regional Superintendents of Schools	TOTALS
REVENUES								
Local sources	\$ 340,915	\$ -	\$ 250	\$ 39,841	\$ 110,781	\$ 3,586	\$ 1,307	\$ 496,680
State sources	-	69,662	-	-	-	-	-	69,662
State sources-payments made on behalf of region	-	351,123	-	-	-	-	-	351,123
Total Revenues	340,915	420,785	250	39,841	110,781	3,586	1,307	917,465
EXPENDITURES								
Salaries and benefits	-	46,374	-	-	61,872	-	-	108,246
Purchased services	330,393	18,843	225	105,696	45,486	776	1,345	502,764
Supplies and materials	12	4,445	-	2,247	1,800	3,114	-	11,618
Other objects	-	-	25	-	-	-	-	25
On-behalf payments	-	351,123	-	-	-	-	-	351,123
Total Expenditures	330,405	420,785	250	107,943	109,158	3,890	1,345	973,776
OTHER FINANCING SOURCES (USES)								
Interest	-	-	-	42,589	-	-	-	42,589
Total other financing sources (uses)	-	-	-	42,589	-	-	-	42,589
NET CHANGE IN FUND BALANCES	10,510	-	-	(25,513)	1,623	(304)	(38)	(13,722)
FUND BALANCES - BEGINNING	163,126	-	-	79,842	23,874	1,740	2,187	270,769
FUND BALANCES - ENDING	\$ 173,636	\$ -	\$ -	\$ 54,329	\$ 25,497	\$ 1,436	\$ 2,149	\$ 257,047

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 GENERAL FUND ACCOUNTS
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 65,621	\$ 67,862	\$ 69,662
State sources - payments made on behalf of region	-	-	351,123
Total Revenues	<u>65,621</u>	<u>67,862</u>	<u>420,785</u>
EXPENDITURES			
Salaries and benefits	42,330	44,570	46,374
Purchased services	20,300	20,300	18,843
Supplies and materials	2,991	2,992	4,445
On-behalf payments	-	-	351,123
Total Expenditures	<u>65,621</u>	<u>67,862</u>	<u>420,785</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of November 1, 2006 to October 31, 2007 and
 November 1, 2007 to October 31, 2008)
 GENERAL FUND ACCOUNTS
 OFFICE OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts				Actual Amounts
	Original		Final		
	11/1/06 to 10/31/07	11/1/07 to 10/31/08	11/1/06 to 10/31/07	11/1/07 to 10/31/08	
REVENUES					
Local	\$ 62,485	\$ 63,093	\$ 62,485	\$ 63,093	\$ 110,781
Total Revenues	<u>62,485</u>	<u>63,093</u>	<u>62,485</u>	<u>63,093</u>	<u>110,781</u>
EXPENDITURES					
Salaries and benefits	30,295	30,903	30,295	30,903	61,872
Purchased services	30,695	30,695	30,695	30,695	45,486
Supplies and materials	1,495	1,495	1,495	1,495	1,800
Total Expenditures	<u>62,485</u>	<u>63,093</u>	<u>62,485</u>	<u>63,093</u>	<u>109,158</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	1,623
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,874</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,497</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2008

	ROE/ISC Technology	Illinois Violence Prevention Authority	Penny Severns	Early Childhood Block Grant (3705-01)	Early Childhood Block Grant (3705-70)
ASSETS					
Cash and cash equivalents	\$ 5,575	\$ 3,507	\$ 4,219	\$ -	\$ -
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	823	10,392
TOTAL ASSETS	\$ 5,575	\$ 3,507	\$ 4,219	\$ 823	\$ 10,392
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 717	\$ 8,836
Due to other funds	-	-	-	106	1,556
Deferred revenue	-	3,507	4,219	-	-
Total Liabilities	-	3,507	4,219	823	10,392
FUND BALANCES					
Unreserved	5,575	-	-	-	-
Total Fund Balances	5,575	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,575	\$ 3,507	\$ 4,219	\$ 823	\$ 10,392

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2008

	School Improvement	Rural Vision	Southern Thirty	Regional Safe Schools	Truants Alternative and Optional Education	Job Training Partnership Act
ASSETS						
Cash and cash equivalents	\$ 21,243	\$ 13,945	\$ 35,898	\$ 10,873	\$ 21,362	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	68,728
TOTAL ASSETS	\$ 21,243	\$ 13,945	\$ 35,898	\$ 10,873	\$ 21,362	\$ 68,728
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 7,908	\$ 10,873	\$ 19,453	\$ -
Due to other funds	-	-	-	-	-	68,728
Deferred revenue	-	-	-	-	-	-
Total Liabilities	-	-	7,908	10,873	19,453	68,728
FUND BALANCES						
Unreserved	21,243	13,945	27,990	-	1,909	-
Total Fund Balances	21,243	13,945	27,990	-	1,909	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,243	\$ 13,945	\$ 35,898	\$ 10,873	\$ 21,362	\$ 68,728

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2008

	Early Childhood Block Grant (3705-00)	Standards Aligned Classroom	McKinney Education for Homeless Children	Mathematics and Science Partnerships (4936-00 & 4936-01)	Title I School Improvement and Accountability System of Support
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
Due from other governments	82,493	-	-	-	13,274
TOTAL ASSETS	\$ 82,493	\$ -	\$ -	\$ -	\$ 13,274
LIABILITIES					
Accounts payable	\$ 60,436	\$ -	\$ -	\$ -	\$ -
Due to other funds	22,057	-	-	-	13,274
Deferred revenue	-	-	-	-	-
Total Liabilities	82,493	-	-	-	13,274
FUND BALANCES					
Unreserved	-	-	-	-	-
Total Fund Balances	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 82,493	\$ -	\$ -	\$ -	\$ 13,274

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2008

	State Aid	Even Start	Gifted Education	Program Accountability Liaison Project	Total
ASSETS					
Cash and cash equivalents	\$ 80,212	\$ -	\$ -	\$ 4,128	\$ 200,962
Due from other funds	106,468	-	-	-	106,468
Due from other governments	-	8,251	18	-	183,979
TOTAL ASSETS	\$ 186,680	\$ 8,251	\$ 18	\$ 4,128	\$ 491,409
LIABILITIES					
Accounts payable	\$ 22,360	\$ 7,522	\$ -	\$ -	\$ 138,105
Due to other funds	-	729	18	-	106,468
Deferred revenue	-	-	-	-	7,726
Total Liabilities	22,360	8,251	18	-	252,299
FUND BALANCES					
Unreserved	164,320	-	-	4,128	239,110
Total Fund Balances	164,320	-	-	4,128	239,110
TOTAL LIABILITIES AND FUND BALANCES	\$ 186,680	\$ 8,251	\$ 18	\$ 4,128	\$ 491,409

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

	ROE/ISC Technology	Illinois Violence Prevention Authority	Penny Severns	Early Childhood Block Grant (3705-01)	Early Childhood Block Grant (3705-70)
REVENUES					
Local sources	\$ 12,500	\$ 1,441	\$ -	\$ -	\$ -
State sources	-	15,127	5,381	6,723	181,895
Federal sources	-	-	-	-	-
Total Revenues	<u>12,500</u>	<u>16,568</u>	<u>5,381</u>	<u>6,723</u>	<u>181,895</u>
EXPENDITURES					
Salaries and benefits	12,154	14,046	3,075	5,839	141,210
Purchased services	349	2,241	1,107	520	24,729
Supplies and materials	-	281	1,199	364	14,211
Capital outlay	-	-	-	-	1,745
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>12,503</u>	<u>16,568</u>	<u>5,381</u>	<u>6,723</u>	<u>181,895</u>
NET CHANGE IN FUND BALANCES	(3)	-	-	-	-
FUND BALANCES - BEGINNING	<u>5,578</u>	-	-	-	-
FUND BALANCES - ENDING	<u>\$ 5,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

	School Improvement	Rural Vision	Southern Thirty	Regional Safe Schools	Truants Alternative Optional Education	Job Training Partnership Act
REVENUES						
Local sources	\$ 15,398	\$ 631	\$ 105,240	\$ -	\$ 2,437	\$ -
State sources	-	-	-	90,092	144,443	-
Federal sources	-	-	-	-	24,788	73,641
Total Revenues	15,398	631	105,240	90,092	171,668	73,641
EXPENDITURES						
Salaries and benefits	-	-	69,506	58,094	97,135	71,575
Purchased services	4,157	-	9,344	29,096	66,564	2,066
Supplies and materials	731	-	1,663	2,902	6,969	-
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Total Expenditures	4,888	-	80,513	90,092	170,668	73,641
NET CHANGE IN FUND BALANCES	10,510	631	24,727	-	1,000	-
FUND BALANCES - BEGINNING	10,733	13,314	3,263	-	909	-
FUND BALANCES - ENDING	\$ 21,243	\$ 13,945	\$ 27,990	\$ -	\$ 1,909	\$ -

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

	Early Childhood Block Grant (3705-00)	Standards Aligned Classroom	McKinney Education for Homeless Children	Mathematics and Science Partnerships (4936-00 & 4936-01)	Title I School Improvement and Accountability System of Support
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 147
State sources	979,823	-	-	-	8,123
Federal sources	-	81,563	7,773	7,907	85,426
Total Revenues	979,823	81,563	7,773	7,907	93,696
EXPENDITURES					
Salaries and benefits	816,974	11,735	6,204	3,056	28,084
Purchased services	94,583	6,411	449	4,572	64,976
Supplies and materials	68,266	1,981	1,120	54	636
Capital outlay	-	-	-	-	-
Payments to other governments	-	61,436	-	225	-
Total Expenditures	979,823	81,563	7,773	7,907	93,696
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

	State Aid	Even Start	Gifted Education	Program Accountability Liaison Project	TOTAL
REVENUES					
Local sources	\$ 92,063	\$ -	\$ 19,550	\$ -	\$ 249,407
State sources	512,505	-	-	-	1,944,112
Federal sources	-	75,000	-	-	356,098
Total Revenues	<u>604,568</u>	<u>75,000</u>	<u>19,550</u>	<u>-</u>	<u>2,549,617</u>
EXPENDITURES					
Salaries and benefits	419,511	64,012	6,022	-	1,828,232
Purchased services	137,915	8,740	12,634	251	470,704
Supplies and materials	19,621	2,248	894	-	123,140
Capital outlay	-	-	-	-	1,745
Payments to other governments	-	-	-	-	61,661
Total Expenditures	<u>577,047</u>	<u>75,000</u>	<u>19,550</u>	<u>251</u>	<u>2,485,482</u>
NET CHANGE IN FUND BALANCES	27,521	-	-	(251)	64,135
FUND BALANCES - BEGINNING	136,799	-	-	4,379	174,975
FUND BALANCES - ENDING	<u>\$ 164,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,128</u>	<u>\$ 239,110</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of December 15, 2006 to December 31, 2007 and
 December 15, 2007 to December 31, 2008)
 EDUCATION FUND ACCOUNTS
 ILLINOIS VIOLENCE PREVENTION AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts				Actual Amounts
	Original		Final		
	12/15/06 to 12/31/07	12/15/07 to 12/31/08	12/15/06 to 12/31/07	12/15/07 to 12/31/08	
REVENUES					
Local	\$ -	\$ -	\$ -	\$ -	\$ 1,441
State	19,500	19,500	19,500	19,500	15,127
Total Revenues	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>16,568</u>
EXPENDITURES					
Salaries and benefits	16,185	16,185	16,185	16,185	14,046
Purchased services	2,465	2,815	2,815	2,815	2,241
Supplies and materials	800	500	500	500	281
Capital outlay	50	-	-	-	-
Total Expenditures	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>16,568</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of May 31, 2007 to August 31, 2008)
 EDUCATION FUND ACCOUNTS
 PENNY SEVERNS
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 4,800	\$ 4,800	\$ 5,381
Total Revenues	<u>4,800</u>	<u>4,800</u>	<u>5,381</u>
EXPENDITURES			
Salaries and benefits	1,269	1,269	3,075
Purchased services	2,727	2,727	1,107
Supplies and materials	654	654	1,199
Other objects	150	150	-
Total Expenditures	<u>4,800</u>	<u>4,800</u>	<u>5,381</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD BLOCK GRANT (3705-01)
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 5,991	\$ 5,932	\$ 6,723
Total Revenues	<u>5,991</u>	<u>5,932</u>	<u>6,723</u>
EXPENDITURES			
Salaries and benefits	4,925	4,925	5,839
Purchased services	778	741	520
Supplies and materials	288	266	364
Total Expenditures	<u>5,991</u>	<u>5,932</u>	<u>6,723</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD BLOCK GRANT (3705-70)
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 177,985	\$ 178,654	\$ 181,895
Total Revenues	<u>177,985</u>	<u>178,654</u>	<u>181,895</u>
EXPENDITURES			
Salaries and benefits	135,079	133,807	141,210
Purchased services	27,206	28,578	24,729
Supplies and materials	13,300	14,669	14,211
Capital outlay	2,400	1,600	1,745
Total Expenditures	<u>177,985</u>	<u>178,654</u>	<u>181,895</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 91,072	\$ 90,092	\$ 90,092
Total Revenues	<u>91,072</u>	<u>90,092</u>	<u>90,092</u>
EXPENDITURES			
Salaries and benefits	54,645	53,771	58,094
Purchased services	29,698	29,592	29,096
Supplies and materials	6,729	6,729	2,902
Total Expenditures	<u>91,072</u>	<u>90,092</u>	<u>90,092</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local	\$ -	\$ -	\$ 2,437
State	136,093	143,314	144,443
Federal	-	-	24,788
Total Revenues	<u>136,093</u>	<u>143,314</u>	<u>171,668</u>
EXPENDITURES			
Salaries and benefits	100,251	104,850	97,135
Purchased services	30,942	33,129	66,564
Supplies and materials	4,900	5,335	6,969
Total Expenditures	<u>136,093</u>	<u>143,314</u>	<u>170,668</u>
NET CHANGE IN FUND BALANCES	-	-	1,000
FUND BALANCES - BEGINNING	-	-	909
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,909</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of September 1, 2007 to August 31, 2008)
 EDUCATION FUND ACCOUNTS
 JOB TRAINING PARTNERSHIP ACT
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 76,132	\$ 76,132	\$ 73,641
Total Revenues	<u>76,132</u>	<u>76,132</u>	<u>73,641</u>
EXPENDITURES			
Salaries and benefits	52,350	52,350	71,575
Purchased services	22,734	22,734	2,066
Supplies and materials	1,048	1,048	-
Total Expenditures	<u>76,132</u>	<u>76,132</u>	<u>73,641</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to August 31, 2008)
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD BLOCK GRANT (3705-00)
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 304,849	\$ 926,088	\$ 979,823
Total Revenues	<u>304,849</u>	<u>926,088</u>	<u>979,823</u>
EXPENDITURES			
Salaries and benefits	255,671	738,999	816,974
Purchased services	24,718	121,227	94,583
Supplies and materials	24,460	64,962	68,266
Capital outlay	-	900	-
Total Expenditures	<u>304,849</u>	<u>926,088</u>	<u>979,823</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 7,773	\$ 7,773	\$ 7,773
Total Revenues	<u>7,773</u>	<u>7,773</u>	<u>7,773</u>
EXPENDITURES			
Salaries and benefits	5,760	5,760	6,204
Purchased services	1,128	1,128	449
Supplies and materials	885	885	1,120
Total Expenditures	<u>7,773</u>	<u>7,773</u>	<u>7,773</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of September 1, 2006 to August 31, 2007)
 EDUCATION FUND ACCOUNTS
 MATHEMATICS AND SCIENCE PARTNERSHIPS (4936-00 & 4936-01)
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 97,206	\$ 97,206	\$ 7,907
Total Revenues	<u>97,206</u>	<u>97,206</u>	<u>7,907</u>
EXPENDITURES			
Salaries and benefits	20,023	20,023	3,056
Purchased services	75,183	75,183	4,572
Supplies and materials	2,000	2,000	54
Payments to other governments	-	-	225
Total Expenditures	<u>97,206</u>	<u>97,206</u>	<u>7,907</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 EVEN START
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 75,000	\$ 75,000	\$ 75,000
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
EXPENDITURES			
Salaries and benefits	66,253	66,253	64,012
Purchased services	7,781	7,781	8,740
Supplies and materials	966	966	2,248
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
ASSETS					
Cash and cash equivalents	\$ 7,783	\$ 2,377	\$ 1,965	\$ 167	\$ 12,292
Due from other governments	-	1,870	-	-	1,870
TOTAL ASSETS	<u>\$ 7,783</u>	<u>\$ 4,247</u>	<u>\$ 1,965</u>	<u>\$ 167</u>	<u>\$ 14,162</u>
LIABILITIES					
Due to other funds	\$ -	\$ 1,543	\$ -	\$ -	\$ 1,543
Deferred revenue	-	-	-	167	167
Total Liabilities	-	1,543	-	167	1,710
FUND BALANCES					
Unreserved	7,783	2,704	1,965	-	12,452
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,783</u>	<u>\$ 4,247</u>	<u>\$ 1,965</u>	<u>\$ 167</u>	<u>\$ 14,162</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
REVENUES					
Local sources	\$ 7,882	\$ 4,509	\$ 848	\$ -	\$ 13,239
State sources	-	22,997	360	1,833	25,190
Total Revenues	<u>7,882</u>	<u>27,506</u>	<u>1,208</u>	<u>1,833</u>	<u>38,429</u>
EXPENDITURES					
Salaries and benefits	-	15,900	-	-	15,900
Purchased services	16,059	8,505	809	1,833	27,206
Supplies and materials	-	3,606	81	-	3,687
Total Expenditures	<u>16,059</u>	<u>28,011</u>	<u>890</u>	<u>1,833</u>	<u>46,793</u>
OTHER FINANCING SOURCES (USES)					
Interest income	139	-	-	-	139
Total other financing sources (uses)	<u>139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139</u>
NET CHANGE IN FUND BALANCES	(8,038)	(505)	318	-	(8,225)
FUND BALANCES - BEGINNING	15,821	3,209	1,647	-	20,677
FUND BALANCES - ENDING	<u>\$ 7,783</u>	<u>\$ 2,704</u>	<u>\$ 1,965</u>	<u>\$ -</u>	<u>\$ 12,452</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2008

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 2,802	\$ 2,802
Due from other funds	-	-	2,073	2,073
Due from other governments	-	-	-	-
Total current assets	-	-	4,875	4,875
Noncurrent assets:				
Capital assets, net of accumulated depreciation:	-	3,484	-	3,484
Total noncurrent assets	-	3,484	-	3,484
TOTAL ASSETS	-	3,484	4,875	8,359
LIABILITIES				
Due to other funds	1,865	208	-	2,073
TOTAL LIABILITIES	1,865	208	-	2,073
NET ASSETS				
Invested in capital assets	-	3,484	-	3,484
Unrestricted (Deficit)	(1,865)	(208)	4,875	2,802
TOTAL NET ASSETS	\$ (1,865)	\$ 3,276	\$ 4,875	\$ 6,286

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
OPERATING REVENUES				
Local sources	\$ 94,369	\$ 48,602	\$ 29,519	\$ 172,490
Total operating revenues	<u>94,369</u>	<u>48,602</u>	<u>29,519</u>	<u>172,490</u>
OPERATING EXPENSES				
Salaries and benefits	26,231	2,853	2,361	31,445
Purchased services	82,080	39,913	23,484	145,477
Supplies and materials	2,682	-	35	2,717
Depreciation	-	4,262	-	4,262
Total operating expenses	<u>110,993</u>	<u>47,028</u>	<u>25,880</u>	<u>183,901</u>
CHANGE IN NET ASSETS	(16,624)	1,574	3,639	(11,411)
TOTAL NET ASSETS - BEGINNING	<u>14,759</u>	<u>1,702</u>	<u>1,236</u>	<u>17,697</u>
TOTAL NET ASSETS - ENDING	<u><u>\$ (1,865)</u></u>	<u><u>\$ 3,276</u></u>	<u><u>\$ 4,875</u></u>	<u><u>\$ 6,286</u></u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
Cash flows from operating activities:				
Receipts from customers	\$ 94,369	\$ 48,602	\$ 27,446	\$ 170,417
Payments to suppliers and providers of goods and services	(82,897)	(45,749)	(23,519)	(152,165)
Payments to employees	(26,231)	(2,853)	(2,361)	(31,445)
Net cash provided by (used for) operating activities	<u>(14,759)</u>	<u>-</u>	<u>1,566</u>	<u>(13,193)</u>
Net increase (decrease) in cash and cash equivalents	(14,759)	-	1,566	(13,193)
Cash and Cash Equivalents - Beginning	<u>14,759</u>	<u>-</u>	<u>1,236</u>	<u>15,995</u>
Cash and Cash Equivalents - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,802</u>	<u>\$ 2,802</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (16,624)	\$ 1,574	\$ 3,639	\$ (11,411)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	4,262	-	4,262
Change in assets and liabilities:				
Decrease/(Increase) in Due from other funds	-	-	(2,073)	(2,073)
(Decrease)/Increase in Due to other funds	1,865	(5,836)	-	(3,971)
Net cash provided by (used for) operating activities	<u>\$ (14,759)</u>	<u>\$ -</u>	<u>\$ 1,566</u>	<u>\$ (13,193)</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2008

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 13,198	\$ 35,971	\$ 10,077	\$ -	\$ 76,784	\$ 136,030
Due from other funds	10,876	-	-	-	-	10,876
Total current assets	24,074	35,971	10,077	-	76,784	146,906
Noncurrent assets:						
Capital assets, net of accumulated depreciation:	-	-	-	-	2,762	2,762
Total noncurrent assets	-	-	-	-	2,762	2,762
TOTAL ASSETS	24,074	35,971	10,077	-	79,546	149,668
LIABILITIES						
Accounts payable	24,074	35,971	10,077	-	-	70,122
Due to other funds	-	-	-	10,876	-	10,876
TOTAL LIABILITIES	24,074	35,971	10,077	10,876	-	80,998
NET ASSETS						
Invested in capital assets	-	-	-	-	2,762	2,762
Unrestricted (deficit)	-	-	-	(10,876)	76,784	65,908
TOTAL NET ASSETS	\$ -	\$ -	\$ -	\$ (10,876)	\$ 79,546	\$ 68,670

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
OPERATING REVENUES						
Local sources	\$ 141,332	\$ 63,376	\$ 7,822	\$ 37,780	\$ 171,181	\$ 421,491
Total operating revenues	<u>141,332</u>	<u>63,376</u>	<u>7,822</u>	<u>37,780</u>	<u>171,181</u>	<u>421,491</u>
OPERATING EXPENSES						
Salaries and benefits	141,332	63,376	7,822	-	4,656	217,186
Purchased services	-	-	-	38,029	94,242	132,271
Depreciation	-	-	-	-	1,105	1,105
Total operating expenses	<u>141,332</u>	<u>63,376</u>	<u>7,822</u>	<u>38,029</u>	<u>100,003</u>	<u>350,562</u>
CHANGE IN NET ASSETS	-	-	-	(249)	71,178	70,929
TOTAL NET ASSETS - BEGINNING	-	-	-	(10,627)	8,368	(2,259)
TOTAL NET ASSETS - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,876)</u>	<u>\$ 79,546</u>	<u>\$ 68,670</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
Cash flows from operating activities:						
Receipts from customers	\$ 141,332	\$ 63,376	\$ 7,822	\$ 37,780	\$ 171,181	\$ 421,491
Payments to suppliers and providers of goods and services	-	-	-	(37,780)	(94,242)	-
Payments to employees	(175,705)	(45,996)	(8,682)	-	(4,656)	(132,022)
Net cash provided by (used for) operating activities	<u>(34,373)</u>	<u>17,380</u>	<u>(860)</u>	<u>-</u>	<u>72,283</u>	<u>(235,039)</u>
Net increase (decrease) in cash and cash equivalents	(34,373)	17,380	(860)	-	72,283	54,430
Cash and Cash Equivalents - Beginning	47,571	18,591	10,937	-	4,501	81,600
Cash and Cash Equivalents - Ending	<u>\$ 13,198</u>	<u>\$ 35,971</u>	<u>\$ 10,077</u>	<u>\$ -</u>	<u>\$ 76,784</u>	<u>\$ 136,030</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ -	\$ -	\$ -	\$ (249)	\$ 71,178	\$ 70,929
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	-	-	-	-	1,105	1,105
Change in assets and liabilities:						
(Increase) in Due from other funds	(249)	-	-	-	-	(249)
Increase in Accounts payable	(34,124)	17,380	(860)	-	-	(17,604)
Increase (Decrease) in Due to other funds	-	-	-	249	-	249
Net cash provided by (used for) operating activities	<u>\$ (34,373)</u>	<u>\$ 17,380</u>	<u>\$ (860)</u>	<u>\$ -</u>	<u>\$ 72,283</u>	<u>\$ 54,430</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2008

	<u>Distributive</u>	<u>Regional Vocational Board</u>	<u>Clearing</u>	<u>Regional Cooperative Board</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 12,532	\$ 1,488	\$ 59,573	\$ 73,593
Due from other governments	<u>1,244,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,244,739</u>
Total Assets	<u>\$ 1,244,739</u>	<u>\$ 12,532</u>	<u>\$ 1,488</u>	<u>\$ 59,573</u>	<u>\$ 1,318,332</u>
LIABILITIES					
Due to other governments	<u>\$ 1,244,739</u>	<u>\$ 12,532</u>	<u>\$ 1,488</u>	<u>\$ 59,573</u>	<u>\$ 1,318,332</u>
Total Liabilities	<u>\$ 1,244,739</u>	<u>\$ 12,532</u>	<u>\$ 1,488</u>	<u>\$ 59,573</u>	<u>\$ 1,318,332</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
<u>DISTRIBUTIVE</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 26,754,510	\$ 26,754,510	\$ -
Due from other governments	229,611	1,244,739	229,611	1,244,739
Total Assets	<u>\$ 229,611</u>	<u>\$ 27,999,249</u>	<u>\$ 26,984,121</u>	<u>\$ 1,244,739</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 229,611	\$ 27,999,249	\$ 26,984,121	\$ 1,244,739
Total Liabilities	<u>\$ 229,611</u>	<u>\$ 27,999,249</u>	<u>\$ 26,984,121</u>	<u>\$ 1,244,739</u>
 <u>REGIONAL VOCATIONAL BOARD</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 9,150	\$ 426,785	\$ 423,403	\$ 12,532
Total Assets	<u>\$ 9,150</u>	<u>\$ 426,785</u>	<u>\$ 423,403</u>	<u>\$ 12,532</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 9,150	\$ 426,785	\$ 423,403	\$ 12,532
Total Liabilities	<u>\$ 9,150</u>	<u>\$ 426,785</u>	<u>\$ 423,403</u>	<u>\$ 12,532</u>
 <u>CLEARING</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,209	\$ 4,636	\$ 4,357	\$ 1,488
Total Assets	<u>\$ 1,209</u>	<u>\$ 4,636</u>	<u>\$ 4,357</u>	<u>\$ 1,488</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 1,209	\$ 4,636	\$ 4,357	\$ 1,488
Total Liabilities	<u>\$ 1,209</u>	<u>\$ 4,636</u>	<u>\$ 4,357</u>	<u>\$ 1,488</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
<u>REGIONAL COOPERATIVE BOARD</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 27,249	\$ 102,515	\$ 70,191	\$ 59,573
Due from other governments	26,383	-	26,383	-
	<u>\$ 53,632</u>	<u>\$ 102,515</u>	<u>\$ 96,574</u>	<u>\$ 59,573</u>
<u>LIABILITIES</u>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to other governments	53,632	102,515	96,574	59,573
	<u>\$ 53,632</u>	<u>\$ 102,515</u>	<u>\$ 96,574</u>	<u>\$ 59,573</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 37,608	\$ 27,288,446	\$ 27,252,461	\$ 73,593
Due from other governments	255,994	1,244,739	255,994	1,244,739
	<u>\$ 293,602</u>	<u>\$ 28,533,185</u>	<u>\$ 27,508,455</u>	<u>\$ 1,318,332</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 293,602	\$ 28,533,185	\$ 27,508,455	\$ 1,318,332
	<u>\$ 293,602</u>	<u>\$ 28,533,185</u>	<u>\$ 27,508,455</u>	<u>\$ 1,318,332</u>

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25
DISTRIBUTIVE FUND
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
FOR THE YEAR ENDED JUNE 30, 2008

DISTRIBUTIONS		Hamilton Co.	Waltonville	Field	Woodlawn	Opdyke	Grand	Dodds	Ina
Acct. No.		Unit 10	Unit 1	Grade School 3	Grade School 4	Grade Rive 5	Grade 6	Grade School 7	Grade School 8
State Funds									
3001	General State Aid - Sec. 18-8	\$ 5,153,349	\$ 1,220,893	\$ 1,146,969	\$ 1,069,243	\$ 752,318	\$ 681,677	\$ 787,961	\$ 555,423
3002	General State Aid - Hold Harmless	-	-	-	-	-	-	-	-
3030	Fast Growth Grants	-	-	-	-	-	-	-	-
3100	Sp. Ed. - Private Facility Tuition	-	11,835	16,713	-	-	-	-	-
3105	Sp. Ed. - Extraordinary	131,767	36,301	28,814	34,081	20,130	10,983	18,190	14,559
3110	Sp. Ed. - Personnel	145,525	49,756	40,542	42,982	24,306	16,212	26,746	16,020
3120	Sp. Ed. - Orphanage - Individual	-	-	9,246	3,699	3,040	-	-	-
3145	Sp. Ed. - Summer School	-	2,478	-	-	-	-	-	-
3220	Career & Technical Ed Improvement (CTEI)	-	-	-	-	-	-	-	-
3235	Agriculture Education	-	-	-	-	-	-	-	-
3360	State Free Lunch & Breakfast	9,186	760	891	1,618	914	1,641	739	1,236
3365	School Breakfast Incentive	289	-	-	155	7,000	85	206	357
3370	Driver Education	12,880	4,331	-	-	-	-	-	-
3500	Transportation - Regular	525,871	57,482	111,019	9,865	46,104	43,695	43,082	62,818
3510	Transportation - Special Education	57,314	30,157	34,117	27,859	10,204	16,372	-	3,178
3520	ROE School Bus Driver Training	-	-	-	-	-	-	-	-
3651	National Board Certification Initiatives	-	-	-	-	5,104	-	-	-
3695	Truants Alternative/Operational Ed.	-	-	-	-	-	-	-	-
3696	Regional Safe Schools Program	-	-	-	-	-	-	-	-
3705	Early Childhood - State Preschool At Risk	381,493	3705	-	-	-	-	-	-
3715	K-6 Reading Improvement	43,756	10,562	12,985	16,085	13,326	5,034	8,272	7,563
3730	ROE/ISC Operations	-	-	-	-	-	-	-	-
3745	Supervisory Expense	-	-	-	-	-	-	-	-
3775	ADA Safety & Education Block Grant	41,273	11,753	9,657	10,767	6,307	3,127	6,115	4,124
3950	Orphanage Tuition	-	-	-	-	-	-	-	-
3962	Arts Education and Foreign Language	-	-	-	-	10,535	-	-	-
Total State Funds		6,502,703	1,436,308	1,410,953	1,216,354	899,288	778,826	891,311	665,278
Federal Funds									
4100	Title V - Innovative Programs - Formula	1,979	473	516	197	404	146	258	226
4210	National School Lunch Program	198,137	28,962	32,721	41,639	30,036	24,550	20,580	21,836
4220	School Breakfast Program	51,410	-	11,367	11,367	2,332	12,256	6,740	7,780
4300	Title I - Low Income	236,609	36,444	55,308	47,236	102,985	17,145	36,752	30,184
4335	Even Start	-	-	-	-	-	-	-	-
4400	Title IV - Safe & Drug Free Sch. - Formula	5,449	1,134	1,427	1,278	1,637	360	818	538
4625	Fed. - Sp. Ed. - I.D.E.A. - Room & Board	8,693	-	-	-	-	-	-	-
4745	V.E. Perkins - Title IIC - Secondary	-	-	-	-	-	-	-	-
4910	Learn and Serve America	-	-	-	-	-	-	-	-
4932	Title II - Teacher Quality	73,000	16,623	12,116	16,255	18,869	5,084	9,445	8,795
4936	Mathematics & Science Partnership	-	-	-	-	-	-	-	-
4971	Technology Enhancing Education - Formula	2,922	369	407	-	1,467	182	301	427
Total Federal Funds		578,199	84,005	102,495	117,972	157,730	59,723	74,894	69,786
TOTAL DISTRIBUTIONS		\$ 7,080,902	\$ 1,520,313	\$ 1,513,448	\$ 1,334,326	\$ 1,057,018	\$ 838,549	\$ 966,205	\$ 735,064

HAMILTON/JEFFERSON COUNTIES
REGIONAL OFFICE OF EDUCATION #25

DISTRIBUTIVE FUND

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
FOR THE YEAR ENDED JUNE 30, 2008

DISTRIBUTIONS	Acct. No.	McClellan Grade 12	Bethel Grade 82	Farrington Grade 99	Mt. Vernon Township High 201	Webber Township High 204	Woodlawn High 205	Regional Office #25 Of Education #25		Total
								Regional	Coop Fund	
State Funds										
General State Aid - Sec. 18-s	3001	\$ 252,269	\$ 294,267	\$ 227,745	\$ 4,205,486	\$ 899,466	\$ 1,015,332	\$ 512,504	\$	\$ 18,774,922
General State Aid - Hold Harmless	3002	11,379	60,139	-	-	-	-	-	-	71,518
Fast Growth Grants	3030	-	-	9,241	-	-	16,541	-	-	25,782
Sp. Ed. - Private Facility Tuition	3100	-	-	-	10,746	-	-	-	-	39,294
Sp. Ed. - Extraordinary	3105	6,755	15,555	6,367	145,614	20,248	23,206	-	-	512,570
Sp. Ed. - Personnel	3110	11,356	29,420	4,532	202,062	29,264	18,344	-	-	657,067
Sp. Ed. - Orphanage - Individual	3120	1,670	362	-	99,991	-	-	-	-	118,008
Sp. Ed. - Summer School	3145	-	-	-	1,902	-	-	-	-	4,380
Career & Technical Ed Improvement (CTEI)	3220	-	-	-	-	-	-	287,848	-	287,848
Agriculture Education	3235	-	-	-	-	-	-	22,469	-	22,469
State Free Lunch & Breakfast	3360	361	1,945	437	4,028	261	433	1,101	-	25,551
School Breakfast Incentive	3365	4	198	151	222	25	-	28	-	8,720
Driver Education	3370	-	-	-	46,807	6,341	7,269	-	-	77,628
Transportation - Regular	3500	26,520	25,995	39,283	186,671	39,898	44,728	-	-	1,263,031
Transportation - Special Education	3510	2,953	414	2,896	117,631	9,453	8,056	-	-	320,604
ROE School Bus Driver Training	3520	-	-	-	-	-	-	360	-	360
National Board Certification Initiatives	3651	-	-	-	12,416	-	-	-	-	17,520
Truants Alternative/Operational Ed.	3695	-	-	-	132,063	-	-	143,314	-	275,377
Regional Safe Schools Program	3696	-	-	-	-	-	-	90,092	-	90,092
Early Childhood - State Preschool At Risk	3705	-	-	-	-	-	-	1,086,780	-	1,468,273
K-6 Reading Improvement	3715	3,245	6,105	3,436	-	-	-	-	-	130,369
ROE/ISC Operations	3730	-	-	-	-	-	-	67,862	-	67,862
Supervisory Expense	3745	-	-	-	-	-	-	2,000	-	2,000
ADA Safety & Education Block Grant	3775	2,366	4,450	1,857	43,364	6,624	7,961	-	-	159,745
Orphanage Tuition	3950	-	-	-	69,235	-	-	-	-	69,235
Arts Education and Foreign Language	3962	-	-	20,360	-	-	-	-	-	30,895
Total State Funds		318,878	438,850	316,305	5,278,238	1,011,580	1,141,890	2,214,358		24,521,120
Federal Funds										
Title V - Innovative Programs - Formula	4100	96	204	115	2,129	331	257	-	-	7,331
National School Lunch Program	4210	8,490	31,828	7,622	63,341	4,361	14,964	15,206	-	544,273
School Breakfast Program	4220	2,034	16,202	3,951	30,117	1,134	-	9,582	-	154,905
Title I - Low Income	4300	-	22,560	32,801	308,519	52,277	25,501	-	-	1,004,321
Even Start	4335	-	-	-	-	-	-	81,568	-	81,568
Title IV - Safe & Drug Free Sch - Formula	4400	115	504	416	5,750	1,065	666	-	-	21,157
Fed. - Sp. Ed. - LD E.A. - Room & Board	4625	-	-	-	190	-	-	-	-	8,883
V.E. Perkins - Title IIC - Secondary	4745	-	-	-	7,500	-	-	98,129	-	98,129
Learn and Serve America	4910	-	-	-	-	-	-	-	-	7,500
Title II - Teacher Quality	4932	3,602	5,169	5,131	76,550	5,920	4,381	-	-	260,940
Mathematics & Science Partnership	4936	-	-	-	-	-	-	33,880	-	33,880
Technology Enhancing Education - Formula	4971	-	-	-	3,096	621	429	-	-	10,503
Total Federal Funds		14,337	76,749	50,036	497,192	65,709	46,198	238,365		2,233,390
TOTAL DISTRIBUTIONS		\$ 333,215	\$ 515,599	\$ 366,341	\$ 5,775,430	\$ 1,077,289	\$ 1,188,088	\$ 2,452,723		\$ 26,754,510

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/07 - 6/30/08
U.S. Dept. of Education			
passed through Illinois State Board of Education:			
Even Start	84.213C	08-4335-00	\$ 75,000 (M)
Mathematics and Science Partnerships	84.366B	07-4936-01	<u>7,907</u>
U.S. Dept. of Agriculture			
passed through Illinois State Board of Education:			
National School Lunch	10.555	07-4210-00	1,267
National School Lunch	10.555	08-4210-00	<u>13,938</u>
Total National School Lunch			<u>15,205</u>
School Breakfast Program	10.553	07-4220-00	791
School Breakfast Program	10.553	08-4220-00	<u>8,792</u>
Total School Breakfast Program			<u>9,583</u>
Total through Illinois State Board of Education			<u>107,695</u>
U.S. Dept. of Labor/Management			
Training and Consulting Corporation:			
Job Training Partnership Act	17.259	1Y-PY07-YOUTH-3	52,643 (M)
Job Training Partnership Act	17.259	1Y-PY08-YOUTH-3	<u>20,998 (M)</u>
Total through Department of Labor			<u>73,641</u>
U.S. Department of Education			
passed through Franklin/Williamson Counties Regional Office of Education #21			
McKinney Education for Homeless Children	84.196A	08-4920-00	<u>7,773</u>
Total through U.S. Department of Education through Franklin/Williamson Counties Regional Office of Education #21			<u>7,773</u>
U.S. Department of Education CFDA #84.010A			
Passed through Alexander/Johnson/Massac/Pulaski/Union Counties Regional Office of Education #2			
Title I School Improvement and Accountability - System of Support	84.010A	08-4331-SS	85,426
Passed through Clark/Coles/Cumberland/Douglas/Edgar/ Moultrie/Shelby Counties Regional Office of Education #11			
Standards Aligned Classroom	84.010A	07-4331-00	8,813 (M)
Standards Aligned Classroom	84.010A	08-4331-00	<u>72,750 (M)</u>
Total through U.S. Department of Education CFDA #84.010A			<u>166,989</u>
Total Expenditures of Federal Awards			<u>\$ 356,098</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

HAMILTON/JEFFERSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #25
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

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

NOTE 2 - SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Mathematics and Science Partnership	84.366B	\$ 225
Standards Aligned Classroom	84.010A	\$ 61,436

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

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

Job Training Partnership Act – This program provides work based learning opportunities and/or work experiences for WIA (Workforce Investment Act Title I) eligible youth ages 16-21. Activities include helping youth increase their basic educational skills and to help develop their career awareness and abilities.

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

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None