

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

**FINANCIAL AUDIT  
For the year ended June 30, 2011**

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

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

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

**OFFICIALS**

Regional Superintendent (during the audit period).....Mr. Bryan Cross  
Regional Superintendent (current) .....Mr. Ron Daniels  
Assistant Regional Superintendent (during the audit period) .....Ms. Cheryl Settle  
Assistant Regional Superintendent (current) .....Ms. Melanie Andrews

Offices are located at:

Jefferson County Office  
1714 Broadway  
Mt. Vernon, IL 62864

Hamilton County Office  
Hamilton County Courthouse  
McLeansboro, IL 62859

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

**FINANCIAL REPORT SUMMARY**

The financial 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 do not contain scope limitations, disclaimers, or other significant non-standard language. However, the Independent Auditors' Report contains an emphasis of matter paragraph due to transactions with related parties that are recorded in the financial statements.

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	14	7
Repeated audit findings	5	3
Prior recommendations implemented or not repeated	2	0

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

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

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-01	12	Controls Over Financial Statement Preparation	Material Weakness
11-02	14	Prepayment of Salaries and Contracts	Material Weakness
11-03	17	Related Party Transactions	Material Weakness
11-04	19	Additional Payments to Employees	Material Weakness
11-05	21	Internal Controls over Employee Benefits	Material Weakness and Compliance
11-06	25	Internal Controls over Payroll	Material Weakness and Compliance
11-07	28	Questionable Expenditures	Material Weakness and Compliance
11-08	33	Lack of Documentation	Material Weakness and Compliance
11-09	35	Internal Controls over Cash Disbursements	Significant Deficiency and Compliance

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

**FINANCIAL REPORT SUMMARY** (Continued)

**SUMMARY OF FINDINGS AND RESPONSES** (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-10	37	Internal Control over Capital Assets	Material Weakness and Compliance
11-11	40	Controls Over Federal Awards	Material Weakness and Compliance
11-12	42	Controls Over Compliance with Laws and Regulations	Significant Deficiency and Compliance
11-13	45	Excess Working Cash in Internal Service Fund	Compliance
11-14	47	Recording of Transactions in the Regional Cooperative Fund	Material Weakness
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
10-02		Inadequate Review of Journal Entries	Significant Deficiency
10-04		Uninsured Deposits in Bank	Significant Deficiency and Compliance

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings not repeated for the year ended June 30, 2011.



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

**FINANCIAL REPORT SUMMARY** (Continued)

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on July 17, 2012. Attending were Bryan Cross, former Regional Superintendent of Schools, Tammy Harris, former bookkeeper of the Regional Office of Education #25, Ron Daniels, current Regional Superintendent of Schools, Melanie Andrews, current Assistant Regional Superintendent of Schools, Jim Schlouch, Director, and Kelly Mittelstaedt, Audit Manager, both from the Office of the Auditor General, Diana Smith, Partner, and Michelle Nuzum, Supervisor, both from West & Company, LLC. Additionally, numerous meetings and telephone conferences were held between the auditors and ROE officials to discuss the matters contained in this audit report.

Responses to the findings were provided by Bryan Cross, former Regional Superintendent of Schools, on October 8, 2012. Responses to the recommendations were provided by Ron Daniels, current Regional Superintendent of Schools, on September 25, 2012.

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

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

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

Based on their audit, the auditors expressed an unqualified opinion on the Hamilton and Jefferson Counties Regional Office of Education #25's basic financial statements. Their report, however, contains an emphasis of matter paragraph due to transactions with related parties that are recorded in the financial statements.

# WEST & COMPANY, LLC

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
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## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hamilton and Jefferson Counties Regional Office of Education #25, as of and for the year ended June 30, 2011, which collectively comprise the Hamilton and Jefferson Counties Regional Office of Education #25's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hamilton and Jefferson Counties Regional Office of Education #25's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hamilton and Jefferson Counties Regional Office of Education #25, as of June 30, 2011, 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.

As discussed in Note 20 to the financial statements, the Hamilton and Jefferson Counties Regional Office of Education #25 has recorded transactions with related parties in its financial statements. Findings and Other Matters are discussed in our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The possible outcome of these matters is uncertain at this time.

As discussed in Note 1 to the financial statements, the Hamilton and Jefferson Counties Regional Office of Education #25 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Hamilton and Jefferson Counties Regional Office of Education #25's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Hamilton and Jefferson Counties Regional Office of Education #25's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2012 on our consideration of the Hamilton and Jefferson Counties Regional Office of Education #25's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Illinois Municipal Retirement Fund – Schedule of Funding Progress on page 109 is not a required part of the basic financial statements but is 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.

The Regional Office of Education #25 has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton and Jefferson Counties Regional Office of Education #25's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*West + Company, LLC*

November 14, 2012

MEMBERS

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hamilton and Jefferson Counties Regional Office of Education #25, as of and for the year ended June 30, 2011, which collectively comprise the Hamilton and Jefferson Counties Regional Office of Education #25's basic financial statements and have issued our report thereon dated November 14, 2012. That report noted the Regional Office of Education #25 entered into transactions with related parties which are discussed in the findings noted in the report dated November 14, 2012. 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**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 11-01, 11-02, 11-03, 11-04, 11-05, 11-06, 11-07, 11-08, 11-10, 11-11, and 11-14 in the accompanying Schedule of Findings and Responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 11-09 and 11-12 in the accompanying Schedule of Findings and Responses to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hamilton and Jefferson Counties Regional Office of Education #25's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 11-05, 11-06, 11-07, 11-08, 11-09, 11-10, 11-11, 11-12, and 11-13.

We also noted certain matters which we have reported to management of the Hamilton and Jefferson Counties Regional Office of Education #25 in a separate letter dated November 14, 2012.

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

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

*West + Company, LLC*

November 14, 2012

## **SCHEDULE OF FINDINGS AND RESPONSES**

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

---

**Section I -- Summary of Auditors' Results**

---

**Financial statements**

Type of auditors' report issued: UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified?  X  yes   no
- Significant deficiency(ies) identified?  X  yes   no

Noncompliance material to financial statements noted?  X  yes   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? N/A   yes   no
- Significant deficiency(ies) identified? N/A   yes   no

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

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



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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

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

---

Identification of major programs:

CFDA Number(s)

Name of federal program or cluster

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as a low-risk auditee? N/A \_\_\_\_\_yes \_\_\_\_\_no

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**Section II: Financial Statement Findings**

**FINDING NO. 11-01 – Controls Over Financial Statement Preparation (Repeat of Finding 10-01, 09-01, 08-01, and 07-05)**

**Criteria/Specific Requirement:**

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

**Condition:**

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

**Effect:**

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

**Cause:**

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

**Auditors' Recommendation:**

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

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-01 – Controls Over Financial Statement Preparation (Repeat of Finding 10-01, 09-01, 08-01, and 07-05)** (Continued)

**Management's Response:**

**Former Regional Superintendent's response:**

We accepted 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 students in the region.

In an attempt to correct this finding, the controller was sent to various trainings to better understand accrual accounting and reporting under general accepted accounting principles (GAAP).

**Current Regional Superintendent's response:**

The current ROE #25 administration has hired a bookkeeper with a Masters in Business Management and 20 years of background in school accounting and GAAP financial reporting. The ROE has implemented procedures to ensure internal control.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-02 – Prepayment of Salaries and Contracts**

**Criteria/Specific Requirement:**

Sound business practice requires that employees not be compensated until the work is performed. In addition, prepayment of salaries and contractual agreements is not provided for by Regional Office of Education #25 policies.

**Condition:**

The Regional Office of Education #25 prepaid employees' salaries and contractual agreements as follows:

- A prepayment of \$4,264 was made to a former employee on June 30, 2011 for a contract for her to be available for the FY11 audit to be performed at a later date in FY12. The former employee was not retained by the current Regional Superintendent who took office July 1, 2011.
- Our review of ROE documentation noted two issues relating to the FY11 salary payments to two former employees. The first was that there was conflicting documentation as to whether these two employees were 200 day or 245 day employees in FY11. Prior to FY11, the positions were 245 day employees. However, the FY11 salary documentation and pay schedules showed them as 200 day employees. In contrast, their FY11 annual salary amounts remained unchanged from FY10, even though the number of days worked was reduced from 245 to 200 days. Furthermore, they took vacation days in FY11 even though, according to ROE policy, only 245 day employees earn vacation days (not 200 day employees). Upon inquiry of the current Regional Superintendent, he was not aware of any reason the terms for these employees should have changed from 245 to 200 days in FY11.

Second, there was inadequate documentation as to whether amounts paid to these former employees in FY11 were appropriate. Their pay schedule shows their annual salaries were for the period September 1, 2010 through August 30, 2011. They were receiving semi-monthly pay checks at 1/24 of their annual salary. However, beginning in April 2011, their semi-monthly pay checks were increased so that they would receive their total annual salary by June 30, as opposed to August 30, 2011 (i.e., they were prepaid salaries payable in July and August 2011). These two employees were not retained by the current Regional Superintendent who took office July 1, 2011.

Based on ROE documentation, auditors could not determine whether, in fact, the two employees worked the 200 days during the 10 month time period. Furthermore, one individual was paid \$4,950 and the other was paid \$4,592 in additional compensation for 11 and 14 days worked respectively in June 2011 for closing FY 2011 grants, preparing files for audit and transition. These additional payments were made from the vendor module of the accounting software as opposed to the payroll module. This resulted in no payroll taxes being withheld and underreporting of wages to the taxing authorities.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-02 – Prepayment of Salaries and Contracts** (Continued)

**Effect:**

Using Regional Office of Education #25 funds to pay employees for services not yet performed overstates ROE operating expenses.

**Cause:**

Regarding the \$4,264 prepayment, the former Regional Superintendent noted that he felt it was important to have someone who worked at the ROE during the audit period be available to assist in the current audit (e.g., locating time and effort sheets, and other documentation, and provide clarification as needed).

The former Regional Superintendent noted that the reduction of work days for the two employees, from 245 to 200, was done at his discretion. He noted that because of the need to close all grants by June 30, 2011, the employees' 200 days were used by early June. The Regional Superintendent then approved for the payment of any additional days worked in June. He also noted that salaries were not reduced when their work days were reduced from 245 to 200 days in order to provide them with end of career retirement incentives and for the extra work they had performed for the previous three years.

**Auditors' Recommendation:**

The Regional Office of Education #25 should ensure and clearly document that work is performed before payroll and contractual payments are approved.

**Management's Response:**

**Former Regional Superintendent's response:**

Prepaid contracts have been commonly utilized by the ROE over the years, such as with Mt. Vernon Conference speakers and mentoring programs. Understanding the complexity of the audit process, it was critical to have someone who worked for the ROE during the audit period and that had a working knowledge and understanding of the programs and financial procedures in place at the time to be available to locate records and documentation, and to provide clarification as needed.

The extra days worked beyond the 200 days were paid on a contractual basis. It was necessary to run the normal June 2011 payrolls out early in the month in order to provide adequate time for the grants and programs to be closed out by June 30th. Since June payrolls had to be run early, any additional salaries due had to be paid as a contractual fee and not run through payroll as they normally would.

All documentation regarding days worked and time and effort documentation were maintained by ROE staff and kept on file in the ROE office.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-02 – Prepayment of Salaries and Contracts** (Continued)

**Management’s Response:** (Continued)

**Auditor’s Comment:**

The additional compensation paid to the two employees was salary. All salary should be paid through payroll so that appropriate payroll taxes are withheld and reported to the taxing authorities. The timing of regular payroll runs or the closing of grant records at year end does not change how an expenditure is processed and recorded. All other payroll transactions, other than the exceptions noted in finding 11-05, were processed through the payroll module.

**Current Regional Superintendent’s response:**

The current ROE #25 administration now documents that work is performed before payroll and contractual payments are approved and then paid. The Regional Superintendent signs off on all documents pertaining to payroll.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-03 – Related Party Transactions**

**Criteria/Specific Requirement:**

The *Regional Office of Education (ROE) Accounting Manual* (Section XIV) general policies concerning payroll procedures state that a master record should be maintained on each employee or contractor for federal and State reporting purposes. The master payroll record should contain at least the following: employee name, social security number, address, date of hire, rate of pay, and terms of contract/agreement.

The *ROE Accounting Manual* (Section XIV) also states that clear documentation of work responsibilities and time and effort detail should be maintained for each personnel transaction. Maintaining such documentation is particularly important when personnel transactions are with related parties.

**Condition:**

In our review of ROE documentation, we noted several related party transactions:

- An employee was added to the Regional Office's payroll in November of 2010. Payroll ledgers indicate that she was paid \$16,968 over the period of November 2010 through June 2011. The Regional Office of Education #25 could not locate a personnel file or contract for this employee that would document her rate of pay, job responsibilities, or any other contractual responsibilities she was required to fulfill. Time and effort sheets could also not be located to substantiate this rate of pay. According to the current Regional Superintendent, this employee was a relative of a former ROE employee.
- An employee was added to the Regional Office's payroll in November of 2010 as a maintenance/repairman. Payroll ledgers indicate that he was paid \$18,540 over the period of November 2010 through June 2011. By comparison, the Regional Office of Education #25's full-time maintenance/repairman earned a salary of \$21,882 for the entire fiscal year. While the Regional Office of Education #25 had a personnel file on this employee, they could not locate documentation that would document his rate of pay, job responsibilities, or any other contractual responsibilities he was required to fulfill. Time and effort sheets could also not be located to substantiate this rate of pay. According to the current Regional Superintendent, this employee was a relative of a former ROE employee.
- The former Regional Superintendent's wife was paid \$1,200 beyond her regular pay for work performed during spring break in March 2011 as well as an extra \$4,400 in June 2011. While the Regional Office of Education #25 did locate time and efforts sheets for this extra work, they could not locate documentation establishing the rate of pay beyond her normal daily rate.

**Effect:**

Employee compensation is not supported by approved documentation which may result in incorrect compensation or payment for services not provided.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-03 – Related Party Transactions** (Continued)

**Cause:**

The Regional Office could not provide appropriate documentation to substantiate work responsibilities, rate of pay and/or record of time and effort for salaries paid to related parties. The former Regional Superintendent noted that personnel information packets were filled out and kept on file, as were time and effort sheets. While time and effort sheets were located for some ROE employees, the Regional Office could only locate time and effort sheets for one of these employees.

**Auditors' Recommendation:**

The Regional Office of Education #25 should maintain appropriate documentation of work responsibilities, rate of pay and/or record of time and effort to support compensation to related parties.

**Management's Response:**

**Former Regional Superintendent's response:**

The former Regional Superintendent's wife worked only part of the FY 11 school year, beginning approximately September 30. She was paid at a daily rate of \$188.93 which is consistent with other ROE employees who held a similar position and had similar qualifications. Based upon the 6 extra days available to be worked during spring break and Easter break and the 23 days available to be worked between the time the school year ended and June 30, 2011 there was little difference in her rate of pay.

All documentation regarding days worked and time and effort documentation for all employees were maintained by ROE staff and kept on file in the ROE office.

**Current Regional Superintendent's response:**

All documentation for audit purposes left at the 1714 Broadway Main Office buildings was provided to the West and Company audit firm. Time and Effort sheets were not found with other financial documents. Upon requests from auditors and further searching, Time and Effort sheets were found in a ROE #25 storage room located in the Mt. Vernon Township High School warehouse, where other older documents are stored. Time and Effort sheets were not found for all employees. The current ROE #25 administration maintains documentation of employee agreements, work requirements, responsibilities, rate of pay, contractual, and daily or hourly rates of pay.



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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-04 – Additional Payments to Employees**

**Criteria/Specific Requirement:**

The *Regional Office of Education (ROE) Accounting Manual* (Section XIV) states clear documentation of work responsibilities and time and effort detail should be maintained for each personnel transaction. In addition, all employees' rates of pay and compensation adjustments should be documented and maintained in employee personnel files.

**Condition:**

We noted several instances where ROE employees received payments in addition to their regular salary paid by the Regional Office. In many of these instances, the Regional Office could not provide documentation to show the necessity of this additional compensation, rates of pay and work performed:

- The former Assistant Regional Superintendent received additional payments totaling \$4,000 in April and May of 2011 for work performed in connection with the Southern Thirty program. The Southern Thirty program is an alternative school option provided by a year-to-year agreement with the Department of Children and Family Services (DCFS) for students of Mt. Vernon High School and Rome Grade School that are temporarily displaced from their homes. There was no documentation to indicate why compensation in addition to her regular salary as Assistant Regional Superintendent was appropriate, or how this work was not part of her normal, full-time job responsibilities.
- Another former employee was contracted by the ROE for 20 hours at \$50 per hour for bookkeeping and other services performed in relation to the Supplemental Education Services program. This employee received \$1,200 for these services, which was \$200 more than the contract. The Regional Office could not provide documentation to substantiate the additional amount paid.
- Two employees were paid a total of \$6,160 for summer work to be performed at the Southern Thirty location. The Regional Office of Education #25 could not locate complete documentation to support extra services or to determine if/when work was performed.
- A former employee received an additional \$1,575 per pay in June 2011 totaling \$3,150. The Regional Office of Education #25 could not locate documentation to support these additional salary payments.

**Effect:**

Employee compensation not supported by approved documentation may result in incorrect compensation.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-04 – Additional Payments to Employees** (Continued)

**Cause:**

The Regional Office could not provide appropriate documentation to support additional payments to employees to substantiate their work responsibilities, rate of pay and/or record of time and effort. The former Regional Superintendent noted that timesheets were prepared and submitted for these employees, which showed the extra hours they worked. The former Regional Superintendent also stated that this work was outside of their normal job responsibilities; thus, additional pay was warranted.

**Auditors' Recommendation:**

If there are instances where it is necessary to provide additional compensation to employees, the ROE should establish a policy that requires appropriate documentation to support additional compensation to employees that substantiates their work responsibilities, rate of pay and/or record of time and effort.

**Management's Response:**

**Former Regional Superintendent's response:**

The former Assistant Regional Superintendent of Schools worked an additional 70-80 hours at Southern 30 including many weekend days and evenings. This was for completing tasks that were outside her normal scope of work. This additional work was sought by the Assistant Regional Superintendent to increase her creditable earnings in preparation for a retirement she did not anticipate. There is precedent across the state for ROE's to provide additional compensation to Assistant Regional Superintendents for work outside their normal scope of work. A personnel file was created for her as a local employee and her time and effort sheet was kept on file in the ROE office.

All documentation regarding days worked and time and effort documentation for all employees were maintained by ROE staff and kept on file in the ROE office.

**Current Regional Superintendent's response:**

All documentation for audit purposes left at the 1714 Broadway Main Office buildings was provided to the West and Company audit firm. Time and effort sheets were not available for these additional areas of compensation. The current ROE #25 administration has been establishing a policy that requires appropriate documentation to support additional pay to employees that substantiates their work requirements and rate of pay.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-05 – Internal Controls over Employee Benefits**

**Criteria/Specific Requirement:**

According to the *ROE Accounting Manual* (Section XIV), Regional Office employees should be appropriately classified as either Teachers' Retirement System (TRS) (certified teachers) or Illinois Municipal Retirement Fund (IMRF) (noncertified employees working 600-1000 hours) employees. Wages for employees should be accurately reported to TRS and IMRF and payroll withholdings should be accurately calculated and withheld on each paycheck.

According to the Regional Office of Education #25's Personnel Policy, each full-time employee will be granted one sick day for each month he/she is employed. If an employee does not use the entire amount of sick days, unused amounts shall accumulate to 340 days. A minimum of 10 sick days per year will be granted for full-time employees. Additionally, each full-time employee will be granted two days per year for personal business leave. Any unused personal leave days will be carried over to the following year as accumulated sick leave.

Additionally, the ROE should properly classify employees according to Internal Revenue Service Publication 15 *Circular E, Employers Tax Guide*, and ensure that all appropriate payroll taxes and forms are accurately submitted to their respective agencies.

**Condition:**

- Upon inquiry of the current Regional Superintendent and review of payroll documentation, it was determined that five ROE employees were incorrectly classified as being covered by the Teachers' Retirement System (TRS) when they were not in a TRS covered position. These employees should have instead been classified and covered under the Illinois Municipal Retirement Fund (IMRF). This resulted in an overpayment to TRS of about \$22,700 and an underpayment to IMRF of about \$32,000. Additionally, since social security taxes should have been withheld and matched under IMRF for these employees, the ROE is required to pay both portions of social security. This liability is approximately \$21,000. The current Regional Superintendent is attempting to resolve this matter with both TRS and IMRF.
- During our payroll testing we noted variances between the wage amounts recorded in the general ledger and those reported to TRS of approximately \$142,000. Upon inquiry of the current Regional Superintendent, he could not determine why the wages had not been properly reported to TRS. This resulted in an underpayment of the TRS and Teacher Health Insurance Security (THIS) liability of approximately \$16,000.
- Two former employees each received payments of \$1,360 for ten (10) unused vacation days each. However, one employee only had 6 unused vacation days available and the other had 5.5 unused vacation days available. In addition, these payments were made from the vendor module of the accounting software as opposed to the payroll module. This resulted in no payroll taxes being withheld and underreporting of wages to the taxing authorities.
- Supplemental Education Services (SES) program tutors for the Salem and Benton districts were paid through the vendor module as opposed to the payroll module. These amounts, totaling \$2,220 for Salem and \$1,435 for Benton, should have been paid through the payroll module with proper amounts withheld and payroll tax reporting completed.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-05 – Internal Controls over Employee Benefits** (Continued)

**Condition:** (Continued)

- The Regional Office approved prepayment of health insurance premiums totaling approximately \$13,300 causing an overpayment of health insurance as well as an overstatement of ROE expenditures. According to ROE documentation, an email from their health insurance provider, the account was adjusted and the prepaid insurance was credited to their account.
- A former ROE employee exceeded the number of personal/sick leave days that were allotted to them. The employee had negative 4.5 days accumulated sick leave that carried over from the prior year. Ten sick days and two personal days were earned in the current year. The employee took a total of 18.5 sick/personal days, exceeding their accumulated leave by 11 days.
- A former ROE employee, who was classified as a half-time employee, was not entitled to paid sick/personal leave, however, the Regional Office accrued ten sick days and two personal days for this employee in the current year. The employee had a negative half-day accumulated sick leave that carried over from the prior year. The employee took a total of 20 sick/personal half-days in the current year. Since the employee was not entitled to any paid sick/personal leave in the current year, the amount of days taken exceeded the amount accumulated by 21 half-days.

**Effect:**

Incorrectly classified employees did not have the correct withholdings from their paychecks, payroll amounts were misreported, and incorrect payments were remitted to the retirement agencies. By misclassifying an employee as covered by TRS when they should have been covered by IMRF, the ROE did not withhold the required amount of social security, nor did they pay the required social security matching contributions as required by the Federal Insurance Contributions Act (FICA). Additionally, the required 4.5% of IMRF employee contributions were not withheld from the employee paychecks. Both the social security withholding and match, as well as the IMRF withholding and match, will need to be paid on behalf of the employees by the ROE.

If all payments are not initiated through the payroll module in the accounting software, employee payroll forms will be incomplete at year-end and payroll taxes will be misreported and incorrectly paid to the taxing authorities.

Employees were allowed to take sick/personal leave time in excess of the amounts earned.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-05 – Internal Controls over Employee Benefits** (Continued)

**Cause:**

According to Regional Office officials, the Regional Office did not review employee classifications to ensure they were accurately entered into the payroll system, approved vendor payments for payroll related items, rather than requiring that all such payments be initiated through the payroll module of the accounting software, and did not follow personnel policy guidelines for vacation leave.

Additionally, the Regional Office did not properly monitor the use of employee sick/personal leave.

The former Regional Superintendent noted that the reclassification of personnel out of TRS covered positions was made by the current Regional Office administration and he had no knowledge of who was reclassified and for what reason. Regarding the prepayment of health insurance premiums, the former Regional Superintendent stated that he made the decision to pay all employees all salary and benefits they earned by the end of June 2011, including retirement contributions and a year of health insurance through August 31. The former Regional Superintendent also stated the health insurance premiums were part of the employees' compensation package.

**Auditors' Recommendation:**

The Regional Office of Education #25 should ensure that all employee classifications are reviewed and approved so they are accurately entered into the payroll system. The Regional Office should not approve vendor payments for payroll related items, but rather should ensure that all such payments are initiated through the payroll module of the accounting software. In addition, the ROE should adhere to its defined personnel policy regarding vacation, sick and personal days.

Additionally, the Regional Office should ensure that employee sick/personal leave is maintained in accordance with their Personnel policy and that employees are not paid for days in excess of their accumulated leave.

**Management's Response:**

**Former Regional Superintendent's response:**

The re-classification of employees was done after June 30th. The contributions to TRS and THIS were accurate based on how the employees were classified before June 30th.

The Health Insurance premiums were paid for all employees through August 31st as this was part of their compensation package. Some of the premiums were contributed by the employees themselves for their dependents.

Payments were made from the vendor module because the normal June 15 and June 30 payrolls had to be run early in the month of June to provide ample time to close out grants and programs by June 30th.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-05 – Internal Controls over Employee Benefits** (Continued)

**Management’s Response:** (Continued)

**Auditor’s Comment:**

The payments to employees for unused vacation time and payments to tutors in the Supplemental Education Services (SES) program were salary payments. All salary should be paid through payroll so that appropriate payroll taxes are withheld and reported to the taxing authorities. The timing of regular payroll runs or the closing of grant records at year end does not change how an expenditure is processed and recorded. All other payroll transactions, other than the exceptions noted in Finding 11-02, were processed through the payroll module.

**Current Regional Superintendent’s response:**

The current ROE administration was contacted in November 2011 by a representative from the Teacher’s Retirement System (TRS) when an individual employed by the former Regional Superintendent became a certified teacher in May 2011. TRS had been paid on the employee for the previous two years, when the employee was not a certified teacher. Conversations with the TRS representative led to further discovery of individuals employed by the former ROE administration in positions that were not classified as TRS positions, and thus TRS contributions should not have been made for these employees.

Employment contracts for staff of the Regional Office of Education #25 not reemployed by the current Regional Superintendent of Schools ended on June 30, 2011. Teachers and teacher aides are contractually paid on a fiscal year from September 1 to August 31 and were entitled to all compensation, including insurance through August 31. Other office and administrative staff would not be entitled to compensation and insurance past June 30, 2011, the last day of employment.

The current ROE #25 administration is using guidelines from TRS to properly classify employees as either TRS employees or IMRF employees. The ROE is also adhering to the use of defined personnel policy regarding the use of vacation, sick and personal days.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-06 – Internal Controls over Payroll**

**Criteria/Specific Requirement:**

The *Regional Office of Education (ROE) Accounting Manual* (Section XIV) general policies concerning payroll procedures states that a master record should be maintained on each employee or contractor for federal and State reporting purposes. The master payroll record should contain at least the following: employee name, social security number, address, date of hire, rate of pay, and terms of contract/agreement. The ROE is also required to maintain a current Form I-9 *U.S. Department of Justice Employment Eligibility Verification* for each employee. Signed direct deposit authorization forms should be included in the file as well as a current and valid teaching certificate, as applicable.

In addition, the *ROE Accounting Manual* (Section XIV) states all payroll costs should be supported by time and effort attendance records (prepared at least monthly and signed by the employee) that account for the total activity for which each employee is compensated. Only actual payroll costs supported by time sheets should be charged to each Source of Funds.

Good business practices suggest payroll transactions and direct deposit submissions should be reviewed and approved by the Regional Superintendent to ensure that proper amounts were paid and allocated to the proper funds. Finally, sound business practice requires that a listing of job titles, descriptions of job duties and responsibilities and related pay scale be maintained and adhered to.

**Condition:**

During our review of payroll, we tested forty-eight (48) employees and fifty-seven (57) individual payroll transactions and the following exceptions were noted:

- In fifteen (15) of the forty-eight (48) (31%) employees tested, a personnel file could not be located.
- In twenty-three (23) of the forty-eight (48) (48%) employees tested, a completed Form I-9 was not maintained for the employee.
- In twenty-eight (28) of the forty-eight (48) (58%) employees tested, a direct deposit authorization form signed by the employee was not maintained in the personnel file.
- In three (3) of thirty-one (31) (10%) employees tested, the teacher certificate required by the position was not maintained in the personnel file.
- In three (3) of the forty-eight (48) (6%) employees tested, neither a pay agreement nor a pay schedule maintained by the bookkeeper could be located. This resulted in not being able to compare the gross amount paid to the employee to the pay agreement.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-06 – Internal Controls over Payroll** (Continued)

**Condition:** (Continued)

- In thirty-two (32) of the forty-eight (48) (67%) employees tested, the gross amounts paid to the employees exceeded the pay agreement due to a 3% across the board raise, SES payments, prepayments, workshop payments, and other undetermined reasons.
- In twenty-seven (27) of the forty-eight (48) (56%) employees tested, either the pay agreement differed from the pay schedule maintained by the bookkeeper, or the pay agreement and/or pay schedule could not be located for comparison.
- For all forty-eight (48) employees tested, the reasonableness of the amount paid could not be determined because the ROE does not maintain a listing of job titles, descriptions of job duties and responsibilities and related pay scale.
- For all seventeen (17) direct deposit transactions tested, direct deposit confirmations were not maintained in the payroll file to indicate that the amount of payroll submitted was reviewed by the former Regional Superintendent.
- In forty-six (46) of the fifty-seven (57) (81%) individual payroll transactions tested, complete time and effort sheets could not be located.

**Effect:**

The absence of a sound system of internal controls over payroll can result in inaccurate reporting of payroll expenditures in the financial statements and/or within specific funds. Incomplete or missing personnel files put the Regional Office at risk for non-compliance with laws and regulations and can lead to inaccurate information being processed or incorrect compensation for services rendered.

Without maintained time and effort sheets, the allocation of employees' time across funds cannot be accurately determined.

Without completed and approved contracts, including all approved changes or additions, actual payroll expenditures cannot be compared to those that were approved by management.

**Cause:**

The Regional Office could not provide appropriate documentation in the areas cited in the finding. The former Regional Superintendent noted that all time and effort sheets, related documentation and records were completed and on file in the Regional Office, as they were every year, when he left office on June 30, 2011.



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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-06 – Internal Controls over Payroll (Continued)**

**Auditors' Recommendation:**

The Regional Office of Education #25 should implement proper controls over payroll, including maintaining a complete and current personnel file with all required documents for every employee in accordance with the *ROE Accounting Manual* and properly documenting any changes to salary, job title and/or job duties and responsibilities. Each change should be clearly described and approved by the Regional Superintendent on an employee contract.

Time and effort sheets should be completed and maintained and the Regional Superintendent should approve payroll only once proper fund allocation has been determined. The Regional Superintendent should also review and approve direct deposit confirmation reports to ensure that accurate payroll has been disbursed.

**Management's Response:**

**Former Regional Superintendent's response:**

Time and effort sheets, documentation and records were maintained by ROE staff and kept on file in the ROE office. Many job descriptions are maintained within the grants themselves. Until now, there has never been an issue of missing records, time and effort sheets, or other documentation during my tenure as Regional Superintendent of Schools.

**Auditor's Comment:**

The lack of written job descriptions and salary ranges was included as a Management Letter of Comment in the FY 10 audit of the Regional Office.

**Current Regional Superintendent's response:**

All documentation including time and effort sheets and personnel files left for audit purposes was provided to the West and Company audit firm.

The current ROE #25 administration has implemented proper controls over payroll which include maintaining a complete and current personnel file for each employee. Documentation will be kept of any changes to salary, job title and/or job duties and responsibilities. Any change will be signed off on by the Regional Superintendent. The Regional Superintendent will review and approve payroll register, payroll checks and direct deposits every payroll period.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-07 – Questionable Expenditures**

**Criteria/Specific Requirement:**

Regional Office of Education #25 funds should be only used for the reasonable and necessary expenditures in the operations of the ROE and for the various programs it supports. Additionally, OMB Circular A-133 requires recipients of federal awards be knowledgeable of program compliance requirements to ensure only allowable expenditures are approved.

**Condition:**

In our review of the Regional Office of Education #25's documentation, we noted several expenditures for which a business purpose could not be established. In one instance, approval of payment for grant expenditures was not in compliance with program requirements:

- The former Regional Superintendent approved payment for a computer purchased for \$1,702.84 for the Math & Science grant. The grant did not provide for capital expenditures. The ROE improperly allocated the cost to grant supplies.
- The Regional Office could not provide appropriate documentation to support the business purpose of payment of certain expenditures at the Southern Thirty program location. The Southern Thirty program is a program through ISBE. The program receives its funding directly from Mt. Vernon High School and Rome Grade School and operates from a two-room facility that consists of a classroom suitable for approximately twelve (12) students and a computer room/library. The building is privately owned and is leased by DCFS to provide services for children under their care. The ROE utilizes the two rooms at no cost on a year-to-year basis to administer educational services for the displaced students.
  1. The ROE's Southern Thirty expenditures for the 2010-2011 fiscal year approximated \$210,000, approximately \$75,000 of which was expended in June 2011. By comparison, the 2009-2010 fiscal year Southern Thirty expenditures totaled approximately \$66,000.
  2. Approximately \$36,000 was expended for capital improvements and related purchases at the Southern Thirty location. Expenditures included, but were not limited to: windows, HVAC, new flooring, and gym equipment, all for a gymnasium located in a separate building, which, according to the program teacher and current Regional Superintendent, is not utilized by the ROE for program services under this agreement. As noted above, the Southern Thirty facilities, including the rehabilitated gymnasium, are privately owned buildings.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-07 – Questionable Expenditures** (Continued)

**Condition:** (Continued)

3. The Southern Thirty location provides for one teacher, one aide and a Department of Children and Family Services (DCFS) mediator. In addition to the full-time teacher and full-time aide, the ROE allocated salaries for nine other employees to the Southern Thirty program at various times from January through June 2011. Fiscal year 2010-2011 salaries and benefits expenditures for the Southern Thirty program totaled \$126,281. By comparison, the 2009-2010 fiscal year salaries and benefits expenditures totaled \$57,862. The reason for the more than 118% increase in salaries and benefits is not supported by appropriate documentation.
  4. The Regional Office of Education #25 purchased computers, monitors and an iPad lab which included a charging station and several iPads totaling approximately \$22,000 for the Southern Thirty program. According to the program teacher, the IT administrator and the current Regional Superintendent, these items were not utilized by the program and it could not be determined whether these were reasonable and necessary expenditures.
- The Regional Office of Education #25 was a service provider for the District #80 (Mt. Vernon) Supplemental Educational Services (SES) program in fiscal year 2010-2011. In our review of the SES expenditures, instances of questionable expenditures were identified:
    1. The Regional Office of Education #25, as a service provider, used Supplemental Education Services (SES) funds to purchase ten computers for use in the (SES) program. The computers remained the property of ROE #25 employees working with the SES program once the program ended.
    2. According to time and effort sheets, the ROE paid tutors at the District #80 SES program, on average, \$50.00 per hour. There were two instances of tutors receiving \$60.00 per hour and one instance where a tutor received \$30.00 per hour. By comparison, the other district SES programs paid tutors \$30.00-\$35.00 per hour and a separate program paid tutors a rate of \$15.00 per hour; therefore, it could not be determined whether the higher tutor rates were reasonable and necessary.
  - During fiscal year 2010-2011, the Regional Office Administration approved payment of salary to an employee who was not performing work for the ROE. According to the employee, she was engaging in the student teaching portion of her teaching credential requirement between February and April 2011 but continued to receive her normal ROE salary. The ROE could not provide a contract or a policy that provides for this type of payment. The salary and benefits paid while not working at the ROE totaled approximately \$10,000.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-07 – Questionable Expenditures** (Continued)

**Effect:**

Regional Office of Education #25 funds were used to pay for expenditures that could not be substantiated and overstated the ROE operating expenses. Additionally, the use of \$1,702.84 to purchase a computer for the Math & Science grant caused the ROE to be out of compliance with grant requirements.

**Cause:**

The Regional Office could not provide appropriate documentation to substantiate payment of expenditures that were not in accordance with the ROE's purchasing policies and procedures. Additionally, the Regional Office approved payment of grant expenditures that were not provided for by the grant.

The former Regional Superintendent noted renovation of the Southern Thirty facility had been discussed since 2008. A major influx of funding in FY11 allowed the ROE to proceed with the renovations. He noted that there was a push to finish the project before the new Regional Superintendent took office on July 1, so the transition would be easier.

Regarding the Regional Office's salaries allocated to the Southern Thirty program, the former Regional Superintendent noted that the program received services from many of the people at the main office for bookkeeping, technology, reception, clerical, administration, etc., all of whom had a connection to the program. Regarding the computer equipment purchased, the former Regional Superintendent stated they were purchased for the Southern Thirty program but were not received and set up until the end of the school term.

Regarding the employee who was paid while not performing work for the ROE, the former Regional Superintendent noted that she was paid pursuant to his discretion. He stated that he understood that the employee prepared lesson plans for her classes at the ROE's alternative school while she was student teaching at another school in the ROE 25 region.

**Auditors' Recommendation:**

The Regional Office of Education #25 should ensure approved expenditures are supported by appropriate documentation and are in accordance with the ROE's purchasing policies and procedures. In addition, the ROE should have a policy in place regarding raises and/or other revisions to salary amounts. Finally, the Regional Office should be knowledgeable of grant provisions and should only approve payment of expenditures that are allowed by the grant.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-07 – Questionable Expenditures** (Continued)

**Management’s Response:**

**Former Regional Superintendent’s response:**

ROE 25 was a subgrantee in the Math and Science grant. As the subgrantee, all purchases made with grant funds had the approval of the grant administrator – Southern Illinois University.

ROE 25 is responsible for the educational component at Southern 30 and the ROE has always believed in putting money that is generated by a program back into projects that will directly benefit the students being served. This includes helping to maintain and renovate the facilities that the students use for their academic and physical education classes. This philosophy can only benefit the students and the community. These renovations had been discussed for several years but had to be put on hold in 2009 as they suffered a \$40,000 delay in funding due to a reporting error by Mt. Vernon High School. This matter was adjusted in a final report that was filed in June 2010 and caused a major influx of money for FY 11. A decision was then made to proceed with the renovations.

The ten computers in question were part of the employees’ compensation package and is stated as such in their signed employment agreements. They were distributed approximately one month before the actual program started so that tutors could become familiar with the Study Island curriculum used. They remained with the employee, not District 80. Copies of the employment agreements were provided.

The employment agreements show that different employees had different responsibilities. They all received \$50 per hour except the two administrators who received \$60 per hour and the substitute who received \$30 per hour. It is common practice for schools to pay administrators at a higher rate and substitutes at a lower rate.

Each district is allowed a specific pay rate by ISBE. District 80’s rate that is set by ISBE is substantially higher than the other districts and allows for staff to be paid at a higher rate. The teacher’s class size in District 80 was almost double the size of the other districts and the teachers had a much more difficult student population to teach. All SES pay was approved by the ISBE and fits into their guidelines.

The ROE has paid or help pay people over the years who were assigned to a school district in the region, such as providing a teacher for the crisis classroom at Mt. Vernon High School. This teacher in question did provide some services to the Alternative School during the time she was completing her student teaching at a school in the region. The ROE was not aware of any policy or rule that would not allow this type of arrangement.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-07 – Questionable Expenditures** (Continued)

**Management’s Response:** (Continued)

**Auditor’s Comment:**

The Math and Science grant budget allowed for expenditures under “Supplies”. The budget did not contain allowances for expenditures under “Capital Outlay”. The Regional Office recorded the computer purchase in the “Supplies” line item in its general ledger when it should have been recorded as a “Capital Outlay”. The grantor would not have known that the purchase was for a capital asset because it was not listed as such on the invoice the grantor received from the Regional Office.

While the Illinois State Board of Education (ISBE) uses a federal software program that calculates a maximum per pupil expenditure amount for the year for their providers, an ISBE official noted that ISBE does not specifically approve the tutor’s rate of pay.

**Current Regional Superintendent’s response:**

The current ROE #25 administration has implemented procedures requiring that approved expenditures are supported by appropriate documentation. The ROE is in the process of creating a policy in regards to raises and/or other revisions to salary amounts. ROE #25 is following the guidelines for all allowable grant expenditures. Expenditures will cover costs appropriate to the operation of ROE programs.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-08 – Lack of Documentation**

**Criteria/Specific Requirement:**

The *Regional Office of Education (ROE) Accounting Manual* (Forward) establishes that the Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system that provides reasonable assurance about the reliability of its GAAP financial statements, operational compliance with legal and contractual provisions, safeguarding of assets, and effectiveness and efficiency of ROE operations.

**Condition:**

We noted the following instances where the Regional Office was unable to provide sufficient documentation to substantiate recorded revenue and/or expenditures:

- The ROE made payments of approximately \$58,000 to the Southtown Youth Center during FY11. The Regional Office received invoices for at-risk youth programs held throughout the year. Payments were to be based on the number of youth served. The initial agreement between the Regional Office and Southtown was for a total of \$28,000 (2,800 participant days @ \$10/day). The agreement noted that roster and attendance records would be kept by Southtown Youth Center. Additional invoices, totaling approximately \$30,000, were submitted and paid by the Regional Office in FY11. The participant rate paid on these invoices was \$12.50 per participant. The invoices paid by the Regional Office were not reconciled to the documentation to show that the number of participants billed actually received the services. The Regional Office was able to locate student roster and attendance records for the period July 2010 through March 2011. However, the invoices paid were not reconciled to these records. Furthermore, many of the invoices paid were for services provided in April through June 2011, for which no attendance records could be located.
- Time and effort sheets could not be located by the current Regional Superintendent to substantiate the \$3,535 in salaries allocated to the Math and Science grant. This is not in compliance with grant requirements.
- Computer update charges of \$2,315 were charged to the Math and Science grant but documentation could not be located to support the cost to the grant. Upon inquiry of the current Regional Superintendent, he could not tell if the costs were directly related to the grant and he indicated that the costs appear to be associated with regular updates and equipment that would not be needed by the grant. This expenditure was not budgeted for in the grant.

**Effect:**

Without sufficient supporting documentation, it cannot be determined if revenue and/or expenditures were reasonable, for the appropriate purpose or if they were recorded in the proper period, amount, and/or account.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-08 – Lack of Documentation** (Continued)

**Cause:**

The Regional Office could not provide appropriate documentation to support these transactions.

The former Regional Superintendent noted that the ROE had a long standing working agreement with Southtown Youth Programs. He noted that an initial contract usually was agreed to with the understanding that it may be increased as the program grows if funds were available. The contract was based on a formula provided by the Teen REACH program which provided many of the same type of activities.

The former Regional Superintendent noted that time and effort documentation was kept for all employees and was present in the office at the end of the day on June 30, 2011. The former Regional Superintendent also noted that the ROE was a subgrantee in the Math & Science Grant and purchases made with grant funds had the approval of the grant administrator.

**Auditors' Recommendation:**

The Regional Office of Education #25's management should ensure the Regional Office implements controls to prevent authorization of payment without proper supporting documentation.

**Management's Response:**

**Former Regional Superintendent's response:**

Attendance records for the final quarter (April – June) would not be available until the quarter actually ended (after June 30). They would have been collected by or delivered to the new/current Regional Superintendent after June 30, 2011.

Time and effort sheets and documentation were maintained by ROE staff and kept on file in the ROE office.

**Current Regional Superintendent's response:**

The current ROE #25 administration has implemented internal control on processing payments with supporting documentation and requires signatures of approval.



**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-09 – Internal Controls over Cash Disbursements**

**Criteria/Specific Requirement:**

The *Regional Office of Education (ROE) Accounting Manual* (Foreword) establishes that the Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system that provides reasonable assurance about the reliability of its GAAP financial statements, operational compliance with legal and contractual provisions, safeguarding of assets, and effectiveness and efficiency of ROE operations.

**Condition:**

We noted the following exceptions when testing the Regional Office's internal control system over cash disbursements.

- Appropriate documentation could not be located or was not maintained with the voucher and check payment for 9 out of 67 (13%) transactions tested. The total of the unsupported expenditures was \$7,905. In addition, during our review of credit card expenditures, appropriate documentation could not be located or was not maintained with the credit card statement for 6 out of 43 (14%) transactions tested. The total of the unsupported transactions was \$870. Furthermore, we reviewed two gas credit card statements in which appropriate documentation could not be located or was not maintained with the statement for all transactions listed on the statements. The total of the unsupported transactions of the gas credit card statements was \$2,430.
- The employee being personally reimbursed authorized the reimbursement in 1 out of 67 (1%) transactions tested. The amount of the self-authorized reimbursement was \$651.
- During our review of grant compliance testing, we noted one instance in which a payment was made on a purchase order prior to receipt of the invoice. The actual invoice was less than the purchase order; however, the original check was not voided and reissued. The Regional Office overpaid for the supplies purchased by \$22.

**Effect:**

The internal control weaknesses illustrated by the exceptions noted above could result in unintentional or intentional errors or misappropriation of assets, where the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-09 – Internal Controls over Cash Disbursements** (Continued)

**Cause:**

The Regional Office could not provide appropriate documentation to support that expenditures were charged to the correct account, and invoices were being reviewed for accuracy as to their amounts. Additionally, the Regional Office's policy allowed individuals to approve invoices in which they were being personally reimbursed.

The former Regional Superintendent noted that all files were accounted for as of June 30, 2011 and that it was not uncommon for a coordinator to reimburse themselves out of grants.

**Auditors' Recommendation:**

The Regional Office of Education #25's management should ensure the Regional Office follows the established system of internal controls over cash disbursements to prevent errors and fraud. Regional Office management should ensure the Regional Superintendent or Assistant Regional Superintendent approves all check disbursement documentation, including invoices and documentation showing the recording of payment. This verifies the check was written from the proper account for the correct amount. Additionally, the Regional Office administration should ensure no employee is allowed to authorize payment in which that employee is being reimbursed.

**Management's Response:**

**Former Regional Superintendent's response:**

Time and effort sheets, records, and documentation were maintained by ROE staff and kept on file in the ROE office.

**Current Regional Superintendent's response:**

All documentation for audit purposes left at the 1714 Broadway Main Office buildings was provided to the West and Company audit firm.

The current ROE #25 administration requires that the Regional Superintendent or Assistant Regional Superintendent approves all check disbursement documentation, invoices and documentation of payments. Also, no employee is allowed to authorize payment in which that employee is being reimbursed.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-10 – Internal Control over Capital Assets (Previously reported as part of FINDING NO. 10-01)**

**Criteria/Specific Requirement:**

Sound internal controls require that policies and procedures over capital assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and that they should be formally documented and consistently applied. These policies and procedures should adhere to guidelines described in the *ROE Accounting Manual* (Section X) and the Illinois State Board of Education's *State and Federal Grant Administration Policy* (Pages 8-9).

When equipment is no longer needed for the original project or program for which it was acquired, the granting agency should be notified. Unless otherwise directed by the granting agency, the equipment may be used, if needed, in other projects or programs currently or previously sponsored by a federal or state agency. The equipment may be retained, sold or otherwise disposed of if the equipment is not needed in any federal or state sponsored project or program. Specifically, the following procedure from the Illinois State Board of Education's *State and Federal Grant Administration Policy* to eliminate any item from the inventory must be followed:

*Items of inventory may be retained, sold or otherwise disposed of with no further financial obligation to the federal/state agency if the equipment has an acquisition cost/per unit current fair market value of less than \$5,000. The disposition of such items should be so noted on the equipment inventory maintained by the entity.*

**Condition:**

The Regional Office of Education #25 holds capital assets with a net book value of \$778,929. This amount is material to the financial statements. The following deficiencies were noted in the ROE's internal control over capital assets.

- The equipment listing provided by the Regional Office did not include asset additions or deletions. In addition, it did not include current depreciation expense.
- The Regional Office of Education sold assets to former employees:
  1. The Regional Office sold 5 vehicles from their inventory but only put 3 out for bid. The other two vehicles were purchased by former employees. One purchased a 2007 Ford Taurus for \$3,500. The other purchased a 2007 Ford Taurus for \$3,000. Based upon the documentation provided, how the prices for the vehicles were determined cannot be verified.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-10 – Internal Control over Capital Assets (Previously reported as part of Finding 10-01)** (Continued)

**Condition:** (Continued)

2. Former employees were allowed to purchase Regional Office assets at year-end. The former Assistant Regional Superintendent purchased a new iPad with accessories and two computers for a total of \$1,499. Another former employee purchased a computer for \$175. Two other employees purchased a new iPad with accessories for \$299. Due to the lack of documentation, the reasonableness of amounts charged for these assets cannot be determined. The auditors followed up with the current administration and the IT administrator, and adequate documentation was not found to support the sales prices of the equipment.

**Effect:**

The absence of a sound system of internal controls over capital assets can result in inaccurate reporting of capital assets and inadequate physical control for equipment items. An incomplete capital asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

**Cause:**

According to Regional Office officials, the Regional Office did not implement proper controls over capital asset inventory, purchases and disposals and did not have a policy in place for tracking additions, disposals and calculating depreciation expense (where applicable).

The former Regional Superintendent noted that fair market values for both the cars and computers sold were obtained prior to them being sold.

**Auditors' Recommendation:**

The Regional Office of Education #25 should implement proper controls over capital assets, including maintaining a current inventory of all assets in accordance with the *ROE Accounting Manual* and properly documenting additions and deletions/sales, as well as calculating depreciation expense.

The capital asset listing should be completed to include all details required by the *ROE Accounting Manual* and the Illinois State Board of Education's *State and Federal Grant Administration Policy*. The listing should be checked for accuracy and existence through an annual physical inventory. Reconciliation should be performed between the capital asset listing and the recorded capital outlay expenditures for the year. All reconciling items should be disposed of in a timely manner. Dispositions should adhere to the requirements described in the Illinois State Board of Education's *State and Federal Grant Administration Policy*. The Regional Office should maintain documentation to support the fair market value of the assets sold. Regional Office personnel should also review criteria for capitalization of capital assets to ensure the amount being capitalized is accurate.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-10 – Internal Control over Capital Assets (Previously reported as part of Finding 10-01)** (Continued)

**Management’s Response:**

**Former Regional Superintendent’s response:**

Equipment listing updates are usually finalized at the end of the fiscal year.

Fair market values for the cars were obtained through Kelly Blue Book values. The printout was included with the deposit information and on file in the ROE office.

Fair market value was obtained by the IT coordinator for all computers sold. The amounts were provided by H & H Computers and by the IT coordinator at Mt. Vernon District 80. The IT director should have documentation of these amounts.

**Auditor’s Comment:**

Auditors inquired of the Regional Superintendent to see if the Technology Coordinator could locate documentation to support the sale prices of the equipment. The Technology Coordinator could not locate adequate documentation to support the sale prices for the equipment.

**Current Regional Superintendent’s response:**

The current ROE #25 administration is in the process of implementing proper controls over capital assets, including updating and maintaining a current inventory of all assets in accordance with the ROE Accounting Manual and ISBE State & Federal Grant Administration Policy.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-11 – Controls Over Federal Awards (Repeat of Finding 10-07)**

**Criteria/Specific Requirement:**

The A-102 Common Rule and OMB Circular A-110 require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The objectives of internal control pertaining to the compliance requirements for federal programs are found in OMB Circular A-133. One such requirement is that the accounting system provides for separate identification of Federal transactions and allocation of transactions applicable to that Federal grant.

When funds are advanced, recipients must follow procedures to minimize the time elapsing between the receipt and disbursement. Unexpended grant funds should be returned to the granting agency.

**Condition:**

The Regional Office of Education #25 did not have sufficient internal controls over its federal awards. For example, auditors, in their review of the Regional Office's federal awards for Title I School Improvement and Accountability - System of Support (Title I) and Title II Teacher Quality - System of Support (Title II), noted the following:

- The Regional Office's System of Support fund included federal revenue of \$143,856. The accounting system did not provide for separate identification of federal transactions. Per an auditor request for the revenue information from the Regional Office of Education #2 (which passes System of Support funding to ROE #25), it was determined the revenue was received from Title I and Title II.
- The Title I revenues in the System of Support Fund exceeded grant expenditures by \$717. Funds not expended in reimbursable grants should be returned to the granting agency.

**Effect:**

Failure to separately identify revenues and expenditures by federal grant may result in inaccurate grant transactions being reported. Title I revenues for the fiscal year ended June 30, 2011 exceeded expenditures by approximately \$717. This could result in the granting agency requesting reimbursements or adjusting any future grant awards.

**Cause:**

The former Regional Superintendent did not realize sufficient procedures for its federal awards were not in place. While the federal revenues were identified separately in a spreadsheet, they were not incorporated into the accounting system.

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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-11 – Controls Over Federal Awards (Repeat of Finding 10-07)** (Continued)

**Auditors' Recommendation:**

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

**Management's Response:**

**Former Regional Superintendent's response:**

More detailed printouts should be utilized to track dollars.

**Current Regional Superintendent's response:**

The current ROE #25 administration is in the process of implementing internal control procedures to ensure that all transactions are properly recorded and accounted for and are executed in compliance with laws, regulations and the provisions of contracts or grant agreements in accordance with OMB Circular A-133.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-12 Controls Over Compliance with Laws and Regulations (Repeat of Finding 10-05)**

**Criteria/Specific Requirements:**

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

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

**Condition:**

The Regional Office of Education #25 established a line of credit in FY 10. This initial line of credit was established under 105 ILCS 5/18-20 and did not require an executive order and, therefore, one was not executed. Additional draws were taken against the line of credit under 105 ILCS 5/17-19, which requires an executive order or resolution, for which one was not executed.

- The Regional Office could not produce certification documentation required by sections 5/18-20 and 5/17-19 of the School Code regarding the anticipated revenue that was being borrowed upon and did not authorize the line of credit by executive order or resolution. At July 1, 2010, the Regional Office had outstanding borrowings of \$200,000 on the line of credit. From September 10, 2010 through December 9, 2010 the Regional Office borrowed an additional \$200,000 against the line of credit. Because the Regional Office did not identify the anticipated revenue that was being borrowed upon, we could not determine if the Regional Office was in compliance with the requirement to make repayment immediately upon receipt of those funds.
- From May 24, 2011 through June 30, 2011, the Regional Office borrowed \$490,000 against the line of credit. For these draws on the line of credit, an executive order was established which identified the amount being borrowed against and the need for the borrowing. The Regional Office did not comply with repayment requirements as required by section 5/17-19 of the School Code. Funds totaling \$311,295 were not repaid within 60 days after the grant revenues had been received. Funds were repaid on various dates ranging from 63 to 88 days after the grant revenues were received.



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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-12 Controls Over Compliance with Laws and Regulations (Repeat of Finding 10-05)** (Continued)

**Condition:** (Continued)

- The Regional Office's use of grant funds did not comply with the purpose delineated in the executive order. The executive order prepared by the former Regional Superintendent states, "This line of credit is necessary so that this ROE can continue to operate programs they have been funded to provide for students in the region." On June 22, 2011, the Regional Office borrowed \$290,000 on the line of credit. On June 30, 2011, the Regional Superintendent subsequently made a \$297,912 payment on the outstanding building loan, which was not due and payable at that time. At June 30, 2011, the cash deficits in the funds secured by the line of credit totaled \$103,265. As such, the line of credit was not used as prescribed in the executive order. If the line of credit was used as delineated in the executive order, it should have been used first to cover the cash balance shortages in these grant funds.

**Effect:**

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

**Cause:**

For borrowings before May 24, 2011, the ROE could provide no documentation to support compliance with statutory provisions requiring that the grant payments to be borrowed against be certified by the State Superintendent or requiring the Regional Superintendent to authorize the line of credit by executive order or resolution.

The former Regional Superintendent noted that as of June 30, 2011 financial records show the State owed ROE 25 in excess of \$490,000 in FY 11 grant dollars and that these were for programs for which the ROE had just finished providing and expending all of the grant dollars. The line of credit was established so that the ROE could cover these expenses and operate programs even though funding from the State was months behind. The former Regional Superintendent noted that the building loan had been refinanced several times and that the latest one had a balloon payment due in October 2011. It was the former Regional Superintendent's intention to save enough money in State Aid funding to repay the building loan in its entirety.

**Auditors' Recommendation:**

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

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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-12 Controls Over Compliance with Laws and Regulations (Repeat of Finding 10-05)** (Continued)

**Management's Response:**

**Former Regional Superintendent's response:**

As noted in the report, the ROE borrowed \$490,000 between May 24, 2011 and June 30, 2011. Of this amount \$311,295 was not repaid within 60 days after the grant revenues had been received. They were incorrectly repaid on various dates ranging from 63 to 88 days after the grant revenues were received. These incorrect late payments were made well after I left office and well after I had any authority to make sure the line of credit was repaid correctly. This was the responsibility of the new/current Regional Superintendent.

It should be noted that General State Aid has always been paid by the state on a timely basis. It was never part of the anticipated revenue that the line of credit was established for. The building loan payment of \$480,147.56 was due in October 2011. The loan had been refinanced several times and with the ROE so reliant on state funding the bank was reluctant to continue. Since this is a liability of the school districts and tax payers of the region it was my intent to re-pay the loan as much as possible out of General State Aid before I left office.

The financial records indicate that on June 30, 2011, the state owed ROE 25 \$497,817. These were programs that closed out on June 30, 2011 and many expenses were incurred during June. The line of credit was necessary to zero out these programs and file completion reports with ISBE. I believe this is the very intent of the law allowing ROE's to establish a line of credit.

**Auditor's Comment:**

As stated in the finding, the line of credit was not used to "zero out" the programs from which the line of credit was established. The finding notes that the unadjusted cash deficits in the funds secured by the line of credit totaled (\$103,265).

**Current Regional Superintendent's response:**

The current ROE #25 administration will comply with the requirements of 105 ILCS 5/17-19, as applicable, when borrowing against anticipated revenues.

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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-13 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 10-03, 09-03)**

**Criteria/Specific Requirement:**

Internal Service Funds are used to account for the Regional Office of Education #25's administrative services, which are provided to many of the Regional Office's funds. Revenue is generated through charges to other funds using inter-fund billings. Regulations set forth by *OMB Circular A-87 (Revised 5/10/04)* require charges by an internal service activity to provide for the establishment and maintenance of a reasonable level of working capital reserve. In addition, the full recovery of costs is allowable. A working capital reserve of up to 60 days cash expenses for normal operating purposes is considered reasonable. A working capital reserve exceeding 60 days may be maintained for exceptional cases; however, it requires approval of the cognizant Federal agency.

In addition, *OMB Circular A-87* states that if the entity's revenues exceed allowable costs, an adjustment must be made by: a) a cash refund to the Federal Government for the Federal share of the adjustment, b) credits to the amounts charged to the individual programs, c) adjustments to future billing rates, or d) adjustments to allocated central service costs.

**Condition:**

Over the last two years, average annual expenses within the Workers' Compensation Fund and Unemployment Fund, both Internal Service Funds, were \$77,546 and \$4,392, respectively. Workers' Compensation Fund cash, currently loaned to other funds, at June 30, 2011 totaled \$44,105, representing approximately 208 days of average expenses. Unemployment Fund cash, currently loaned to other funds, at June 30, 2011 totaled \$9,577, representing approximately 796 days of average expenses.

**Effect:**

During the year ended June 30, 2011, the indirect cost rates charged to the Workers' Compensation Fund and the Unemployment Fund were not reduced nor were the individual funds overcharged in prior years credited. The Regional Office is not in compliance with *OMB Circular A-87*.

**Cause:**

The Regional Office of Education #25's prior years' indirect cost rates were too high, as the calculations included funding for future expenditures.

The former Regional Superintendent noted that rates were adjusted to reduce the amount in each fund and that it will take a few years for the accounts to be reduced to acceptable levels.

**Auditors' Recommendation:**

The Regional Office of Education #25 should examine and adjust the indirect cost rate as needed and provide credits to the individual programs overcharged in prior years.

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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-13 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 10-03, 09-03)** (Continued)

**Management's Response:**

**Former Regional Superintendent's response:**

Rates should continue to be reduced.

**Current Regional Superintendent's response:**

The current ROE #25 administration is in the process of implementing procedures to examine and adjust the indirect cost rate as needed and provide credits to the individual programs overcharged in prior years.

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-14 – Recording of Transactions in the Regional Cooperative Fund (Repeat of Finding 10-06)**

**Criteria/Specific Requirement:**

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

**Condition:**

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

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

**Effect:**

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

**Cause:**

The former Regional Superintendent noted that they were too far into FY11 to make changes but they were planning on doing so in FY12.

**Auditors' Recommendation:**

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

**HAMILTON AND JEFFERSON COUNTIES  
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**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2011**

**FINDING NO. 11-14 – Recording of Transactions in the Regional Cooperative Fund (Repeat of Finding 10-06)** (Continued)

**Management's Response:**

**Former Regional Superintendent's response:**

Changes should be made in FY12.

**Current Regional Superintendent's response:**

The current ROE #25 administration will use guidance from the auditors to correctly report payments between its funds and the Co-Op Board as internal reimbursements. The bookkeeper has documentation of all receipts and disbursements and records any needed changes.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan**

**FINDING NO. 11-01 – Controls Over Financial Statement Preparation (Repeat of Finding 10-01, 09-01, 08-01, and 07-05)**

**Condition:**

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

**Plan:**

The current ROE #25 administration has hired a bookkeeper with a Masters in Business Management and 20 years of background in school accounting and GAAP financial reporting. The ROE has implemented procedures to ensure internal control.

**Anticipated Date of Completion:**

The current, qualified bookkeeper began working part-time for ROE #25 July 6, 2011 and became a full-time employee on February 1, 2012.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-02 – Prepayment of Salaries and Contracts**

**Condition:**

The Regional Office of Education #25 prepaid employees' salaries and contractual agreements as follows:

- A prepayment of \$4,264 was made to a former employee on June 30, 2011 for a contract for her to be available for the FY11 audit to be performed at a later date in FY12. The former employee was not retained by the current Regional Superintendent who took office July 1, 2011.
- Our review of ROE documentation noted two issues relating to the FY11 salary payments to two former employees. The first was that there was conflicting documentation as to whether these two employees were 200 day or 245 day employees in FY11. Prior to FY11, the positions were 245 day employees. However, the FY11 salary documentation and pay schedules showed them as 200 day employees. In contrast, their FY11 annual salary amounts remained unchanged from FY10, even though the number of days worked was reduced from 245 to 200 days. Furthermore, they took vacation days in FY11 even though, according to ROE policy, only 245 day employees earn vacation days (not 200 day employees). Upon inquiry of the current Regional Superintendent, he was not aware of any reason the terms for these employees should have changed from 245 to 200 days in FY11.

Second, there was inadequate documentation as to whether amounts paid to these former employees in FY11 were appropriate. Their pay schedule shows their annual salaries were for the period September 1, 2010 through August 30, 2011. They were receiving semi-monthly pay checks at 1/24 of their annual salary. However, beginning in April 2011, their semi-monthly pay checks were increased so that they would receive their total annual salary by June 30, as opposed to August 30, 2011 (i.e., they were prepaid salaries payable in July and August 2011). These two employees were not retained by the current Regional Superintendent who took office July 1, 2011.

Based on ROE documentation, auditors could not determine whether, in fact, the two employees worked the 200 days during the 10 month time period. Furthermore, one individual was paid \$4,950 and the other was paid \$4,592 in additional compensation for 11 and 14 days worked respectively in June 2011 for closing FY 2011 grants, preparing files for audit and transition. These additional payments were made from the vendor module of the accounting software as opposed to the payroll module. This resulted in no payroll taxes being withheld and underreporting of wages to the taxing authorities.



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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-02 – Prepayment of Salaries and Contracts** (Continued)

**Plan:**

The current ROE #25 administration now documents that work is performed before payroll and contractual payments are approved and then paid. The Regional Superintendent signs off on all documents pertaining to payroll.

**Anticipated Date of Completion:**

July 1, 2011

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-03 – Related Party Transactions**

**Condition:**

In our review of ROE documentation, we noted several related party transactions:

- An employee was added to the Regional Office's payroll in November of 2010. Payroll ledgers indicate that she was paid \$16,968 over the period of November 2010 through June 2011. The Regional Office of Education #25 could not locate a personnel file or contract for this employee that would document her rate of pay, job responsibilities, or any other contractual responsibilities she was required to fulfill. Time and effort sheets could also not be located to substantiate this rate of pay. According to the current Regional Superintendent, this employee was a relative of a former ROE employee.
- An employee was added to the Regional Office's payroll in November of 2010 as a maintenance/repairman. Payroll ledgers indicate that he was paid \$18,540 over the period of November 2010 through June 2011. By comparison, the Regional Office of Education #25's full-time maintenance/repairman earned a salary of \$21,882 for the entire fiscal year. While the Regional Office of Education #25 had a personnel file on this employee, they could not locate documentation that would document his rate of pay, job responsibilities, or any other contractual responsibilities he was required to fulfill. Time and effort sheets could also not be located to substantiate this rate of pay. According to the current Regional Superintendent, this employee was a relative of a former ROE employee.
- The former Regional Superintendent's wife was paid \$1,200 beyond her regular pay for work performed during spring break in March 2011 as well as an extra \$4,400 in June 2011. While the Regional Office of Education #25 did locate time and efforts sheets for this extra work, they could not locate documentation establishing the rate of pay beyond her normal daily rate.

**Plan:**

The current ROE #25 administration maintains documentation of employee agreements, work requirements, responsibilities, rate of pay, contractual, and daily or hourly rates of pay.

**Anticipated Date of Completion:**

By September 1, 2012, ROE #25 will have on file for all current employees, signed employee agreements and work requirement responsibilities which were developed throughout the 2011-2012 fiscal year.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-04 – Additional Payments to Employees**

**Condition:**

We noted several instances where ROE employees received payments in addition to their regular salary paid by the Regional Office. In many of these instances, the Regional Office could not provide documentation to show the necessity of this additional compensation, rates of pay and work performed:

- The former Assistant Regional Superintendent received additional payments totaling \$4,000 in April and May of 2011 for work performed in connection with the Southern Thirty program. The Southern Thirty program is an alternative school option provided by a year-to-year agreement with the Department of Children and Family Services (DCFS) for students of Mt. Vernon High School and Rome Grade School that are temporarily displaced from their homes. There was no documentation to indicate why compensation in addition to her regular salary as Assistant Regional Superintendent was appropriate, or how this work was not part of her normal, full-time job responsibilities.
- Another former employee was contracted by the ROE for 20 hours at \$50 per hour for bookkeeping and other services performed in relation to the Supplemental Education Services program. This employee received \$1,200 for these services, which was \$200 more than the contract. The Regional Office could not provide documentation to substantiate the additional amount paid.
- Two employees were paid a total of \$6,160 for summer work to be performed at the Southern Thirty location. The Regional Office of Education #25 could not locate complete documentation to support extra services or to determine if/when work was performed.
- A former employee received an additional \$1,575 per pay in June 2011 totaling \$3,150. The Regional Office of Education #25 could not locate documentation to support these additional salary payments.

**Plan:**

The current ROE #25 administration has been establishing a policy that requires appropriate documentation to support additional pay to employees that substantiates their work requirements and rate of pay.

**Anticipated Date of Completion:**

June 30, 2012

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-05 – Internal Controls over Employee Benefits**

**Condition:**

- Upon inquiry of the current Regional Superintendent and review of payroll documentation, it was determined that five ROE employees were incorrectly classified as being covered by the Teachers' Retirement System (TRS) when they were not in a TRS covered position. These employees should have instead been classified and covered under the Illinois Municipal Retirement Fund (IMRF). This resulted in an overpayment to TRS of about \$22,700 and an underpayment to IMRF of about \$32,000. Additionally, since social security taxes should have been withheld and matched under IMRF for these employees, the ROE is required to pay both portions of social security. This liability is approximately \$21,000. The current Regional Superintendent is attempting to resolve this matter with both TRS and IMRF.
- During our payroll testing we noted variances between the wage amounts recorded in the general ledger and those reported to TRS of approximately \$142,000. Upon inquiry of the current Regional Superintendent, he could not determine why the wages had not been properly reported to TRS. This resulted in an underpayment of the TRS and Teacher Health Insurance Security (THIS) liability of approximately \$16,000.
- Two former employees each received payments of \$1,360 for ten (10) unused vacation days each. However, one employee only had 6 unused vacation days available and the other had 5.5 unused vacation days available. In addition, these payments were made from the vendor module of the accounting software as opposed to the payroll module. This resulted in no payroll taxes being withheld and underreporting of wages to the taxing authorities.
- Supplemental Education Services (SES) program tutors for the Salem and Benton districts were paid through the vendor module as opposed to the payroll module. These amounts, totaling \$2,220 for Salem and \$1,435 for Benton, should have been paid through the payroll module with proper amounts withheld and payroll tax reporting completed.
- The Regional Office approved prepayment of health insurance premiums totaling approximately \$13,300 causing an overpayment of health insurance as well as an overstatement of ROE expenditures. According to ROE documentation, an email from their health insurance provider, the account was adjusted and the prepaid insurance was credited to their account.
- A former ROE employee exceeded the number of personal/sick leave days that were allotted to them. The employee had negative 4.5 days accumulated sick leave that carried over from the prior year. Ten sick days and two personal days were earned in the current year. The employee took a total of 18.5 sick/personal days, exceeding their accumulated leave by 11 days.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-05 – Internal Controls over Employee Benefits** (Continued)

**Condition:** (Continued)

- A former ROE employee, who was classified as a half-time employee, was not entitled to paid sick/personal leave, however, the Regional Office accrued ten sick days and two personal days for this employee in the current year. The employee had a negative half-day accumulated sick leave that carried over from the prior year. The employee took a total of 20 sick/personal half-days in the current year. Since the employee was not entitled to any paid sick/personal leave in the current year, the amount of days taken exceeded the amount accumulated by 21 half-days.

**Plan:**

The current ROE #25 administration is using guidelines from TRS to properly classify employees as either TRS employees or IMRF employees. The ROE is also adhering to the use of defined personnel policy regarding the use of vacation, sick and personal days.

**Anticipated Date of Completion:**

These procedures have been followed since the start of the new administration on July 1, 2011.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-06 – Internal Controls over Payroll**

**Condition:**

During our review of payroll, we tested forty-eight (48) employees and fifty-seven (57) individual payroll transactions and the following exceptions were noted:

- In fifteen (15) of the forty-eight (48) (31%) employees tested, a personnel file could not be located.
- In twenty-three (23) of the forty-eight (48) (48%) employees tested, a completed Form I-9 was not maintained for the employee.
- In twenty-eight (28) of the forty-eight (48) (58%) employees tested, a direct deposit authorization form signed by the employee was not maintained in the personnel file.
- In three (3) of thirty-one (31) (10%) employees tested, the teacher certificate required by the position was not maintained in the personnel file.
- In three (3) of the forty-eight (48) (6%) employees tested, neither a pay agreement nor a pay schedule maintained by the bookkeeper could be located. This resulted in not being able to compare the gross amount paid to the employee to the pay agreement.
- In thirty-two (32) of the forty-eight (48) (67%) employees tested, the gross amounts paid to the employees exceeded the pay agreement due to a 3% across the board raise, SES payments, prepayments, workshop payments, and other undetermined reasons.
- In twenty-seven (27) of the forty-eight (48) (56%) employees tested, either the pay agreement differed from the pay schedule maintained by the bookkeeper, or the pay agreement and/or pay schedule could not be located for comparison.
- For all forty-eight (48) employees tested, the reasonableness of the amount paid could not be determined because the ROE does not maintain a listing of job titles, descriptions of job duties and responsibilities and related pay scale.
- For all seventeen (17) direct deposit transactions tested, direct deposit confirmations were not maintained in the payroll file to indicate that the amount of payroll submitted was reviewed by the former Regional Superintendent.
- In forty-six (46) of the fifty-seven (57) (81%) individual payroll transactions tested, complete time and effort sheets could not be located.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-06 – Internal Controls over Payroll** (Continued)

**Plan:**

The current ROE #25 administration has implemented proper controls over payroll which include maintaining a complete and current personnel file for each employee. Documentation will be kept of any changes to salary, job title and/or job duties and responsibilities. Any change will be signed off on by the Regional Superintendent. The Regional Superintendent will review and approve payroll register, payroll checks and direct deposits every payroll period.

**Anticipated Date of Completion:**

These procedures have been followed since the start of the new administration on July 1, 2011.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-07 – Questionable Expenditures**

**Condition:**

In our review of the Regional Office of Education #25's documentation, we noted several expenditures for which a business purpose could not be established. In one instance, approval of payment for grant expenditures was not in compliance with program requirements:

- The former Regional Superintendent approved payment for a computer purchased for \$1,702.84 for the Math & Science grant. The grant did not provide for capital expenditures. The ROE improperly allocated the cost to grant supplies.
- The Regional Office could not provide appropriate documentation to support the business purpose of payment of certain expenditures at the Southern Thirty program location. The Southern Thirty program is a program through ISBE. The program receives its funding directly from Mt. Vernon High School and Rome Grade School and operates from a two-room facility that consists of a classroom suitable for approximately twelve (12) students and a computer room/library. The building is privately owned and is leased by DCFS to provide services for children under their care. The ROE utilizes the two rooms at no cost on a year-to-year basis to administer educational services for the displaced students.
  1. The ROE's Southern Thirty expenditures for the 2010-2011 fiscal year approximated \$210,000, approximately \$75,000 of which was expended in June 2011. By comparison, the 2009-2010 fiscal year Southern Thirty expenditures totaled approximately \$66,000.
  2. Approximately \$36,000 was expended for capital improvements and related purchases at the Southern Thirty location. Expenditures included, but were not limited to: windows, HVAC, new flooring, and gym equipment, all for a gymnasium located in a separate building, which, according to the program teacher and current Regional Superintendent, is not utilized by the ROE for program services under this agreement. As noted above, the Southern Thirty facilities, including the rehabilitated gymnasium, are privately owned buildings.
  3. The Southern Thirty location provides for one teacher, one aide and a Department of Children and Family Services (DCFS) mediator. In addition to the full-time teacher and full-time aide, the ROE allocated salaries for nine other employees to the Southern Thirty program at various times from January through June 2011. Fiscal year 2010-2011 salaries and benefits expenditures for the Southern Thirty program totaled \$126,281. By comparison, the 2009-2010 fiscal year salaries and benefits expenditures totaled \$57,862. The reason for the more than 118% increase in salaries and benefits is not supported by appropriate documentation.



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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-07 – Questionable Expenditures**

**Condition:** (Continued)

4. The Regional Office of Education #25 purchased computers, monitors and an iPad lab which included a charging station and several iPads totaling approximately \$22,000 for the Southern Thirty program. According to the program teacher, the IT administrator and the current Regional Superintendent, these items were not utilized by the program and it could not be determined whether these were reasonable and necessary expenditures.
- The Regional Office of Education #25 was a service provider for the District #80 (Mt. Vernon) Supplemental Educational Services (SES) program in fiscal year 2010-2011. In our review of the SES expenditures, instances of questionable expenditures were identified:
    1. The Regional Office of Education #25, as a service provider, used Supplemental Education Services (SES) funds to purchase ten computers for use in the (SES) program. The computers remained the property of ROE #25 employees working with the SES program once the program ended.
    2. According to time and effort sheets, the ROE paid tutors at the District #80 SES program, on average, \$50.00 per hour. There were two instances of tutors receiving \$60.00 per hour and one instance where a tutor received \$30.00 per hour. By comparison, the other district SES programs paid tutors \$30.00-\$35.00 per hour and a separate program paid tutors a rate of \$15.00 per hour; therefore, it could not be determined whether the higher tutor rates were reasonable and necessary.
  - During fiscal year 2010-2011, the Regional Office Administration approved payment of salary to an employee who was not performing work for the ROE. According to the employee, she was engaging in the student teaching portion of her teaching credential requirement between February and April 2011 but continued to receive her normal ROE salary. The ROE could not provide a contract or a policy that provides for this type of payment. The salary and benefits paid while not working at the ROE totaled approximately \$10,000.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-07 – Questionable Expenditures** (Continued)

**Plan:**

The current ROE #25 administration has implemented procedures requiring that approved expenditures are supported by appropriate documentation. The ROE is in the process of creating a policy in regards to raises and/or other revisions to salary amounts. ROE #25 is following the guidelines for all allowable grant expenditures. Expenditures will cover costs appropriate to the operation of ROE programs.

**Anticipated Date of Completion:**

Procedures have been followed since the start of the new administration on July 1, 2011 to properly support all expenditures. Policies to address payroll changes should be completed by June 30, 2012.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-08 – Lack of Documentation**

**Condition:**

We noted the following instances where the Regional Office was unable to provide sufficient documentation to substantiate recorded revenue and/or expenditures:

- The ROE made payments of approximately \$58,000 to the Southtown Youth Center during FY11. The Regional Office received invoices for at-risk youth programs held throughout the year. Payments were to be based on the number of youth served. The initial agreement between the Regional Office and Southtown was for a total of \$28,000 (2,800 participant days @ \$10/day). The agreement noted that roster and attendance records would be kept by Southtown Youth Center. Additional invoices, totaling approximately \$30,000, were submitted and paid by the Regional Office in FY11. The participant rate paid on these invoices was \$12.50 per participant. The invoices paid by the Regional Office were not reconciled to the documentation to show that the number of participants billed actually received the services. The Regional Office was able to locate student roster and attendance records for the period July 2010 through March 2011. However, the invoices paid were not reconciled to these records. Furthermore, many of the invoices paid were for services provided in April through June 2011, for which no attendance records could be located.
- Time and effort sheets could not be located by the current Regional Superintendent to substantiate the \$3,535 in salaries allocated to the Math and Science grant. This is not in compliance with grant requirements.
- Computer update charges of \$2,315 were charged to the Math and Science grant but documentation could not be located to support the cost to the grant. Upon inquiry of the current Regional Superintendent, he could not tell if the costs were directly related to the grant and he indicated that the costs appear to be associated with regular updates and equipment that would not be needed by the grant. This expenditure was not budgeted for in the grant.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-08 – Lack of Documentation** (Continued)

**Plan:**

The current ROE #25 administration has implemented internal control on processing payments with supporting documentation and requires signatures of approval.

**Anticipated Date of Completion:**

These procedures have been followed since the start of the new administration on July 1, 2011.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-09 – Internal Controls over Cash Disbursements**

**Condition**

We noted the following exceptions when testing the Regional Office's internal control system over cash disbursements.

- Appropriate documentation could not be located or was not maintained with the voucher and check payment for 9 out of 67 (13%) transactions tested. The total of the unsupported expenditures was \$7,905. In addition, during our review of credit card expenditures, appropriate documentation could not be located or was not maintained with the credit card statement for 6 out of 43 (14%) transactions tested. The total of the unsupported transactions was \$870. Furthermore, we reviewed two gas credit card statements in which appropriate documentation could not be located or was not maintained with the statement for all transactions listed on the statements. The total of the unsupported transactions of the gas credit card statements was \$2,430.
- The employee being personally reimbursed authorized the reimbursement in 1 out of 67 (1%) transactions tested. The amount of the self-authorized reimbursement was \$651.
- During our review of grant compliance testing, we noted one instance in which a payment was made on a purchase order prior to receipt of the invoice. The actual invoice was less than the purchase order; however, the original check was not voided and reissued. The Regional Office overpaid for the supplies purchased by \$22.

**Plan:**

The current ROE #25 administration requires that the Regional Superintendent or Assistant Regional Superintendent approves all check disbursement documentation, invoices and documentation of payments. Also, no employee is allowed to authorize payment in which that employee is being reimbursed.

**Anticipated Date of Completion:**

These procedures have been followed since the start of the new administration on July 1, 2011.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-10 – Internal Control over Capital Assets (Previously reported as part of Finding 10-01)**

**Condition:**

The Regional Office of Education #25 holds capital assets with a net book value of \$778,929. This amount is material to the financial statements. The following deficiencies were noted in the ROE's internal control over capital assets.

- The equipment listing provided by the Regional Office did not include asset additions or deletions. In addition, it did not include current depreciation expense.
- The Regional Office of Education sold assets to former employees:
  1. The Regional Office sold 5 vehicles from their inventory but only put 3 out for bid. The other two vehicles were purchased by former employees. One purchased a 2007 Ford Taurus for \$3,500. The other purchased a 2007 Ford Taurus for \$3,000. Based upon the documentation provided, how the prices for the vehicles were determined cannot be verified.
  2. Former employees were allowed to purchase Regional Office assets at year-end. The former Assistant Regional Superintendent purchased a new iPad with accessories and two computers for a total of \$1,499. Another former employee purchased a computer for \$175. Two other employees purchased a new iPad with accessories for \$299. Due to the lack of documentation, the reasonableness of amounts charged for these assets cannot be determined. The auditors followed up with the current administration and the IT administrator, and adequate documentation was not found to support the sales prices of the equipment.

**Plan:**

The current ROE #25 administration is in the process of implementing proper controls over capital assets, including updating and maintaining a current inventory of all assets in accordance with the ROE Accounting Manual and ISBE State & Federal Grant Administration Policy.

**Anticipated Date of Completion:**

December 28, 2012

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-11 – Controls Over Federal Awards (Repeat of Finding 10-07)**

**Condition:**

The Regional Office of Education #25 did not have sufficient internal controls over its federal awards. For example, auditors, in their review of the Regional Office's federal awards for Title I School Improvement and Accountability - System of Support (Title I) and Title II Teacher Quality - System of Support (Title II), noted the following:

- The Regional Office's System of Support fund included federal revenue of \$143,856. The accounting system did not provide for separate identification of federal transactions. Per an auditor request for the revenue information from the Regional Office of Education #2 (which passes System of Support funding to ROE #25), it was determined the revenue was received from Title I and Title II.
- The Title I revenues in the System of Support Fund exceeded grant expenditures by \$717. Funds not expended in reimbursable grants should be returned to the granting agency.

**Plan:**

The current ROE #25 administration is in the process of implementing internal control procedures to ensure that all transactions are properly recorded and accounted for and are executed in compliance with laws, regulations and the provisions of contracts or grant agreements in accordance with OMB Circular A-133.

**Anticipated Date of Completion:**

June 30, 2012

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-12 Controls Over Compliance with Laws and Regulations (Repeat of Finding 10-05)**

**Condition:**

The Regional Office of Education #25 established a line of credit in FY 10. This initial line of credit was established under 105 ILCS 5/18-20 and did not require an executive order and, therefore, one was not executed. Additional draws were taken against the line of credit under 105 ILCS 5/17-19, which requires an executive order or resolution, for which one was not executed.

- The Regional Office could not produce certification documentation required by sections 5/18-20 and 5/17-19 of the School Code regarding the anticipated revenue that was being borrowed upon and did not authorize the line of credit by executive order or resolution. At July 1, 2010, the Regional Office had outstanding borrowings of \$200,000 on the line of credit. From September 10, 2010 through December 9, 2010 the Regional Office borrowed an additional \$200,000 against the line of credit. Because the Regional Office did not identify the anticipated revenue that was being borrowed upon, we could not determine if the Regional Office was in compliance with the requirement to make repayment immediately upon receipt of those funds.
- From May 24, 2011 through June 30, 2011, the Regional Office borrowed \$490,000 against the line of credit. For these draws on the line of credit, an executive order was established which identified the amount being borrowed against and the need for the borrowing. The Regional Office did not comply with repayment requirements as required by section 5/17-19 of the School Code. Funds totaling \$311,295 were not repaid within 60 days after the grant revenues had been received. Funds were repaid on various dates ranging from 63 to 88 days after the grant revenues were received.
- The Regional Office's use of grant funds did not comply with the purpose delineated in the executive order. The executive order prepared by the former Regional Superintendent states, "This line of credit is necessary so that this ROE can continue to operate programs they have been funded to provide for students in the region." On June 22, 2011, the Regional Office borrowed \$290,000 on the line of credit. On June 30, 2011, the Regional Superintendent subsequently made a \$297,912 payment on the outstanding building loan, which was not due and payable at that time. At June 30, 2011, the cash deficits in the funds secured by the line of credit totaled \$103,265. As such, the line of credit was not used as prescribed in the executive order. If the line of credit was used as delineated in the executive order, it should have been used first to cover the cash balance shortages in these grant funds.



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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-12 Controls Over Compliance with Laws and Regulations (Repeat of Finding 10-05)** (Continued)

**Plan:**

The current ROE #25 administration will comply with the requirements of 105 ILCS 5/17-19, as applicable, when borrowing against anticipated revenues.

**Anticipated Date of Completion:**

These procedures have been followed since the start of the new administration on July 1, 2011.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-13 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 10-03, 09-03)**

**Condition:**

Over the last two years, average annual expenses within the Workers' Compensation Fund and Unemployment Fund, both Internal Service Funds, were \$77,546 and \$4,392, respectively. Workers' Compensation Fund cash, currently loaned to other funds, at June 30, 2011 totaled \$44,105, representing approximately 208 days of average expenses. Unemployment Fund cash, currently loaned to other funds, at June 30, 2011 totaled \$9,577, representing approximately 796 days of average expenses.

**Plan:**

The current ROE #25 administration is in the process of implementing procedures to examine and adjust the indirect cost rate as needed and provide credits to the individual programs overcharged in prior years.

**Anticipated Date of Completion:**

These procedures have been followed since the start of the new administration on July 1, 2011.

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan** (Continued)

**FINDING NO. 11-14 – Recording of Transactions in the Regional Cooperative Fund (Repeat of Finding 10-06)**

**Condition:**

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

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

**Plan:**

The current ROE #25 administration will use guidance from the auditors to correctly report payments between its funds and the Co-Op Board as internal reimbursements. The bookkeeper has documentation of all receipts and disbursements and records any needed changes.

**Anticipated Date of Completion:**

December 28, 2012

**Name of Contact Person:**

Mr. Ron Daniels, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2011**

<b>Finding Number</b>	<b>Condition</b>	<b>Current Status</b>
10-01	Controls Over Financial Statement Preparation	Repeated as finding 11-01
10-02	Inadequate Review of Journal Entries	See note below
10-03	Excess Working Cash in Internal Service Fund	Repeated as finding 11-13
10-04	Uninsured Deposits in Bank	Resolved
10-05	Controls Over Compliance with Laws and Regulations	Repeated as finding 11-12
10-06	Recording of Transactions in the Regional Cooperative Fund	Repeated as finding 11-14
10-07	Controls Over Federal Awards	Repeated as finding 11-11

**Note:** Although the Regional Office of Education #25 has not fully implemented the corrective action plan associated with this finding during the fiscal year 2011, they have made significant progress in addressing the condition. Therefore, the effects of the condition are inconsequential to the specific programs and the overall financial statements and are now being addressed with management in a separate letter dated November 14, 2012.

## **BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET ASSETS  
June 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 29,341	\$ -	\$ 29,341
Accounts receivable	46,142	990	47,132
Prepaid items	19,597	-	19,597
Due from other governments	666,588	1,074	667,662
Internal balances	17,703	(17,703)	-
Total current assets	779,371	(15,639)	763,732
Noncurrent assets:			
Capital assets, net	778,929	-	778,929
Total assets	1,558,300	(15,639)	1,542,661
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,050	705	10,755
Operating line of credit	490,000	-	490,000
Accrued salaries and benefits	45,571	-	45,571
Due to other governments	77,760	109	77,869
Deferred revenue	5,963	-	5,963
Current portion of long-term debt	190,995	-	190,995
Total current liabilities	820,339	814	821,153
Noncurrent liabilities			
Net pension obligation payable	26,904	-	26,904
Total liabilities	847,243	814	848,057
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	587,934	-	587,934
Restricted for educational purposes	25,372	-	25,372
Unrestricted	97,751	(16,453)	81,298
Total net assets	\$ 711,057	\$ (16,453)	\$ 694,604

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

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

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2011**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 2,132,309	\$ -	\$ 1,924,679	\$ (207,630)	\$ -	\$ (207,630)
Purchased services	913,660	-	464,079	(449,581)	-	(449,581)
Supplies and materials	145,418	-	78,309	(67,109)	-	(67,109)
Capital outlay	-	-	1,703	1,703	-	1,703
Payments to other governments	137,533	-	53,299	(84,234)	-	(84,234)
Other objects	75	-	-	(75)	-	(75)
Depreciation	47,579	-	-	(47,579)	-	(47,579)
Debt service:						
Interest on long-term debt	34,959	-	-	(34,959)	-	(34,959)
Administrative:						
On-behalf payments - State	476,096	-	-	(476,096)	-	(476,096)
Total governmental activities	<u>3,887,629</u>	<u>-</u>	<u>2,522,069</u>	<u>(1,365,560)</u>	<u>-</u>	<u>(1,365,560)</u>
Business-type activities:						
Other	156,266	134,702	-	-	(21,564)	(21,564)
Total business-type activities	<u>156,266</u>	<u>134,702</u>	<u>-</u>	<u>-</u>	<u>(21,564)</u>	<u>(21,564)</u>
Total primary government	<u>\$ 4,043,895</u>	<u>\$ 134,702</u>	<u>\$ 2,522,069</u>	<u>(1,365,560)</u>	<u>(21,564)</u>	<u>(1,387,124)</u>
General revenues:						
Local sources				759,179	-	759,179
On-behalf payments - State				476,096	-	476,096
Investment earnings				2,901	-	2,901
Gain on sale of capital assets				13,708	-	13,708
Transfers				1,727	(1,727)	-
Total general revenues and transfers				<u>1,253,611</u>	<u>(1,727)</u>	<u>1,251,884</u>
Change in net assets				(111,949)	(23,291)	(135,240)
Net assets - beginning				<u>823,006</u>	<u>6,838</u>	<u>829,844</u>
Net assets - ending				<u>\$ 711,057</u>	<u>\$ (16,453)</u>	<u>\$ 694,604</u>

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

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,960	\$ 15,678	\$ 10,703	\$ 29,341
Accounts receivable	45,344	-	798	46,142
Prepaid items	5,626	700	-	6,326
Due from other funds	438,587	-	-	438,587
Due from other governments	197,873	453,256	9,209	660,338
	<u>\$ 690,390</u>	<u>\$ 469,634</u>	<u>\$ 20,710</u>	<u>\$ 1,180,734</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 5,663	\$ 730	\$ 512	\$ 6,905
Operating line of credit	490,000	-	-	490,000
Accrued salaries and benefits	45,571	-	-	45,571
Due to other funds	-	460,450	6,103	466,553
Due to other governments	77,712	48	-	77,760
Deferred revenue	147,490	51,710	4,084	203,284
	<u>766,436</u>	<u>512,938</u>	<u>10,699</u>	<u>1,290,073</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	5,626	700	-	6,326
Restricted	-	6,426	10,011	16,437
Assigned	8,312	-	-	8,312
Unassigned	(89,984)	(50,430)	-	(140,414)
	<u>(76,046)</u>	<u>(43,304)</u>	<u>10,011</u>	<u>(109,339)</u>
Total fund balances	<u>(76,046)</u>	<u>(43,304)</u>	<u>10,011</u>	<u>(109,339)</u>
Total liabilities and fund balances	<u>\$ 690,390</u>	<u>\$ 469,634</u>	<u>\$ 20,710</u>	<u>\$ 1,180,734</u>

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



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

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
June 30, 2011**

Total fund balances - governmental funds	\$	(109,339)
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.		197,321
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		778,929
<p>Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets.</p>		
Net assets - internal service funds	\$ 576,285	
Less capital assets included in the total above	<u>(732,139)</u>	<u>(155,854)</u>
Net assets of governmental activities	\$	<u><u>711,057</u></u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ending June 30, 2011**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 703,570	\$ 3,508	\$ 14,552	\$ 721,630
State sources	798,423	1,530,122	32,218	2,360,763
Federal sources	-	431,426	-	431,426
On-behalf payments	476,096	-	-	476,096
Interest	2,893	-	8	2,901
<b>Total revenues</b>	<b>1,980,982</b>	<b>1,965,056</b>	<b>46,778</b>	<b>3,992,816</b>
<b>Expenditures:</b>				
<b>Instructional services:</b>				
Salaries and benefits	790,456	1,319,933	17,207	2,127,596
Purchased services	607,411	282,884	23,983	914,278
Supplies and materials	78,817	60,322	6,279	145,418
Payments to other governments	85,289	52,244	-	137,533
Other objects	75	-	-	75
On-behalf payments	476,096	-	-	476,096
Capital outlay	14,584	1,703	-	16,287
<b>Debt service:</b>				
Interest	5,781	-	-	5,781
<b>Total expenditures</b>	<b>2,058,509</b>	<b>1,717,086</b>	<b>47,469</b>	<b>3,823,064</b>
Excess (deficiency) of revenues over (under) expenditures	(77,527)	247,970	(691)	169,752
<b>Other financing sources (uses):</b>				
Transfers in	6,727	10,168	7	16,902
Transfers out	(283,422)	-	-	(283,422)
Proceeds from sale of capital assets	-	1,225	-	1,225
<b>Total other financing sources (uses)</b>	<b>(276,695)</b>	<b>11,393</b>	<b>7</b>	<b>(265,295)</b>
<b>Net change in fund balances</b>	<b>(354,222)</b>	<b>259,363</b>	<b>(684)</b>	<b>(95,543)</b>
Fund balances (deficits), beginning of year, restated	278,176	(302,667)	10,695	(13,796)
<b>Fund balances (deficits), end of year</b>	<b>\$ (76,046)</b>	<b>\$ (43,304)</b>	<b>\$ 10,011</b>	<b>\$ (109,339)</b>

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

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES -  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2011**

Net change in fund balances - governmental funds \$ (95,543)

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

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

Current fiscal year revenue that will not be collected within 60 days of the Regional Office's fiscal year end is considered "deferred" revenue in the fund statements.	\$ 197,321	
Prior year "deferred" revenue that is recorded as revenue in the fund statements in the current fiscal year.	<u>(429,892)</u>	(232,571)

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	\$ 16,287	
Depreciation expense	<u>(8,745)</u>	7,542

Governmental funds report proceeds from the sale of capital assets as other financing sources. However, in the Statement of Activities, the proceeds are netted with the cost and accumulated depreciation of the assets sold and reported as a gain or loss on the sale of capital assets.

Loss on sale of capital assets	\$ (1,855)	
Proceeds from sale of capital assets	<u>(1,225)</u>	(3,080)

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.

211,703

Change in net assets - governmental activities \$ (111,949)

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

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

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2011**

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Other Enterprise Funds	
<b>ASSETS</b>		
Current assets:		
Accounts receivable	\$ 990	\$ -
Prepaid items	-	13,271
Due from other funds	-	45,669
Due from other governments	1,074	6,250
Total current assets	2,064	65,190
Noncurrent assets:		
Capital assets, net	-	732,139
Total assets	2,064	797,329
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	705	3,145
Due to other funds	17,703	-
Due to other governments	109	-
Current portion of long-term debt	-	190,995
Total current liabilities	18,517	194,140
Noncurrent liabilities:		
Net pension obligation payable	-	26,904
Total liabilities	18,517	221,044
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	-	541,144
Unrestricted	(16,453)	35,141
Total net assets	\$ (16,453)	\$ 576,285

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

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

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the year ended June 30, 2011**

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
	Other Enterprise Funds	
Operating revenues:		
Charges for services	\$ 134,702	\$ 396,536
Operating expenses:		
Salaries and benefits	36,052	84,153
Purchased services	118,234	316,479
Supplies and materials	1,900	-
Other objects	80	-
Depreciation	-	38,834
Total operating expenses	156,266	439,466
Operating loss	(21,564)	(42,930)
Nonoperating revenues (expenses):		
Interest expense	-	(29,178)
Gain on sale of capital assets	-	15,564
Total nonoperating revenues (expenses)	-	(13,614)
Loss before transfers	(21,564)	(56,544)
Transfers in	-	277,443
Transfers out	(1,727)	(9,196)
Change in net assets	(23,291)	211,703
Total net assets - beginning	6,838	364,582
Total net assets - ending	\$ (16,453)	\$ 576,285

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

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2011**

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Other Enterprise Funds	
Cash flows from operating activities:		
Collection of fees	\$ 146,671	\$ 388,589
Payments to suppliers and providers of goods and services	(123,704)	(330,757)
Payments to employees	(36,052)	(61,867)
Net cash used for operating activities	(13,085)	(4,035)
Cash flows from noncapital financing activities:		
Loans to other funds, net	(3,565)	(37,722)
Transfers in	-	287,787
Transfers out	(1,727)	(19,540)
Net cash provided by (used for) noncapital financing activities	(5,292)	230,525
Cash flows from capital and related financing activities:		
Purchases of capital assets	-	(4,959)
Proceeds from sale of capital assets	-	20,744
Principal paid on capital debt	-	(364,105)
Interest paid on capital debt	-	(29,178)
Net cash used for capital and related financing activities	-	(377,498)
Net decrease in cash and cash equivalents	(18,377)	(151,008)
Cash and cash equivalents - beginning	18,377	151,008
Cash and cash equivalents - ending	\$ -	\$ -

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

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

**STATEMENT OF CASH FLOWS (Concluded)  
PROPRIETARY FUNDS  
For the year ended June 30, 2011**

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal
	Other Enterprise Funds	Service Funds
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (21,564)	\$ (42,930)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	-	38,834
(Increase) decrease in assets:		
Accounts receivable	(990)	-
Prepaid items	-	(13,271)
Due from other funds	9,500	(1,697)
Due from other governments	3,459	(6,250)
Increase (decrease) in liabilities:		
Accounts payable	(3,599)	438
Accrued salaries and benefits	-	(4,618)
Due to other governments	109	(1,445)
Net pension obligation payable	-	26,904
	-	26,904
Net cash used for operating activities	\$ (13,085)	\$ (4,035)

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

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

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**June 30, 2011**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 152,565
Due from other governments	<u>2,202,997</u>
Total assets	<u><u>\$ 2,355,562</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u><u>\$ 2,355,562</u></u>

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



## **NOTES TO FINANCIAL STATEMENTS**

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing 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 Office of Education #25 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters.

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**A. Reporting Entity** (Continued)

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

It is the Regional Office of Education #25's policy to first apply restricted resources when an expenditure or expense is incurred for which restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

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

**General Fund** - The General Fund is the general operating fund of the Regional Office of Education #25 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures. Included in this fund are:

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

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

**Special Projects** - This fund accounts for the purchases and daily operations for the Regional Office of Education #25.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**General Fund** (Continued)

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

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

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

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

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

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

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

**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.

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

**Rural Vision** - This program is a cooperative of royalty payments.

**Arts/Target** - This program accounts for money received from Target department stores to promote art and culture education.

**Supplemental Education Service** - This program provides tutoring and other supplemental academic enrichment services to low-income students in Title I schools in the federal AYP status of Choice-SES and beyond.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**Education Fund** - This Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

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

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

**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.

**ROE/ISC Operations** - 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.

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

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

**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.

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**Education Fund** (Continued)

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

**ARRA - Education Jobs Fund Program** - This program provides assistance to save or create education jobs for the 2010-2011 school year.

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

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

**Title II - Teacher Quality - Leadership Grant** - This program provides support to Title I schools and districts that are in Years 1 and 2 of not making AYP. This support is intended to help them understand NCLB requirements and to assist them in the development and implementation of the school and district improvement plans.

**IL Math & Science Partnership** - This program accounts for grant revenue for math and science programs.

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

**Special Revenue Funds** - Special Revenue Funds are used to account and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specific purposes. Included among these funds are:

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**Special Revenue Funds** (Continued)

**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 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.

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

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

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

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

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

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



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

**NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

**Workers' Compensation** - This fund is utilized to account for the payment of workers' 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** - The use of vehicles by various funds is accounted for in this fund.

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**Fiduciary Funds** (Continued)

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

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

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

**1. Deposits and Investments**

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

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

**2. Interfund Transactions**

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**3. Capital Assets**

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

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

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

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

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

**4. Compensated Absences**

Non-certified and certified employees who work 12 calendar months earn up to 10 vacation days for a full year of service. Any unused vacation days will be carried over as accumulated sick leave. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 340 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay; therefore, no liability is accrued.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**5. Equity Classifications**

**Government-wide Statements**

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

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

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

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

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

**Nonspendable Fund Balance** – the portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. The following accounts comprise nonspendable fund balance: Computer Consortium and Early Childhood Block Grant (3705-70). The entire nonspendable fund balance of \$6,326 is due to prepaid items.

**Restricted Fund Balance** – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: ROE/ISC Technology and Illinois Violence Prevention Authority. The following funds are restricted by Illinois Statute: Institute, General Education Development, Bus Driver Training, and Supervisory.

**Committed Fund Balance** – the portion of a Governmental Fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**5. Equity Classifications** (Continued)

**Fund Statements** (Continued)

**Assigned Fund Balance** – the portion of a Governmental Fund’s net assets to denote an intended use of resources. The accounts with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following account comprises assigned fund balance: University College Classes.

**Unassigned Fund Balance** – the portion of a Governmental Fund’s net assets that are not designated for a specific purpose. The unassigned fund balance is comprised of the following: State Aid, Special Projects, Office Operations, Parapro, Regional In-Service Meeting, Southern Thirty, Hamilton-Jefferson Educational Services Cooperative, School Improvement, Supplemental Education Service, Early Childhood Block Grant (3705-70), Regional Safe Schools, Truants Alternative and Optional Education, Early Childhood Block Grant (3705-00), System of Support, and Title II – Teacher Quality – Leadership Grant.

**E. New Accounting Pronouncement**

In 2011, The Regional Office of Education #25 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education #25 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental type funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

**2. BUDGETS AND BUDGETARY ACCOUNTING**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**2. BUDGETS AND BUDGETARY ACCOUNTING** (Continued)

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

**3. USE OF ESTIMATES**

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

**4. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2011, the carrying amount of the Regional Office of Education #25's deposits for the governmental activities and fiduciary funds were \$17,198 and \$1,469, respectively, and the combined bank balance was \$378,255. The bank balance was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #25's name, and was, therefore, not exposed to custodial credit risk.

**B. Illinois Funds Money Market Fund**

At June 30, 2011, the carrying amount of the Regional Office of Education #25's deposits in the Illinois Funds Money Market Fund for the governmental activities and fiduciary funds were \$12,143 and \$151,096, respectively. The combined bank balance invested in the Illinois Funds Money Market Fund was \$263,022. These deposits are included in cash and cash equivalents in the Regional Office of Education #25's governmental activities and fiduciary funds.

The Illinois Funds Money Market Fund investments are fully collateralized and not subject to credit risk. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. Although not subject to direct regulatory oversight, the investment pool is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. The investment policy of the Illinois Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity. The policy also limits investment categories to 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities, unless specifically authorized by the Treasurer. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits. The Illinois Funds received Standard & Poor's highest rating.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 91,500	\$ -	\$ -	\$ 91,500
Capital assets being depreciated:				
Buildings and building improvements	945,479	-	-	945,479
Vehicles	169,965	-	(67,912)	102,053
Office equipment and furniture	26,873	-	(19,073)	7,800
Computer equipment	313,080	19,616	(246,922)	85,774
Other equipment	161,053	1,630	(25,192)	137,491
Total capital assets being depreciated	<u>1,616,450</u>	<u>21,246</u>	<u>(359,099)</u>	<u>1,278,597</u>
Less accumulated depreciation for:				
Buildings and building improvements	(291,794)	(24,424)	-	(316,218)
Vehicles	(149,016)	(11,932)	62,732	(98,216)
Office equipment and furniture	(26,792)	(82)	19,074	(7,800)
Computer equipment	(308,942)	(4,986)	248,900	(65,028)
Other equipment	(117,884)	(6,155)	20,133	(103,906)
Total accumulated depreciation	<u>(894,428)</u>	<u>(47,579)</u>	<u>350,839</u>	<u>(591,168)</u>
Total capital assets being depreciated, net	<u>722,022</u>	<u>(26,333)</u>	<u>(8,260)</u>	<u>687,429</u>
Governmental activities capital assets, net	<u>\$ 813,522</u>	<u>\$ (26,333)</u>	<u>\$ (8,260)</u>	<u>\$ 778,929</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Computer equipment	\$ 15,499	\$ -	\$ (2,714)	\$ 12,785
Less accumulated depreciation for:				
Computer equipment	<u>(15,499)</u>	<u>-</u>	<u>2,714</u>	<u>(12,785)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental activities:	
Instructional services	<u>\$ 47,579</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT**

The Regional Office of Education #25 had the following loan at June 30, 2011:

Governmental activities:

Loan from Integra Bank N.A. dated June 1, 2000 in the amount of \$912,207 to finance the construction of an administrative building and the Alternative School building. The loan is payable in monthly installments of \$7,633 through September 1, 2011 and a balloon payment of \$480,148 on October 1, 2011. The loan includes interest at 5.10%. The loan is secured by the related real estate. Due to an unscheduled payment of \$297,912 near year-end, the balance due on the loan at June 30, 2011 is less than the amount due per the loan payment schedule.

\$ 190,995

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

Year ending June 30,	Principal	Interest	Total
2012	<u>\$ 190,995</u>	<u>\$ 2,348</u>	<u>\$ 193,343</u>

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

Long-term liability activity for the Regional Office of Education for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Governmental activities:					
Notes payable	<u>\$ 555,100</u>	<u>\$ -</u>	<u>\$ 364,105</u>	<u>\$ 190,995</u>	<u>\$ 190,995</u>

**8. OPERATING LINE OF CREDIT**

The Regional Office of Education #25 obtained an operating line of credit on May 15, 2009, secured by substantially all of the Regional Office of Education #25's assets, to help subsidize operating expenses while waiting for reimbursements from various funding sources. The line was limited to \$279,000. The line of credit was renewed various times, including a renewal on February 8, 2011 which increased the credit limit to \$490,000. This line of credit requires monthly interest payments at an interest rate of 3.75 percent and will mature on November 30, 2011.



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

**NOTES TO FINANCIAL STATEMENTS**

**8. OPERATING LINE OF CREDIT** (Continued)

Line of credit activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Advances	Payments	Ending Balance
Line of credit	\$ 200,000	\$ 690,000	\$ 400,000	\$ 490,000

**9. RETIREMENT FUND COMMITMENTS**

**A. Teachers' Retirement System of the State of Illinois**

The Regional Office of Education #25 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. 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, 2010 and 2009.

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

*On-Behalf Contributions to TRS* - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #25. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #25 recognized revenue and expenditures of \$238,332 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010, and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$288,342) and 17.08 percent (\$168,571), respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

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

*2.2 Formula Contributions* - Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$5,537. Contributions for the years ending June 30, 2010 and June 30, 2009, were \$6,253 and \$5,974, 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, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$106,218 were paid from federal and special trust funds that required employer contributions of \$24,536. For the years ended June 30, 2010 and June 30, 2009, required employer contributions were \$6,554 and \$7,371, 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.

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

For the year ended June 30, 2011, the Regional Office of Education #25 made no payments to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education #25 paid \$13,364 and \$-0- in employer contributions, respectively.

*Salary Increases Over 6 Percent and Excess Sick Leave* - If the Regional Office of Education #25 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #25 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

For the years ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education #25 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #25 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #25 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the years ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education #25 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

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

**B. Illinois Municipal Retirement Fund**

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

*Funding Policy* - As set by statute, the Regional Office of Education #25's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 used by the Regional Office of Education #25 was 9.38 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 15.01 percent. The Regional Office of Education #25 also contributes for disability benefits, death benefits and supplemental retirement benefits, all which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

*Annual Pension Cost* - For fiscal year ending June 30, 2011, the Regional Office of Education #25's actual contributions for pension costs for the Regular plan were \$67,532. Its required contribution for the fiscal year ending June 30, 2011 was \$81,407.

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 80,796	84%	\$ 26,904
6/30/2010	56,308	76%	13,639
6/30/2009	40,383	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3.0 percent annually. The actuarial value of the Regional Office of Education #25's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.0 percent corridor between the actuarial and market value of assets. The Regional Office of Education #25 Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

*Funded Status and Funding Progress* - As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 84.69 percent funded. The actuarial accrued liability for benefits was \$1,519,730 and the actuarial value of assets was \$1,287,010, resulting in an underfunded actuarial accrued liability (UAAL) of \$232,720. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$488,714, and the ratio of UAAL to the covered payroll was 48 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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**C. Social Security**

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

**10. OTHER POSTEMPLOYMENT BENEFITS**

**A. Teacher Health Insurance Security**

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

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

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

*On behalf contributions to THIS Fund* - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #25. State contributions are intended to match contributions to the THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$8,402, and the Regional Office of Education #25 recognized revenue and expenditures of this amount during the year.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

State contributions intended to match active member contributions during the year ended June 30, 2010 were 0.84 percent of pay. State contributions on behalf of Regional Office of Education #25 employees were \$9,056 for the year ended June 30, 2010. Had the Regional Office of Education #25 recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009, under current standards, the contribution match would have been 0.84 percent of pay or \$8,653.

*Employer contributions to THIS Fund* - The Regional Office of Education #25 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the Regional Office of Education #25 paid \$6,301 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education #25 paid \$6,792 and \$6,490 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

**B. Other Postemployment Benefits**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**11. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2011, interfund receivables and payables were as follows:

<u>Due To (Receivable)</u>	<u>Due From (Payable)</u>	<u>Balance at June 30, 2011</u>
General Fund:	Education Fund:	
Office Operations	ROE/ISC Operations	\$ 22,125
Office Operations	Early Childhood Block Grant (3705-01)	100
Office Operations	Early Childhood Block Grant (3705-70)	41,004
Office Operations	ARRA - Education Jobs Fund Program	264
Office Operations	System of Support	43,048
Office Operations	Regional Safe Schools	27,256
Office Operations	Truants Alternative/Optional Education Program	60,595
Office Operations	Early Childhood Block Grant (3705-00)	244,195
		<u>438,587</u>
Internal Service Funds:	Education Fund:	
Unemployment	Early Childhood Block Grant (3705-00)	9,577
Worker's Compensation	Early Childhood Block Grant (3705-00)	11,138
Worker's Compensation	Title II - Teacher Quality - Leadership Grant	1,148
		<u>21,863</u>
Internal Service Funds:	Nonmajor Governmental Funds:	
Worker's Compensation	Institute	5,999
Worker's Compensation	General Education Development	104
		<u>6,103</u>
Internal Service Funds:	Nonmajor Enterprise Funds:	
Worker's Compensation	Mt. Vernon Conference	12,053
Worker's Compensation	Testing	5,650
		<u>17,703</u>
		<u>\$ 484,256</u>

At June 30, 2011, receivables to the General Fund and Internal Service Funds primarily consisted of loans between individual funds within the same pooled cash account. The loans were used to cover cash shortages in these individual funds.

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

**NOTES TO FINANCIAL STATEMENTS**

**12. BOND**

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

**13. ON-BEHALF PAYMENTS**

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

State of Illinois:	
Regional Superintendent - salary	\$ 96,428
Regional Superintendent - benefits (includes State paid insurance)	24,657
Assistant Regional Superintendent - salary	86,791
Assistant Regional Superintendent - benefits (includes State paid insurance)	21,486
TRS pension contributions	238,332
THIS contributions	<u>8,402</u>
	<u>\$ 476,096</u>

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

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

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

The Regional Office of Education #25 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #25 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**15. OPERATING LEASE**

The Regional Office of Education #25 had entered into an annual operating lease through June 30, 2011 for its Alternative Education, Supplemental Education Services Program, and Preschool Programs, as well as its administrative office. Rent expense for 2011 totaled \$195,091.



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

**NOTES TO FINANCIAL STATEMENTS**

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

At June 30, 2011, the Regional Office of Education #25's General Fund, Agency Funds, and various grant programs had funds due to and from various governmental units which consisted of the following:

Due From Other Governments:

General Fund:	
Local Governments	\$ 197,873
Education Fund:	
Illinois State Board of Education	418,541
Regional Office of Education #2	34,215
Local Governments	500
Nonmajor Governmental Fund:	
Illinois Department of Corrections	9,209
Nonmajor Enterprise Funds:	
Local Governments	1,074
Internal Service Funds:	
Local Governments	6,250
Agency Funds:	
Illinois State Board of Education	<u>2,202,997</u>
	<u><u>\$ 2,870,659</u></u>

Due To Other Governments:

General Fund:	
Eastern Illinois University	\$ 72,984
Local Governments	4,728
Education Fund:	
Local Governments	48
Nonmajor Enterprise Funds:	
Local Governments	109
Agency Funds:	
Local Governments	<u>2,355,562</u>
	<u><u>\$ 2,433,431</u></u>

**17. CONTINGENCIES**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**18. SCHEDULE OF TRANSFERS**

During the year ended June 30, 2011, the Regional Office of Education reported the following transfers:

Transfer From Other Funds (Transfers In)	Transfer To Other Funds (Transfers Out)
General Fund:	Nonmajor Enterprise Funds:
Regional In-Service Meeting      \$    1,727	Finger Printing                      \$    1,727
General Fund:	Internal Service Funds:
Office Operations                      5,000	Building                                  5,000
Education Fund:	General Fund:
Truants Alternative and Optional Education                      404	University College Classes              404
Truants Alternative and Optional Education                      2,408	State Aid                                  2,408
Truants Alternative and Optional Education                      625	Hamilton-Jefferson Educational Services Cooperative                      625
ARRA - Education Jobs Fund Program                                  1,537	State Aid                                  1,537
System-wide Transition Toward Accessible Nationally Certified Educators (STANCE)                      419	University College Classes              419
Gifted Education                        350	University College Classes              350
Title II - Teacher Quality - Leadership Grant                        75	State Aid                                  75
IL Math & Science Partnership                              154	University College Classes              154
Education Fund:	Internal Service Funds:
Early Childhood Block Grant (3705-70)                                  4,196	Worker's Compensation                  4,196
Nonmajor Governmental Funds:	General Fund:
Supervisory                              7	University College Classes              7
Internal Service Funds:	General Fund:
Transportation Reimbursement              4,189	State Aid                                  4,189
Building                                  273,254	State Aid                                  273,254
<b>\$ 294,345</b>	<b>\$ 294,345</b>

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

**NOTES TO FINANCIAL STATEMENTS**

**18. SCHEDULE OF TRANSFERS (Continued)**

These transfers were primarily to close out funds that were no longer being used or to subsidize funds whose expenditures or expenses exceeded revenues. The transfer to the Internal Service Funds' Building fund from the State Aid fund was to pay down the mortgage on the building.

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

The following individual funds carried the following deficit balances as of June 30, 2011:

State Aid	\$ 104,141
Regional In-Service Meeting	1,055
Southern Thirty	64,050
Early Childhood Block Grant (3705-70)	2,394
Regional Safe Schools	1
Truants Alternative and Optional Education	2,083
Early Childhood Block Grant (3705-00)	35,271
System of Support	8,833
Title II - Teacher Quality - Leadership Grant	1,148
Mt. Vernon Conference	12,438
Testing	5,019
Transportation Reimbursement	10,278

The Regional Office of Education #25 intends to reduce these deficits by reducing expenditures/expenses in future periods and by collecting revenues not considered "available" at June 30, 2011.

**20. RELATED PARTY TRANSACTIONS**

Former Hamilton and Jefferson Counties Regional Office of Education #25 management entered into several transactions with related parties. Several related parties were compensated by the Regional Office to perform services for the Regional Office for which there is no supporting contract agreement to substantiate work responsibilities, rate of pay, and/or a record of time and effort for compensation.

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

**NOTES TO FINANCIAL STATEMENTS**

**21. PRIOR PERIOD ADJUSTMENT**

Effective July 1, 2010, the Regional Office of Education #25 reclassified the State Aid, Southern Thirty, Penny Severns, School Improvement, and Rural Vision funds as part of the General Fund. The ROE/ISC Operations Fund was reclassified as part of the Education Fund. This reclassification was due to the implementation of GASB Statement No. 54.

	General Fund	Education Fund
Fund balance (deficit) at June 30, 2010	\$ 175,189	\$ (199,680)
Reclassification adjustment	102,987	(102,987)
Fund balance (deficit) restated at June 30, 2010	\$ 278,176	\$ (302,667)

**22. SUBSEQUENT EVENTS**

On October 7, 2011, the Regional Office of Education #25 refinanced the mortgage on the administrative and Alternative School buildings. The new loan balance at October 7, 2011 is \$467,852. It is payable in monthly installments of \$3,273 with a maturity date of October 7, 2031. The loan includes interest at 5.625%. Debt service requirements to maturity for the refinanced loan are as follows:

Years ending June 30,	Principal	Interest	Total
2012	\$ 8,491	\$ 17,696	\$ 26,187
2013	13,429	25,852	39,281
2014	14,215	25,066	39,281
2015	15,047	24,234	39,281
2016	15,864	23,417	39,281
2017-2021	94,693	101,713	196,406
2022-2026	125,867	70,539	196,406
2027-2031	167,305	29,101	196,406
2032	12,941	153	13,094
	\$ 467,852	\$ 317,771	\$ 785,623

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	\$ 1,287,010	\$ 1,519,730	\$ 232,720	84.69%	\$ 488,714	47.62%
12/31/09	1,156,818	1,407,781	250,963	82.17%	473,424	53.01%
12/31/08	1,033,708	1,283,057	249,349	80.57%	437,136	57.04%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$1,368,236. On a market basis, the funded ratio would be 90.03%.

**SUPPLEMENTAL INFORMATION**

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

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2011**

	University College Classes	State Aid	Special Projects	Office Operations
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,050	\$ -	\$ 880	\$ -
Accounts receivable	6,011	-	-	-
Prepaid items	-	-	-	-
Due from other funds	75,179	-	-	529,498
Due from other governments	-	-	23,038	18,041
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 82,240</u>	<u>\$ -</u>	<u>\$ 23,918</u>	<u>\$ 547,539</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,284	\$ 2,553	\$ 156
Operating line of credit	-	-	-	490,000
Accrued salaries and benefits	-	45,571	-	-
Due to other funds	-	52,558	14,912	1,320
Due to other governments	72,984	4,728	-	-
Deferred revenue	944	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>73,928</u>	<u>104,141</u>	<u>17,465</u>	<u>491,476</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Assigned	8,312	-	-	-
Unassigned	-	(104,141)	6,453	56,063
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>8,312</u>	<u>(104,141)</u>	<u>6,453</u>	<u>56,063</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 82,240</u>	<u>\$ -</u>	<u>\$ 23,918</u>	<u>\$ 547,539</u>



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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2011**

	<u>Parapro</u>	<u>Regional In-Service Meeting</u>	<u>Computer Consortium</u>	<u>Southern Thirty</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Prepaid items	-	-	5,626	-
Due from other funds	205	-	-	-
Due from other governments	-	100	-	156,694
	<u>-</u>	<u>100</u>	<u>-</u>	<u>156,694</u>
Total assets	<u>\$ 205</u>	<u>\$ 100</u>	<u>\$ 5,626</u>	<u>\$ 156,694</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 276
Operating line of credit	-	-	-	-
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	1,155	-	81,460
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	139,008
	<u>-</u>	<u>1,155</u>	<u>-</u>	<u>139,008</u>
Total liabilities	<u>-</u>	<u>1,155</u>	<u>-</u>	<u>220,744</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	5,626	-
Assigned	-	-	-	-
Unassigned	205	(1,055)	-	(64,050)
	<u>205</u>	<u>(1,055)</u>	<u>5,626</u>	<u>(64,050)</u>
Total fund balances	<u>205</u>	<u>(1,055)</u>	<u>5,626</u>	<u>(64,050)</u>
Total liabilities and fund balances	<u>\$ 205</u>	<u>\$ 100</u>	<u>\$ 5,626</u>	<u>\$ 156,694</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2011**

	<u>Region VI Illinois Association of Regional Superintendents of Schools</u>	<u>Hamilton- Jefferson Educational Services Cooperative</u>	<u>Penny Severns</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	-	39,333	-
Prepaid items	-	-	-
Due from other funds	-	84	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 39,417</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 1,394	\$ -
Operating line of credit	-	-	-
Accrued salaries and benefits	-	-	-
Due to other funds	-	15,063	-
Due to other governments	-	-	-
Deferred revenue	-	7,538	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> 23,995	<hr/> -
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Assigned	-	-	-
Unassigned	-	15,422	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/> -	<hr/> 15,422	<hr/> -
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 39,417</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2011**

	School Improvement	Rural Vision	Arts/ Target
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,030	\$ -	\$ -
Accounts receivable	-	-	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	-	-	-
Total assets	\$ 1,030	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Operating line of credit	-	-	-
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
	-	-	-
Total liabilities	-	-	-
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Assigned	-	-	-
Unassigned	1,030	-	-
	1,030	-	-
Total fund balances	1,030	-	-
Total liabilities and fund balances	\$ 1,030	\$ -	\$ -

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
GENERAL FUND  
June 30, 2011**

	Supplemental Education Service	Eliminations	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 2,960
Accounts receivable	-	-	45,344
Prepaid items	-	-	5,626
Due from other funds	89	(166,468)	438,587
Due from other governments	-	-	197,873
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 89</u>	<u>\$ (166,468)</u>	<u>\$ 690,390</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 5,663
Operating line of credit	-	-	490,000
Accrued salaries and benefits	-	-	45,571
Due to other funds	-	(166,468)	-
Due to other governments	-	-	77,712
Deferred revenue	-	-	147,490
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>(166,468)</u>	<u>766,436</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	5,626
Assigned	-	-	8,312
Unassigned	89	-	(89,984)
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>89</u>	<u>-</u>	<u>(76,046)</u>
	<u>\$ 89</u>	<u>\$ (166,468)</u>	<u>\$ 690,390</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2011**

	University College Classes	State Aid	Special Projects	Office Operations
<b>Revenues:</b>				
Local sources	\$ 203,914	\$ 34,629	\$ 46,210	\$ 102,812
State sources	-	798,423	-	-
On-behalf payments	-	-	-	476,096
Interest	-	-	2,893	-
<b>Total revenues</b>	<b>203,914</b>	<b>833,052</b>	<b>49,103</b>	<b>578,908</b>
<b>Expenditures:</b>				
Salaries and benefits	-	549,433	-	67,869
Purchased services	199,395	155,708	78,455	34,638
Supplies and materials	100	10,158	7,407	1,513
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Other objects	-	-	-	-
On-behalf payments	-	-	-	476,096
Debt service:				
Interest	-	-	-	5,781
<b>Total expenditures</b>	<b>199,495</b>	<b>715,299</b>	<b>85,862</b>	<b>585,897</b>
Excess (deficiency) of revenues over (under) expenditures	4,419	117,753	(36,759)	(6,989)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	4,618	28,215
Transfers out	(29,550)	(287,742)	(781)	-
<b>Total other financing sources (uses)</b>	<b>(29,550)</b>	<b>(287,742)</b>	<b>3,837</b>	<b>28,215</b>
<b>Net change in fund balances</b>	<b>(25,131)</b>	<b>(169,989)</b>	<b>(32,922)</b>	<b>21,226</b>
Fund balances (deficits), beginning of year, restated	33,443	65,848	39,375	34,837
<b>Fund balances (deficits), end of year</b>	<b>\$ 8,312</b>	<b>\$ (104,141)</b>	<b>\$ 6,453</b>	<b>\$ 56,063</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2011**

	Parapro	Regional In-Service Meeting	Computer Consortium	Southern Thirty
<b>Revenues:</b>				
Local sources	\$ 1,130	\$ 6,399	\$ -	\$ 149,459
State sources	-	-	-	-
On-behalf payments	-	-	-	-
Interest	-	-	-	-
	<u>1,130</u>	<u>6,399</u>	<u>-</u>	<u>149,459</u>
<b>Expenditures:</b>				
Salaries and benefits	-	-	-	121,607
Purchased services	945	6,398	-	36,869
Supplies and materials	-	4,056	3,215	35,163
Capital outlay	-	-	-	14,584
Payments to other governments	-	-	-	-
Other objects	75	-	-	-
On-behalf payments	-	-	-	-
<b>Debt service:</b>				
Interest	-	-	-	-
	<u>1,020</u>	<u>10,454</u>	<u>3,215</u>	<u>208,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>110</u>	<u>(4,055)</u>	<u>(3,215)</u>	<u>(58,764)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	1,727	872	-
Transfers out	-	-	-	-
	<u>-</u>	<u>1,727</u>	<u>872</u>	<u>-</u>
Net change in fund balances	110	(2,328)	(2,343)	(58,764)
Fund balances (deficits), beginning of year, restated	<u>95</u>	<u>1,273</u>	<u>7,969</u>	<u>(5,286)</u>
Fund balances (deficits), end of year	<u>\$ 205</u>	<u>\$ (1,055)</u>	<u>\$ 5,626</u>	<u>\$ (64,050)</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2011**

	Region VI Illinois Association of Regional Superintendents of Schools	Hamilton- Jefferson Educational Services Cooperative	Penny Severns
Revenues:			
Local sources	\$ 641	\$ 38,602	\$ 3,025
State sources	-	-	-
On-behalf payments	-	-	-
Interest	-	-	-
Total revenues	<u>641</u>	<u>38,602</u>	<u>3,025</u>
Expenditures:			
Salaries and benefits	-	5,495	2,674
Purchased services	3,267	21,374	102
Supplies and materials	-	1,570	541
Capital outlay	-	-	-
Payments to other governments	-	71,344	-
Other objects	-	-	-
On-behalf payments	-	-	-
Debt service:			
Interest	-	-	-
Total expenditures	<u>3,267</u>	<u>99,783</u>	<u>3,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,626)</u>	<u>(61,181)</u>	<u>(292)</u>
Other financing sources (uses):			
Transfers in	-	6,279	292
Transfers out	-	(625)	-
Total other financing sources (uses)	<u>-</u>	<u>5,654</u>	<u>292</u>
Net change in fund balances	(2,626)	(55,527)	-
Fund balances (deficits), beginning of year, restated	<u>2,626</u>	<u>70,949</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 15,422</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2011**

	School Improvement	Rural Vision	Arts/ Target
Revenues:			
Local sources	\$ 13,580	\$ -	\$ 4,000
State sources	-	-	-
On-behalf payments	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	13,580	-	4,000
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	5,600	-	3,377
Purchased services	15,459	-	123
Supplies and materials	4,593	-	500
Capital outlay	-	-	-
Payments to other governments	-	13,945	-
Other objects	-	-	-
On-behalf payments	-	-	-
Debt service:			
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	25,652	13,945	4,000
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(12,072)	(13,945)	-
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(12,072)	(13,945)	-
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year, restated	13,102	13,945	-
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ 1,030	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2011**

	Supplemental Education Service	Eliminations	Total
Revenues:			
Local sources	\$ 99,169	\$ -	\$ 703,570
State sources	-	-	798,423
On-behalf payments	-	-	476,096
Interest	-	-	2,893
	<hr/>	<hr/>	<hr/>
Total revenues	99,169	-	1,980,982
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	34,401	-	790,456
Purchased services	54,678	-	607,411
Supplies and materials	10,001	-	78,817
Capital outlay	-	-	14,584
Payments to other governments	-	-	85,289
Other objects	-	-	75
On-behalf payments	-	-	476,096
Debt service:			
Interest	-	-	5,781
	<hr/>	<hr/>	<hr/>
Total expenditures	99,080	-	2,058,509
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	89	-	(77,527)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	(35,276)	6,727
Transfers out	-	35,276	(283,422)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	(276,695)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	89	-	(354,222)
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year, restated	-	-	278,176
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ 89	\$ -	\$ (76,046)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2011**

	<u>ROE/ISC Technology</u>	<u>Illinois Violence Prevention Authority</u>	<u>Early Childhood Block Grant (3705-01)</u>	<u>Early Childhood Block Grant (3705-70)</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,575	\$ 7,141	\$ -	\$ -
Prepaid items	-	-	-	700
Due from other governments	-	-	100	41,004
	<u>-</u>	<u>-</u>	<u>100</u>	<u>41,004</u>
Total assets	<u>\$ 5,575</u>	<u>\$ 7,141</u>	<u>\$ 100</u>	<u>\$ 41,704</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 327	\$ -	\$ -	\$ 42
Due to other funds	-	-	100	41,004
Due to other governments	-	-	-	48
Deferred revenue	-	5,963	-	3,004
	<u>-</u>	<u>5,963</u>	<u>-</u>	<u>3,004</u>
Total liabilities	<u>327</u>	<u>5,963</u>	<u>100</u>	<u>44,098</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	700
Restricted	5,248	1,178	-	-
Unassigned	-	-	-	(3,094)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,094)</u>
Total fund balances	<u>5,248</u>	<u>1,178</u>	<u>-</u>	<u>(2,394)</u>
Total liabilities and fund balances	<u>\$ 5,575</u>	<u>\$ 7,141</u>	<u>\$ 100</u>	<u>\$ 41,704</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2011**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative and Optional Education	Early Childhood Block Grant (3705-00)
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 2,698	\$ -
Prepaid items	-	-	-	-
Due from other governments	22,125	27,255	61,409	266,000
Total assets	\$ 22,125	\$ 27,255	\$ 64,107	\$ 266,000
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 361
Due to other funds	22,125	27,256	60,595	264,910
Due to other governments	-	-	-	-
Deferred revenue	-	-	5,595	36,000
Total liabilities	22,125	27,256	66,190	301,271
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	(1)	(2,083)	(35,271)
Total fund balances	-	(1)	(2,083)	(35,271)
Total liabilities and fund balances	\$ 22,125	\$ 27,255	\$ 64,107	\$ 266,000

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2011**

	McKinney Education for Homeless Children	System of Support	ARRA - Education Jobs Fund Program	STANCE
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 264	\$ -
Prepaid items	-	-	-	-
Due from other governments	-	34,215	-	-
	-	34,215	-	-
Total assets	\$ -	\$ 34,215	\$ 264	\$ -
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	43,048	264	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
	-	43,048	264	-
Total liabilities	-	43,048	264	-
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	(8,833)	-	-
	-	(8,833)	-	-
Total fund balances	-	(8,833)	-	-
Total liabilities and fund balances	\$ -	\$ 34,215	\$ 264	\$ -

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
EDUCATION FUND  
June 30, 2011**

	Gifted Education	Title II - Teacher Quality - Leadership Grant	IL Math & Science Partnership	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 15,678
Prepaid items	-	-	-	700
Due from other governments	-	1,148	-	453,256
	<u>-</u>	<u>1,148</u>	<u>-</u>	<u>453,256</u>
Total assets	<u>\$ -</u>	<u>\$ 1,148</u>	<u>\$ -</u>	<u>\$ 469,634</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 730
Due to other funds	-	1,148	-	460,450
Due to other governments	-	-	-	48
Deferred revenue	-	1,148	-	51,710
	<u>-</u>	<u>1,148</u>	<u>-</u>	<u>51,710</u>
Total liabilities	<u>-</u>	<u>2,296</u>	<u>-</u>	<u>512,938</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	700
Restricted	-	-	-	6,426
Unassigned	-	(1,148)	-	(50,430)
	<u>-</u>	<u>(1,148)</u>	<u>-</u>	<u>(50,430)</u>
Total fund balances	<u>-</u>	<u>(1,148)</u>	<u>-</u>	<u>(43,304)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,148</u>	<u>\$ -</u>	<u>\$ 469,634</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	ROE/ISC Technology	Illinois Violence Prevention Authority	Early Childhood Block Grant (3705-01)	Early Childhood Block Grant (3705-70)
<b>Revenues:</b>				
Local sources	\$ -	\$ 50	\$ -	\$ -
State sources	12,500	23,141	5,500	182,504
Federal sources	-	-	-	-
<b>Total revenues</b>	<b>12,500</b>	<b>23,191</b>	<b>5,500</b>	<b>182,504</b>
<b>Expenditures:</b>				
Salaries and benefits	12,683	19,263	4,431	145,869
Purchased services	327	2,431	966	20,599
Supplies and materials	327	1,524	103	5,418
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
<b>Total expenditures</b>	<b>13,337</b>	<b>23,218</b>	<b>5,500</b>	<b>171,886</b>
Excess (deficiency) of revenues over (under) expenditures	(837)	(27)	-	10,618
<b>Other financing sources:</b>				
Transfers in	-	-	-	4,196
Proceeds from sale of capital assets	-	175	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>4,196</b>
<b>Net change in fund balances</b>	<b>(837)</b>	<b>148</b>	<b>-</b>	<b>14,814</b>
Fund balances (deficits), beginning of year, restated	6,085	1,030	-	(17,208)
<b>Fund balances (deficits), end of year</b>	<b>\$ 5,248</b>	<b>\$ 1,178</b>	<b>\$ -</b>	<b>\$ (2,394)</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative and Optional Education	Early Childhood Block Grant (3705-00)
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 2,368	\$ 1,090
State sources	62,010	74,613	120,826	1,041,298
Federal sources	-	-	32,671	-
	<u>62,010</u>	<u>74,613</u>	<u>155,865</u>	<u>1,042,388</u>
<b>Expenditures:</b>				
Salaries and benefits	28,901	36,987	76,908	752,872
Purchased services	15,083	16,640	71,154	92,197
Supplies and materials	2,648	3,636	4,900	22,252
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	15,300
	<u>46,632</u>	<u>57,263</u>	<u>152,962</u>	<u>882,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,378</u>	<u>17,350</u>	<u>2,903</u>	<u>159,767</u>
<b>Other financing sources:</b>				
Transfers in	-	-	3,437	-
Proceeds from sale of capital assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>3,437</u>	<u>-</u>
Net change in fund balances	15,378	17,350	6,340	159,767
Fund balances (deficits), beginning of year, restated	<u>(15,378)</u>	<u>(17,351)</u>	<u>(8,423)</u>	<u>(195,038)</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (2,083)</u>	<u>\$ (35,271)</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	McKinney Education for Homeless Children	System of Support	ARRA - Education Jobs Fund Program	STANCE
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	19,000	143,856	72,697	-
<b>Total revenues</b>	<b>19,000</b>	<b>143,856</b>	<b>72,697</b>	<b>-</b>
<b>Expenditures:</b>				
Salaries and benefits	14,032	65,551	72,375	-
Purchased services	515	32,904	1,859	-
Supplies and materials	2,717	5	-	-
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
<b>Total expenditures</b>	<b>17,264</b>	<b>98,460</b>	<b>74,234</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	1,736	45,396	(1,537)	-
<b>Other financing sources:</b>				
Transfers in	-	-	1,537	419
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>1,537</b>	<b>419</b>
<b>Net change in fund balances</b>	<b>1,736</b>	<b>45,396</b>	<b>-</b>	<b>419</b>
Fund balances (deficits), beginning of year, restated	(1,736)	(54,229)	-	(419)
<b>Fund balances (deficits), end of year</b>	<b>\$ -</b>	<b>\$ (8,833)</b>	<b>\$ -</b>	<b>\$ -</b>



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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	Gifted Education	Title II - Teacher Quality- Leadership Grant	IL Math & Science Partnership	Total
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ -	\$ 3,508
State sources	7,730	-	-	1,530,122
Federal sources	-	98,852	64,350	431,426
<b>Total revenues</b>	<b>7,730</b>	<b>98,852</b>	<b>64,350</b>	<b>1,965,056</b>
<b>Expenditures:</b>				
Salaries and benefits	-	75,568	14,493	1,319,933
Purchased services	745	15,985	11,479	282,884
Supplies and materials	335	1,528	14,929	60,322
Capital outlay	-	-	1,703	1,703
Payments to other governments	7,000	6,994	22,950	52,244
<b>Total expenditures</b>	<b>8,080</b>	<b>100,075</b>	<b>65,554</b>	<b>1,717,086</b>
Excess (deficiency) of revenues over (under) expenditures	(350)	(1,223)	(1,204)	247,970
<b>Other financing sources:</b>				
Transfers in	350	75	154	10,168
Proceeds from sale of capital assets	-	-	1,050	1,225
<b>Total other financing sources</b>	<b>350</b>	<b>75</b>	<b>1,204</b>	<b>11,393</b>
Net change in fund balances	-	(1,148)	-	259,363
Fund balances (deficits), beginning of year, restated	-	-	-	(302,667)
Fund balances (deficits), end of year	\$ -	\$ (1,148)	\$ -	\$ (43,304)

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-01) - PROJECT #11-3705-01  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 5,500	\$ 5,500	\$ 5,500	\$ -
Expenditures:				
Salaries and benefits	4,493	4,493	4,431	62
Purchased services	725	725	966	(241)
Supplies and materials	282	282	103	179
Total expenditures	<u>5,500</u>	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-70) - PROJECT #10-3705-70  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 164,004</u>	<u>\$ 164,004</u>	<u>\$ 21,504</u>	<u>\$ (142,500)</u>
Expenditures:				
Salaries and benefits	137,825	137,825	2,624	135,201
Purchased services	20,259	20,259	920	19,339
Supplies and materials	<u>5,920</u>	<u>5,920</u>	<u>752</u>	<u>5,168</u>
Total expenditures	<u>164,004</u>	<u>164,004</u>	<u>4,296</u>	<u>159,708</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	17,208	<u>\$ 17,208</u>
Fund balance (deficit), beginning of year			<u>(17,208)</u>	
Fund balance, August 31, 2010			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-70) - PROJECT #11-3705-70  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 164,004	\$ 164,004	\$ 161,000	\$ (3,004)
Expenditures:				
Salaries and benefits	138,461	138,461	143,245	(4,784)
Purchased services	17,193	17,193	19,679	(2,486)
Supplies and materials	8,350	8,350	4,666	3,684
Total expenditures	<u>164,004</u>	<u>164,004</u>	<u>167,590</u>	<u>(3,586)</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(6,590)	<u>\$ (6,590)</u>
Other financing source:				
Transfers in			<u>4,196</u>	
Net change in fund balance			(2,394)	
Fund balance, September 1, 2010			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (2,394)</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #10-3730-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 34,019</u>	<u>\$ 53,199</u>	<u>\$ 13,302</u>	<u>\$ (39,897)</u>
Expenditures:				
Salaries and benefits	22,285	35,800	-	35,800
Purchased services	9,650	14,650	-	14,650
Supplies and materials	<u>2,084</u>	<u>2,749</u>	<u>-</u>	<u>2,749</u>
Total expenditures	<u>34,019</u>	<u>53,199</u>	<u>-</u>	<u>53,199</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	13,302	<u>\$ 13,302</u>
Fund balance (deficit), beginning of year			<u>(15,378)</u>	
Fund balance (deficit), July 1, 2010			<u>\$ (2,076)</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #11-3730-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 26,599</u>	<u>\$ 48,708</u>	<u>\$ 48,708</u>	<u>\$ -</u>
Expenditures:				
Salaries and benefits	17,800	30,100	28,901	1,199
Purchased services	7,425	14,158	15,083	(925)
Supplies and materials	<u>1,374</u>	<u>4,450</u>	<u>2,648</u>	<u>1,802</u>
Total expenditures	<u>26,599</u>	<u>48,708</u>	<u>46,632</u>	<u>2,076</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	2,076	<u>\$ 2,076</u>
Fund balance (deficit), July 1, 2010			<u>(2,076)</u>	
Fund balance, end of year			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #10-3696-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 83,358	\$ 83,358	\$ 17,358	\$ (66,000)
Expenditures:				
Salaries and benefits	48,243	48,243	7	48,236
Purchased services	29,487	29,487	-	29,487
Supplies and materials	5,628	5,628	-	5,628
Total expenditures	<u>83,358</u>	<u>83,358</u>	<u>7</u>	<u>83,351</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	17,351	<u>\$ 17,351</u>
Fund balance (deficit), beginning of year			<u>(17,351)</u>	
Fund balance, July 1, 2010			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #11-3696-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 57,255</u>	<u>\$ 57,255</u>	<u>\$ 57,255</u>	<u>\$ -</u>
Expenditures:				
Salaries and benefits	33,697	35,945	36,980	(1,035)
Purchased services	19,253	17,310	16,640	670
Supplies and materials	<u>4,305</u>	<u>4,000</u>	<u>3,636</u>	<u>364</u>
Total expenditures	<u>57,255</u>	<u>57,255</u>	<u>57,256</u>	<u>(1)</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>
Fund balance, July 1, 2010			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (1)</u>	



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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #10-3695-00  
For the year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 130,272	\$ 130,272	\$ 20,272	\$ (110,000)
Expenditures:				
Salaries and benefits	97,078	97,078	-	97,078
Purchased services	28,788	28,788	-	28,788
Supplies and materials	4,406	4,406	-	4,406
Total expenditures	130,272	130,272	-	130,272
Excess of revenues over expenditures	\$ -	\$ -	20,272	\$ 20,272
Other financing source:				
Transfers in			405	
Net change in fund balance			20,677	
Fund balance (deficit), beginning of year			(8,423)	
Fund balance, July 1, 2010			\$ 12,254	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #11-3695-00  
For the year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 2,368	\$ 2,368
State sources	104,595	104,595	100,554	(4,041)
Federal sources	-	-	32,671	32,671
	<u>104,595</u>	<u>104,595</u>	<u>135,593</u>	<u>30,998</u>
Total revenues				
Expenditures:				
Salaries and benefits	75,896	75,896	76,908	(1,012)
Purchased services	25,073	25,073	71,154	(46,081)
Supplies and materials	3,626	3,626	4,900	(1,274)
	<u>104,595</u>	<u>104,595</u>	<u>152,962</u>	<u>(48,367)</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(17,369)	<u>\$ (17,369)</u>
Other financing source:				
Transfers in			<u>3,032</u>	
Net change in fund balance			(14,337)	
Fund balance, July 1, 2010			<u>12,254</u>	
Fund balance (deficit), end of year			<u>\$ (2,083)</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-00) - PROJECT #10-3705-00  
For the year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 850,149	\$ 850,149	\$ 227,149	\$ (623,000)
Expenditures:				
Salaries and benefits	699,276	697,276	28,047	669,229
Purchased services	103,088	103,088	1,770	101,318
Supplies and materials	30,775	32,775	2,294	30,481
Payments to other governments	17,010	17,010	-	17,010
Total expenditures	850,149	850,149	32,111	818,038
Excess of revenues over expenditures	\$ -	\$ -	195,038	\$ 195,038
Fund balance (deficit), beginning of year			(195,038)	
Fund balance, August 31, 2010			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-00) - PROJECT #11-3705-00  
For the year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 1,090	\$ 1,090
State sources	850,149	850,149	814,149	(36,000)
Total revenues	850,149	850,149	815,239	(34,910)
Expenditures:				
Salaries and benefits	704,019	704,019	724,825	(20,806)
Purchased services	102,342	102,342	90,427	11,915
Supplies and materials	27,408	27,408	19,958	7,450
Payments to other governments	16,380	16,380	15,300	1,080
Total expenditures	850,149	850,149	850,510	(361)
Deficiency of revenues under expenditures	\$ -	\$ -	(35,271)	\$ (35,271)
Fund balance, September 1, 2010			-	
Fund balance (deficit), end of year			\$ (35,271)	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
GIFTED EDUCATION - PROJECT #09-3350-00  
For the year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 56,802	\$ 56,802	\$ 7,730	\$ (49,072)
Expenditures:				
Salaries and benefits	28,250	28,250	-	28,250
Purchased services	2,100	2,100	745	1,355
Supplies and materials	6,452	6,452	335	6,117
Payments to other governments	20,000	20,000	7,000	13,000
Total expenditures	56,802	56,802	8,080	48,722
Deficiency of revenues under expenditures	\$ -	\$ -	(350)	\$ (350)
Other financing source:				
Transfers in			350	
Net change in fund balance			-	
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

**TITLE II - TEACHER QUALITY - LEADERSHIP GRANT - PROJECT #11-4935-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 98,852</u>	<u>\$ (1,148)</u>
Expenditures:				
Salaries and benefits	66,367	75,440	75,568	(128)
Purchased services	20,700	16,200	15,985	215
Supplies and materials	5,933	1,360	1,528	(168)
Payments to other governments	<u>7,000</u>	<u>7,000</u>	<u>6,994</u>	<u>6</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,075</u>	<u>(75)</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(1,223)	<u>\$ (1,223)</u>
Other financing source:				
Transfers in			<u>75</u>	
Net change in fund balance			(1,148)	
Fund balance, beginning of year			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (1,148)</u>	

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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2011**

	Institute	General Education Development	Bus Driver Training
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,565	\$ -	\$ 2,138
Accounts receivable	798	-	-
Due from other funds	-	1,023	174
Due from other governments	-	9,209	-
	<b>\$ 9,363</b>	<b>\$ 10,232</b>	<b>\$ 2,312</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 512
Due to other funds	5,999	1,301	-
Deferred revenue	-	4,084	-
	5,999	5,385	512
<b>FUND BALANCES</b>			
Restricted	3,364	4,847	1,800
Total liabilities and fund balances	<b>\$ 9,363</b>	<b>\$ 10,232</b>	<b>\$ 2,312</b>

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

**COMBINING BALANCE SHEET (Concluded)  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2011**

	<u>Supervisory</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 10,703
Accounts receivable	-	-	798
Due from other funds	-	(1,197)	-
Due from other governments	-	-	9,209
	-	-	9,209
Total assets	\$ -	\$ (1,197)	\$ 20,710
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 512
Due to other funds	-	(1,197)	6,103
Deferred revenue	-	-	4,084
	-	-	4,084
Total liabilities	-	(1,197)	10,699
<b>FUND BALANCES</b>			
Restricted	-	-	10,011
Total liabilities and fund balances	\$ -	\$ (1,197)	\$ 20,710



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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2011**

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>
Revenues:			
Local sources	\$ 7,024	\$ 5,875	\$ 1,653
State sources	-	31,530	688
Interest	8	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	7,032	37,405	2,341
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	17,207	-
Purchased services	6,284	14,385	1,916
Supplies and materials	-	5,240	1,039
	<hr/>	<hr/>	<hr/>
Total expenditures	6,284	36,832	2,955
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	748	573	(614)
Other financing sources:			
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	748	573	(614)
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	2,616	4,274	2,414
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 3,364</u>	<u>\$ 4,847</u>	<u>\$ 1,800</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2011**

	Supervisory	Total
Revenues:		
Local sources	\$ -	\$ 14,552
State sources	-	32,218
Interest	-	8
	-	8
Total revenues	-	46,778
Expenditures:		
Salaries and benefits	-	17,207
Purchased services	1,398	23,983
Supplies and materials	-	6,279
	-	6,279
Total expenditures	1,398	47,469
Excess (deficiency) of revenues over (under) expenditures	(1,398)	(691)
Other financing sources:		
Transfers in	7	7
	7	7
Net change in fund balances	(1,391)	(684)
Fund balances, beginning of year	1,391	10,695
Fund balances, end of year	\$ -	\$ 10,011

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

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2011**

	<u>Mt. Vernon Conference</u>	<u>Testing</u>	<u>Finger Printing</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Accounts receivable	\$ 200	\$ -	\$ 790	\$ -	\$ 990
Due from other funds	-	-	585	(585)	-
Due from other governments	-	756	318	-	1,074
	<u>200</u>	<u>756</u>	<u>1,693</u>	<u>(585)</u>	<u>2,064</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	16	689	-	705
Due to other funds	12,638	5,650	-	(585)	17,703
Due to other governments	-	109	-	-	109
	<u>12,638</u>	<u>5,775</u>	<u>689</u>	<u>(585)</u>	<u>18,517</u>
<b>NET ASSETS</b>					
Unrestricted	<u>(12,438)</u>	<u>(5,019)</u>	<u>1,004</u>	<u>-</u>	<u>(16,453)</u>
Total net assets	<u>\$ (12,438)</u>	<u>\$ (5,019)</u>	<u>\$ 1,004</u>	<u>\$ -</u>	<u>\$ (16,453)</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
For the year ended June 30, 2011**

	<u>Mt. Vernon Conference</u>	<u>Testing</u>	<u>Finger Printing</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 80,470	\$ 28,706	\$ 25,526	\$ 134,702
Operating expenses:				
Salaries and benefits	9,649	21,419	4,984	36,052
Purchased services	69,591	25,868	22,775	118,234
Supplies and materials	1,900	-	-	1,900
Other objects	-	-	80	80
Total operating expenses	<u>81,140</u>	<u>47,287</u>	<u>27,839</u>	<u>156,266</u>
Operating loss	(670)	(18,581)	(2,313)	(21,564)
Transfers out	<u>-</u>	<u>-</u>	<u>(1,727)</u>	<u>(1,727)</u>
Change in net assets	(670)	(18,581)	(4,040)	(23,291)
Total net assets - beginning	<u>(11,768)</u>	<u>13,562</u>	<u>5,044</u>	<u>6,838</u>
Total net assets - ending	<u><u>\$ (12,438)</u></u>	<u><u>\$ (5,019)</u></u>	<u><u>\$ 1,004</u></u>	<u><u>\$ (16,453)</u></u>

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

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the year ended June 30, 2011**

	Mt. Vernon Conference	Testing	Finger Printing	Total
Cash flows from operating activities:				
Collection of fees	\$ 89,770	\$ 31,545	\$ 25,356	\$ 146,671
Payments to suppliers and providers of goods and services	(71,491)	(30,047)	(22,166)	(123,704)
Payments to employees	(9,649)	(21,419)	(4,984)	(36,052)
Net cash provided by (used for) operating activities	8,630	(19,921)	(1,794)	(13,085)
Cash flows from noncapital financing activities:				
Loans (to) from other funds, net	(8,630)	5,650	(585)	(3,565)
Transfers out	-	-	(1,727)	(1,727)
Net cash provided by (used for) noncapital financing activities	(8,630)	5,650	(2,312)	(5,292)
Net decrease in cash and cash equivalents	-	(14,271)	(4,106)	(18,377)
Cash and cash equivalents - beginning	-	14,271	4,106	18,377
Cash and cash equivalents - ending	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating loss to net cash provided by (used for) operating activities:				
Operating loss	\$ (670)	\$ (18,581)	\$ (2,313)	\$ (21,564)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
(Increase) decrease in assets:				
Accounts receivable	(200)	-	(790)	(990)
Due from other funds	9,500	-	-	9,500
Due from other governments	-	2,839	620	3,459
Increase (decrease) in liabilities:				
Accounts payable	-	(4,288)	689	(3,599)
Due to other governments	-	109	-	109
Net cash provided by (used for) operating activities	\$ 8,630	\$ (19,921)	\$ (1,794)	\$ (13,085)

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

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2011**

	Health Insurance	Workers' Compensation	Unemployment	Transportation Reimbursement
<b>ASSETS</b>				
Current assets:				
Prepaid expense	\$ 13,271	\$ -	\$ -	\$ -
Due from other funds	7,947	44,105	9,577	-
Due from other governments	-	-	-	-
Total current assets	21,218	44,105	9,577	-
Noncurrent assets:				
Capital assets, net	-	6,033	-	3,837
Total assets	21,218	50,138	9,577	3,837
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,374	-	-	-
Due to other funds	2,045	-	-	14,115
Current portion of long-term debt	-	-	-	-
Total current liabilities	3,419	-	-	14,115
Noncurrent liabilities:				
Net pension obligation payable	-	26,904	-	-
Total liabilities	3,419	26,904	-	14,115
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	6,033	-	3,837
Unrestricted	17,799	17,201	9,577	(14,115)
Total net assets	\$ 17,799	\$ 23,234	\$ 9,577	\$ (10,278)

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

**COMBINING STATEMENT OF NET ASSETS (Concluded)  
INTERNAL SERVICE FUNDS  
June 30, 2011**

	Building	Eliminations	Total
<b>ASSETS</b>			
Current assets:			
Prepaid expense	\$ -	\$ -	\$ 13,271
Due from other funds	200	(16,160)	45,669
Due from other governments	6,250	-	6,250
Total current assets	6,450	(16,160)	65,190
Noncurrent assets:			
Capital assets, net	722,269	-	732,139
Total assets	728,719	(16,160)	797,329
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,771	-	3,145
Due to other funds	-	(16,160)	-
Current portion of long-term debt	190,995	-	190,995
Total current liabilities	192,766	(16,160)	194,140
Noncurrent liabilities:			
Net pension obligation payable	-	-	26,904
Total liabilities	192,766	(16,160)	221,044
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt			
Unrestricted	531,274	-	541,144
Total net assets	\$ 535,953	\$ -	\$ 576,285

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2011**

	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment</u>	<u>Transportation Reimbursement</u>
Operating revenues:				
Charges for services	\$ 194,292	\$ 61,502	\$ 5,901	\$ 400
Operating expenses:				
Salaries and benefits	-	26,904	-	16,382
Purchased services	199,005	55,487	4,082	38,398
Depreciation	-	2,356	-	11,932
Total operating expenses	199,005	84,747	4,082	66,712
Operating income (loss)	(4,713)	(23,245)	1,819	(66,312)
Nonoperating revenues (expenses):				
Interest expense	-	-	-	(65)
Gain on sale of capital assets	-	-	-	15,564
Total nonoperating revenues (expenses)	-	-	-	15,499
Income (loss) before transfers	(4,713)	(23,245)	1,819	(50,813)
Transfers in	10,344	-	-	4,189
Transfers out	-	(14,540)	-	-
Change in net assets	5,631	(37,785)	1,819	(46,624)
Total net assets - beginning	12,168	61,019	7,758	36,346
Total net assets - ending	\$ 17,799	\$ 23,234	\$ 9,577	\$ (10,278)



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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS (Concluded)  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2011**

	Building	Eliminations	Totals
Operating revenues:			
Charges for services	\$ 134,441	\$ -	\$ 396,536
Operating expenses:			
Salaries and benefits	40,867	-	84,153
Purchased services	19,507	-	316,479
Depreciation	24,546	-	38,834
Total operating expenses	84,920	-	439,466
Operating income (loss)	49,521	-	(42,930)
Nonoperating revenues (expenses):			
Interest expense	(29,113)	-	(29,178)
Gain on sale of capital assets	-	-	15,564
Total nonoperating revenues (expenses)	(29,113)	-	(13,614)
Income (loss) before transfers	20,408	-	(56,544)
Transfers in	273,254	(10,344)	277,443
Transfers out	(5,000)	10,344	(9,196)
Change in net assets	288,662	-	211,703
Total net assets - beginning	247,291	-	364,582
Total net assets - ending	\$ 535,953	\$ -	\$ 576,285

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

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2011**

	Health Insurance	Workers' Compensation	Unemployment
Cash flows from operating activities:			
Collection of fees	\$ 186,345	\$ 61,502	\$ 5,901
Payments to suppliers and providers of goods and services	(210,902)	(55,487)	(5,527)
Payments to employees	-	-	-
Net cash provided by (used for) operating activities	<u>(24,557)</u>	<u>6,015</u>	<u>374</u>
Cash flows from noncapital financing activities:			
Loans (to) from other funds, net	2,045	(44,105)	(9,577)
Transfers in	10,344	-	-
Transfers out	-	(14,540)	-
Net cash provided by (used for) noncapital financing activities	<u>12,389</u>	<u>(58,645)</u>	<u>(9,577)</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	-	(3,329)	-
Proceeds from sales of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(3,329)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(12,168)	(55,959)	(9,203)
Cash and cash equivalents - beginning	<u>12,168</u>	<u>55,959</u>	<u>9,203</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (4,713)	\$ (23,245)	\$ 1,819
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	2,356	-
(Increase) decrease in assets:			
Prepaid items	(13,271)	-	-
Due from other funds	(7,947)	-	-
Due from other governments	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	1,374	-	-
Accrued salaries and benefits	-	-	-
Due to other governments	-	-	(1,445)
Net pension obligation payable	-	26,904	-
Net cash provided by (used for) operating activities	<u>\$ (24,557)</u>	<u>\$ 6,015</u>	<u>\$ 374</u>

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

**COMBINING STATEMENT OF CASH FLOWS (Concluded)  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2011**

	Transportation Reimbursement	Building	Total
Cash flows from operating activities:			
Collection of fees	\$ 400	\$ 134,441	\$ 388,589
Payments to suppliers and providers of goods and services	(39,632)	(19,209)	(330,757)
Payments to employees	(18,727)	(43,140)	(61,867)
Net cash provided by (used for) operating activities	<u>(57,959)</u>	<u>72,092</u>	<u>(4,035)</u>
Cash flows from noncapital financing activities:			
Loans (to) from other funds, net	14,115	(200)	(37,722)
Transfers in	4,189	273,254	287,787
Transfers out	-	(5,000)	(19,540)
Net cash provided by (used for) noncapital financing activities	<u>18,304</u>	<u>268,054</u>	<u>230,525</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	-	(1,630)	(4,959)
Proceeds from sales of capital assets	20,744	-	20,744
Principal paid on capital debt	(1,123)	(362,982)	(364,105)
Interest paid on capital debt	(65)	(29,113)	(29,178)
Net cash provided by (used for) capital and related financing activities	<u>19,556</u>	<u>(393,725)</u>	<u>(377,498)</u>
Net decrease in cash and cash equivalents	(20,099)	(53,579)	(151,008)
Cash and cash equivalents - beginning	<u>20,099</u>	<u>53,579</u>	<u>151,008</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (66,312)	\$ 49,521	\$ (42,930)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	11,932	24,546	38,834
(Increase) decrease in assets:			
Prepaid items	-	-	(13,271)
Due from other funds	-	6,250	(1,697)
Due from other governments	-	(6,250)	(6,250)
Increase (decrease) in liabilities:			
Accounts payable	(1,234)	298	438
Accrued salaries and benefits	(2,345)	(2,273)	(4,618)
Due to other governments	-	-	(1,445)
Net pension obligation payable	-	-	26,904
Net cash provided by (used for) operating activities	<u>\$ (57,959)</u>	<u>\$ 72,092</u>	<u>\$ (4,035)</u>

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

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
June 30, 2011**

	<u>Distributive</u>	<u>Clearing</u>	<u>Regional Vocational Board</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 151,096	\$ 1,469	\$ -	\$ 152,565
Due from other governments	<u>2,202,997</u>	<u>-</u>	<u>-</u>	<u>2,202,997</u>
Total assets	<u><u>\$ 2,354,093</u></u>	<u><u>\$ 1,469</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,355,562</u></u>
<b>LIABILITIES</b>				
Due to other governments	<u><u>\$ 2,354,093</u></u>	<u><u>\$ 1,469</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,355,562</u></u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the year ended June 30, 2011**

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 457,778	\$ 29,753,110	\$ 30,059,792	\$ 151,096
Due from other governments	<u>3,373,439</u>	<u>2,202,997</u>	<u>3,373,439</u>	<u>2,202,997</u>
Total assets	<u>\$3,831,217</u>	<u>\$ 31,956,107</u>	<u>\$ 33,433,231</u>	<u>\$ 2,354,093</u>
LIABILITIES				
Due to other governments	<u>\$3,831,217</u>	<u>\$ 31,956,107</u>	<u>\$ 33,433,231</u>	<u>\$ 2,354,093</u>
<u>CLEARING</u>				
ASSETS				
Cash and cash equivalents	\$ 1,409	\$ 4,650	\$ 4,590	\$ 1,469
Accounts receivable	<u>90</u>	<u>-</u>	<u>90</u>	<u>-</u>
Total assets	<u>\$ 1,499</u>	<u>\$ 4,650</u>	<u>\$ 4,680</u>	<u>\$ 1,469</u>
LIABILITIES				
Due to other governments	<u>\$ 1,499</u>	<u>\$ 4,650</u>	<u>\$ 4,680</u>	<u>\$ 1,469</u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Concluded)  
AGENCY FUNDS  
For the year ended June 30, 2011**

<u>REGIONAL VOCATIONAL BOARD</u>	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 98,231	\$ 98,231	\$ -
Accounts receivable	30,464	-	30,464	-
Total assets	<u>\$ 30,464</u>	<u>\$ 98,231</u>	<u>\$ 128,695</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 30,464</u>	<u>\$ 98,231</u>	<u>\$ 128,695</u>	<u>\$ -</u>
<u><b>TOTALS - ALL AGENCY FUNDS</b></u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 459,187	\$ 29,855,991	\$ 30,162,613	\$ 152,565
Accounts receivable	30,554	-	30,554	-
Due from other governments	3,373,439	2,202,997	3,373,439	2,202,997
Total assets	<u>\$3,863,180</u>	<u>\$ 32,058,988</u>	<u>\$ 33,566,606</u>	<u>\$ 2,355,562</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$3,863,180</u>	<u>\$ 32,058,988</u>	<u>\$ 33,566,606</u>	<u>\$ 2,355,562</u>

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
For the year ended June 30, 2011**

	Hamilton County #10	Waltonville #1	Field Grade School #3	Woodlawn Grade School #4	Opdyke Belle- Rive #5	Grand Prairie Grade School #6
General State Aid	\$ 4,740,846	\$ 1,438,648	\$ 1,169,019	\$ 1,126,882	\$ 822,617	\$ 383,699
Special Ed.-Private Facility Tuition	1,305	18,263	28,336	-	-	-
Funding for Children Requiring Special Ed.	224,939	95,208	79,271	61,800	54,122	30,016
Special Ed.-Personnel	226,389	72,095	51,330	77,588	30,500	19,008
Special Ed. - Orphanage - Individual	-	12,633	16,180	3,503	4,282	-
Special Ed. - Orphanage - Summer	-	-	-	-	-	-
Special Ed.-Summer School	-	2,568	-	-	-	-
Career & Technical Ed. Improvement	-	-	-	-	-	-
Agricultural Education	-	-	-	-	-	-
State Free Lunch & Breakfast	12,040	2,520	1,161	1,914	1,993	1,508
School Breakfast Incentive	55	-	-	6	37	16
Driver Education	16,613	6,691	-	-	-	-
Transportation-Regular and Vocational	587,965	68,324	169,207	113,011	86,945	70,572
Transportation-Special Education	85,844	27,095	21,986	27,263	15,338	22,493
ROE School Bus Driver Training	-	-	-	-	-	-
National board certification initiative	-	-	-	-	1,760	1,760
Truants Alternative/Optional Ed.	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood-Block Grant	472,160	-	-	-	-	-
Reading Improvement Block Grant	18,278	4,536	11,334	14,334	5,648	-
ROE/ISC Operations	-	-	-	-	-	-
ADA Safety and Educational Block Grant	5,144	1,540	1,220	1,492	847	-
Orphanage Tuition	-	-	-	-	-	-
Arts Education & Foreign Language Assistance	-	-	-	-	-	-
Title VI-Rural Education Initiative	-	-	-	-	-	-
National School Lunch Program	180,830	59,120	42,853	52,969	41,471	25,686
School Breakfast Program	51,641	20,274	-	11,728	16,752	11,960
Fresh Fruits and Vegetables	-	-	-	-	-	-
NSLP Equipment Assistance Grant	-	-	-	-	-	-
Title I-Low Income	220,415	40,617	48,436	64,418	135,526	7,000
School Improvement Grant	-	-	-	-	-	-
Title IV-Safe & Drug Free	1,101	-	-	-	-	-
Federal Special Education IDEA Room and Board	126,200	131	1,370	5,291	-	-
CTE - Perkins - Secondary	-	-	-	-	-	-
ARRA - Title I - Low Income	49,925	5,786	9,681	3,781	2,312	4,452
ARRA - Education Jobs Fund Program	527,523	-	77,410	102,603	74,899	28,181
Title II - Teacher Quality	62,511	16,676	12,234	16,559	18,998	5,719
Title II - Teacher Quality - Leadership Grant	-	-	-	-	-	-
Technology-Enhancing Education	-	-	311	-	-	-
<b>TOTAL</b>	<b>\$ 7,611,724</b>	<b>\$ 1,892,725</b>	<b>\$ 1,741,339</b>	<b>\$ 1,685,142</b>	<b>\$ 1,314,047</b>	<b>\$ 612,070</b>

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHER ENTITIES (Continued)  
DISTRIBUTIVE FUND  
For the year ended June 30, 2011**

	Dodds Grade School #7	Ina Grade School #8	McClellan Grade School #12	Bethel Grade School #82	Mt. Vernon Township High School #201	Farrington Grade School #99
General State Aid	\$ 684,854	\$ 546,664	\$ 189,161	\$ 400,767	\$ 4,448,468	\$ 289,157
Special Ed.-Private Facility Tuition	-	-	-	-	38,696	-
Funding for Children Requiring Special Ed.	41,603	26,067	10,985	27,219	253,736	12,408
Special Ed.-Personnel	28,897	22,126	16,000	26,614	302,923	13,725
Special Ed. - Orphanage - Individual	-	39,774	-	-	132,043	-
Special Ed. - Orphanage - Summer	-	-	-	-	3,849	-
Special Ed.-Summer School	-	-	-	597	-	-
Career & Technical Ed. Improvement	-	-	-	-	-	-
Agricultural Education	-	-	-	-	-	-
State Free Lunch & Breakfast	830	1,304	434	3,552	5,954	519
School Breakfast Incentive	-	-	1	101	22	23
Driver Education	-	-	-	-	98,604	-
Transportation-Regular and Vocational	82,243	99,299	22,655	32,445	342,005	51,236
Transportation-Special Education	7,751	14,270	9,370	-	182,262	11,554
ROE School Bus Driver Training	-	-	-	-	-	-
National board certification initiative	-	-	-	-	12,324	-
Truants Alternative/Optional Ed.	-	-	-	-	72,030	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood-Block Grant	-	-	-	-	-	-
Reading Improvement Block Grant	3,386	3,029	1,272	3,135	-	1,662
ROE/ISC Operations	-	-	-	-	-	-
ADA Safety and Educational Block Grant	642	495	-	556	5,533	-
Orphanage Tuition	-	-	-	-	119,295	-
Arts Education & Foreign Language Assistance	-	-	-	-	-	55,090
Title VI-Rural Education Initiative	-	-	-	3,185	34,728	-
National School Lunch Program	19,450	27,179	11,869	48,038	89,371	9,333
School Breakfast Program	6,987	10,935	2,952	26,221	32,394	5,336
Fresh Fruits and Vegetables	-	-	-	8,807	-	-
NSLP Equipment Assistance Grant	-	-	-	11,385	-	-
Title I-Low Income	25,213	61,364	-	44,938	377,461	27,236
School Improvement Grant	-	-	-	-	20,416	-
Title IV-Safe & Drug Free	84	-	-	-	-	-
Federal Special Education IDEA Room and Board	71	134	-	-	174,050	-
CTE - Perkins - Secondary	-	-	-	-	-	-
ARRA - Title I - Low Income	2,356	878	-	3,318	29,292	-
ARRA - Education Jobs Fund Program	62,309	-	9,694	23,912	404,910	26,328
Title II - Teacher Quality	8,754	7,195	3,606	6,559	78,321	5,165
Title II - Teacher Quality - Leadership Grant	-	-	-	-	-	-
Technology-Enhancing Education	220	-	-	-	3,246	-
<b>TOTAL</b>	<b>\$ 975,650</b>	<b>\$ 860,713</b>	<b>\$ 277,999</b>	<b>\$ 671,349</b>	<b>\$ 7,261,933</b>	<b>\$ 508,772</b>



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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHER ENTITIES (Concluded)  
DISTRIBUTIVE FUND  
For the year ended June 30, 2011**

	Webber Township				
	High School #204	Woodlawn High School #205	ROE #25	Rend Lake	Total
General State Aid	\$ 596,568	\$ 739,478	\$ 798,423	\$ -	\$ 18,375,251
Special Ed.-Private Facility Tuition	-	-	-	-	86,600
Funding for Children Requiring Special Ed.	58,970	35,723	-	-	1,012,067
Special Ed.-Personnel	38,238	28,500	-	-	953,933
Special Ed. - Orphanage - Individual	3,246	-	-	-	211,661
Special Ed. - Orphanage - Summer	-	-	-	-	3,849
Special Ed.-Summer School	-	-	-	-	3,165
Career & Technical Ed. Improvement	-	-	-	314,159	314,159
Agricultural Education	-	-	-	13,077	13,077
State Free Lunch & Breakfast	174	299	1,228	-	35,430
School Breakfast Incentive	-	-	12	-	273
Driver Education	5,017	7,770	-	-	134,695
Transportation-Regular and Vocational	80,939	91,021	-	-	1,897,867
Transportation-Special Education	18,177	14,418	-	-	457,821
ROE School Bus Driver Training	-	-	688	-	688
National board certification initiative	-	-	-	-	15,844
Truants Alternative/Optional Ed.	-	-	94,272	-	166,302
Regional Safe Schools	-	-	67,358	-	67,358
Early Childhood-Block Grant	-	-	1,121,802	-	1,593,962
Reading Improvement Block Grant	-	-	-	-	66,614
ROE/ISC Operations	-	-	48,751	-	48,751
ADA Safety and Educational Block Grant	693	868	-	-	19,030
Orphanage Tuition	-	-	-	-	119,295
Arts Education & Foreign Language Assistance	-	-	-	-	55,090
Title VI-Rural Education Initiative	-	-	-	-	37,913
National School Lunch Program	4,328	9,773	23,270	-	645,540
School Breakfast Program	271	-	8,477	-	205,928
Fresh Fruits and Vegetables	-	-	-	-	8,807
NSLP Equipment Assistance Grant	-	-	-	-	11,385
Title I-Low Income	23,759	16,322	-	-	1,092,705
School Improvement Grant	-	-	-	-	20,416
Title IV-Safe & Drug Free	-	-	-	-	1,185
Federal Special Education IDEA Room and Board	161	-	-	-	307,408
CTE - Perkins - Secondary	-	-	-	103,440	103,440
ARRA - Title I - Low Income	3,289	3,918	-	-	118,988
ARRA - Education Jobs Fund Program	8,849	82,287	72,697	-	1,501,602
Title II - Teacher Quality	3,031	3,736	-	-	249,064
Title II - Teacher Quality - Leadership Grant	-	-	98,852	-	98,852
Technology-Enhancing Education	-	-	-	-	3,777
<b>TOTAL</b>	<b>\$ 845,710</b>	<b>\$ 1,034,113</b>	<b>\$ 2,335,830</b>	<b>\$ 430,676</b>	<b>\$ 30,059,792</b>