

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

**FINANCIAL AUDIT  
For the year ended June 30, 2012**

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

**OFFICIALS**

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

Assistant Regional Superintendent (current and during the audit period) ..... 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 contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	10	14
Repeated audit findings	4	5
Prior recommendations implemented or not repeated	10	2

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.

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
12-01	12	Controls Over Financial Statement Preparation	Material Weakness
12-02	14	Inadequate Review of Journal Entries	Material Weakness
12-03	16	Cash Account Not Recorded on the Books	Material Weakness
12-04	17	Inadequate Controls Over Cash	Material Weakness
12-05	20	Internal Controls Over Payroll	Material Weakness and Compliance
12-06	23	Internal Control Over Grant Compliance	Material Weakness and Compliance
12-07	25	Internal Controls Over Revenues	Material Weakness
12-08	26	Internal Controls Over Cash Disbursements	Material Weakness and Compliance
12-09	28	Excess Working Cash in Internal Service Fund	Compliance
12-10	30	Internal Control Over Distributive Funds	Material Weakness

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

**FINANCIAL REPORT SUMMARY** (Continued)

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

<u>Item No.</u>	<u>Description</u>	<u>Finding Type</u>
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)		
11-02	Prepayment of Salaries and Contracts	Material Weakness
11-03	Related Party Transactions	Material Weakness
11-04	Additional Payments to Employees	Material Weakness
11-05	Internal Controls over Employee Benefits	Material Weakness and Compliance
11-07	Questionable Expenditures	Material Weakness and Compliance
11-08	Lack of Documentation	Material Weakness and Compliance
11-10	Internal Control over Capital Assets	Material Weakness and Compliance
11-11	Controls Over Federal Awards	Material Weakness and Compliance
11-12	Controls Over Compliance with Laws and Regulations	Significant Deficiency and Compliance
11-14	Recording of Transactions in the Regional Cooperative Fund	Material Weakness

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

**FINANCIAL REPORT SUMMARY** (Continued)

**EXIT CONFERENCE**

An exit conference was held on June 17, 2013. Attending were Ron Daniels, Regional Superintendent of Schools, and Michelle Nuzum, CPA, of West & Company, LLC.

Responses to the recommendations were provided by Ron Daniels, Regional Superintendent, via email on June 17, 2013.

**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 disclaimed an opinion on the Hamilton and Jefferson Counties Regional Office of Education #25's basic financial statements.

# WEST & COMPANY, LLC

## MEMBERS

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

## CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## OFFICES

EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we were engaged to audit 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, 2012, 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.

Hamilton and Jefferson Counties Regional Office of Education #25's accounting systems, processes, and records were inadequate and did not provide sufficient information for the Regional Office to report interfund activity and balances in the financial statements. As a result, we were unable to satisfy ourselves about the accuracy and completeness of the accounting records through applying other audit procedures.

Because of the matter discussed in the above paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 18, 2013 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.

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund - Schedule of Funding Progress on page 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Regional Office of Education #25 has not presented a Management 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 disclaimer of opinion on the basic financial statements is not affected by this missing information.

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for the purposes of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

*West + Company, LLC*

July 18, 2013

MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
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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 were engaged to audit 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, 2012, which collectively comprise the Hamilton and Jefferson Counties Regional Office of Education #25's basic financial statements and have issued our report thereon dated July 18, 2013. The scope of our work was not sufficient to enable us to express, and we did not express opinions on the basic financial statements as of and for the year ended June 30, 2012. Although we were not able to express opinions on the basic financial statements, *Governmental Auditing Standards* issued by the Comptroller General of the United States require reporting on internal control over financial reporting and compliance and other matters based on any procedures that were performed.

**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, 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.

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 12-01, 12-02, 12-03, 12-04, 12-05, 12-06, 12-07, 12-08, and 12-10 in the accompanying Schedule of Findings and Responses to be material weaknesses.

### **Compliance and Other Matters**

In connection with our engagement to audit the basic financial statements of the Hamilton and Jefferson Counties Regional Office of Education #25, 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 12-05, 12-06, 12-08, and 12-09. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

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 July 18, 2013.

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 the responses.

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*

July 18, 2013

## **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, 2012**

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

---

**Financial statements**

Type of auditors' report issued: DISCLAIMER

Internal control over financial reporting:

- Material weakness(es) identified?  X  yes   no
- Significant deficiency(ies) identified?   yes  X  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, 2012**

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

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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, 2012**

**Section II: Financial Statement Findings**

**FINDING NO. 12-01 – Controls Over Financial Statement Preparation (Repeat of Finding 11-01, 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:**

For the fiscal year ended June 30, 2012, auditors disclaimed an opinion of the financial statements of the Regional Office of Education #25. The Regional Office does not have sufficient internal controls over the processing of most accounting transactions. There are inadequate controls over the preparation/review of GAAP based financial statements. During the normal course of performing their assigned functions or duties, management may fail to prevent or detect financial statement and disclosure errors and omissions. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of cash by fund, accounts receivable, capital assets, accounts payable, or deferred revenue.
- The Regional Office did not have adequate controls in place to ensure that all assets and revenues were properly recorded in the general ledger. (See Findings 12-03, 12-04, and 12-07)
- The Regional Office did not have adequate controls in place to ensure that all transactions were properly authorized, recorded in the proper period, and correctly allocated between funds. (See Findings 12-02, 12-05, 12-06, 12-07, and 12-08)

**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, for the fiscal year ended June 30, 2012, the Regional Office of Education #25 had all new management and accounting personnel and was unfamiliar with Regional Office policies, procedures and necessary internal controls over the financial reporting process.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-01 – Controls Over Financial Statement Preparation (Repeat of Finding 11-01, 10-01, 09-01, 08-01, and 07-05)** (Continued)

**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 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.

Additionally, the Regional Office of Education #25 should design and implement a system of processes and controls that will ensure complete records are maintained, all assets and revenues are recorded in the general ledger, and all transactions are properly authorized, recorded in the proper period, and correctly allocated between funds.

**Management's Response:**

The Regional Office of Education #25 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The transition to the office without any prior knowledge of the office practices and a part-time bookkeeper for half of the year led to several mistakes. Now that a full time trained bookkeeper has been hired, the ROE is implementing procedures and controls that ensure all records are maintained and all assets and revenues are recorded in the general ledger, which includes all transactions, deposits, expenses, assets and liabilities.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-02 – Inadequate Review of Journal Entries**

**Criteria/Specific Requirement:**

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

**Condition:**

During our review of journal entries, we noted it was the Regional Office's policy to document journal entries with support from the general ledger, a "snapshot" of the journal entry printed from the accounting system and a journal entry report listing all journal entries made during the fiscal year, all or part of which would contain approval by the Regional Superintendent. We noted that the Regional Office of Education #25 made two hundred and forty-two (242) journal entries during the fiscal year ended June 30, 2012. In eighteen (18) of the two hundred and forty-two (7%) journal entries made, there was no supporting documentation other than the journal entry listing and approval by the Regional Superintendent was not documented.

We also noted that two journal entry numbers within the sequence of journal entries posted through the year ended June 30, 2012 were not included on the journal entry report listing. The bookkeeper indicated that she probably entered the journal entry incorrectly and subsequently deleted them.

In addition, during our detailed test of thirty-two (32) individual journal entries, we noted the following exceptions:

- In twelve (12) of the thirty-two (32) (38%) journal entries tested, while the Regional Superintendent signed off on the journal entry "snapshot," there was no documentation to support the purpose of the journal entry.
- In thirteen (13) of the thirty-two (32) (41%) journal entries tested, the purpose of the journal entry appeared to be to shift expenditures to match grants. (See Finding 12-06)

**Effect:**

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

**Cause:**

During the fiscal year ended June 30, 2012 the Regional Office bookkeeper was new and indicated adequate training was not available and that many journal entries were needed to correct previous miscoded transactions.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-02 – Inadequate Review of Journal Entries** (Continued)

**Auditors' Recommendation:**

The Regional Superintendent should review and approve all journal entries along with supporting documentation prior to the entries being posted to the accounting records. In addition, the Regional Office should seek training opportunities for the bookkeeper.

**Management's Response:**

The Regional Superintendent or Assistant Regional Superintendent now reviews and approves all journal entries along with the supporting documentation. After the initial transition year, journal entries are minimal. The bookkeeper will also continue to attend needed training opportunities to follow proper accounting procedures.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-03 – Cash Account Not Recorded on the Books**

**Criteria/Specific Requirement:**

Good business practices and sound internal controls require that accounting records accurately and completely record all assets and transactions of the entity.

**Condition:**

The Regional Office of Education #25 opened a new bank account on February 15, 2012 to segregate the funds received and paid for its University Classes fund. The bookkeeper did not enter the new bank account into the accounting system. In order to transfer the amounts received from July 1, 2011 to February 15, 2012, the Regional Office prepared checks made out to the new bank account totaling \$57,130. Instead of recording these checks as a transfer to another bank account within the general ledger, the Regional Office recorded the checks as a reduction of revenue.

In addition, from February 15, 2012 through June 30, 2012, all receipts and disbursements related to the University Classes fund were deposited and paid from the new bank account and were not entered into the general ledger.

**Effect:**

Assets were understated by approximately \$60,000, revenues were understated by approximately \$131,000, and expenditures were understated by approximately \$71,000. Failure to record bank accounts in the general ledger results in inaccurate financial reporting and increases the risk of misappropriation of assets.

**Cause:**

The Regional Office of Education #25 bookkeeper believed that more than one bank account could not be entered into the general ledger.

**Auditors' Recommendation:**

The Regional Office of Education #25 should ensure all bank accounts and related activity are recorded in the general ledger.

**Management's Response:**

The Regional Office of Education separated obligated funds into separate bank accounts so that cash balances would not appear inflated. The ROE is working with support from the financial account system company and has moved all bank accounts and related activity into the general ledger.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-04 – Inadequate Controls Over Cash**

**Criteria/Specific Requirement:**

The Regional Office of Education #25 is responsible for the safeguarding of assets and maintaining an adequate system of internal controls over accounting transactions to prevent error or fraud. In addition, bank reconciliations should be performed on a regular basis and all differences between the bank balance and the general ledger balance should be investigated and resolved.

**Condition:**

During our audit of the Regional Office of Education #25, we noted the following deficiencies related to its internal control over cash:

- The Regional Office of Education did not have an accurate general ledger cash balance for their pooled cash account or an accurate bank reconciliation as of June 30, 2012. The Regional Superintendent does not review and approve bank reconciliations prepared by the bookkeeper.
- While it is the policy of the Regional Office that disbursement checks contain dual signatures, the following issues prevent this from being an adequate control:
  1. There are four authorized signatures on the bank account. One of the authorized signers maintains the books, prepares disbursements and reconciles the bank statements.
  2. The Regional Office maintains a stamp of the Regional Superintendent's signature. This stamp is in the custody of another authorized signer on the account and was not kept in a locked location.
- During our walkthrough of petty cash, we noted that after Regional Office employees left for the day, petty cash and undeposited funds were left in a file cabinet in the bookkeeper's office. While the drawer was locked, the key was kept next to the file cabinet and accessible by anyone with access to the Regional Office.
- The Regional Office of Education implemented the use of bank debit cards during the fiscal year. The holders of the debit cards are able to use the debit cards anywhere they are accepted. Because cash is immediately removed from the Regional Office bank account in debit purchases, these transactions are not subject to the Regional Office internal control procedures and unauthorized purchases could be made without recourse by the Regional Office.
- During our disbursement testing selection, we noted that checks numbered 52000 through 54000 were unaccounted for. Upon inquiry of the missing two thousand (2000) checks, auditors noted that no steps had been taken by the Regional Office to determine the reason for the unaccounted for checks. The bookkeeper believes they may have not been sent from the check printer.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-04 – Inadequate Controls Over Cash** (Continued)

**Effect:**

Without effective internal controls in place, assets can be misappropriated or otherwise used for unauthorized purposes. Disbursements made through the use of debit cards cannot be authorized prior to the cash being paid. The bank reconciliation ending cash balance was more than \$6,000 higher than the general ledger cash balance at June 30, 2012. Additionally, without adequate segregation of duties and lack of management oversight in the reconciliation process, instances of errors or fraud within the accounting system may not be detected and corrected in a timely manner.

**Cause:**

The Regional Office believed that by having dual signatures on their checks they were implementing a better internal control system than that which a single authorized check system provides. They did not consider the lack of segregation of duties or the signature stamp as weaknesses in the control.

The Regional Office indicated that the use of debit cards made purchasing items for the programs it administers easier and did not consider that the cards could be misused.

The bookkeeper indicated that she could not get cash to balance and could not figure out how to remove old voided checks from the accounting system.

**Auditors' Recommendation:**

The Regional Office of Education #25 should implement proper controls for the safeguarding of assets and maintain an adequate system of internal controls over accounting transactions to prevent error or fraud. All petty cash and undeposited funds should be locked and inaccessible to unauthorized individuals.

Bank reconciliations should be prepared monthly and all differences between the bank balance and the general ledger balance should be investigated and resolved. All bank reconciliations should be reviewed and approved by management.

The Regional Office should discontinue its use of bank debit cards. They should also ensure that the employee who maintains the books, prepares disbursements and reconciles the bank statements is not also an authorized check signer.

If a signature stamp is considered necessary, it should be secured and maintained by individuals who do not have check signing authority or maintain the books and records of the Regional Office.

When ordering and receiving new blank checks, the Regional Office should verify that all checks are accounted for and ensure they are kept in a secure location.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-04 – Inadequate Controls Over Cash** (Continued)

**Management's Response:**

The Regional Superintendent or Assistant Regional Superintendent now reviews and signs off on all monthly bank reconciliations. Bank reconciliations are prepared monthly using the STI module by the bookkeeper and signed off by the Regional Superintendent or Assistant Regional Superintendent. Tighter controls have also been implanted in the office to increase internal control over cash: all petty cash and undeposited funds are locked in the Bookkeepers office with the key located elsewhere in the building. The Bookkeeper has been removed as a signer on all bank accounts and the ROE has stopped using the debit cards and implemented the use of US Bank credit cards. The signature stamp is locked up in the Bookkeeper's office and she has been removed as a signer on all bank accounts. The signature stamp is not used for check signing purposes anyway. The Bookkeeper confirmed, with the company that printed the office checks, that a sequence of checks was inadvertently missed. The ROE will ensure that the next order is verified and all blank checks are locked up in a fireproof filing cabinet in the Bookkeeper's office.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-05 – Internal Controls Over Payroll (Partial Repeat of Finding 11-06)**

**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.

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 the course of the audit, we noted that certain employees' assigned functions included tasks for various funds, but their salaries and benefits were not allocated those funds.

During our review of payroll, we tested twenty-five (25) employees and forty (40) individual payroll transactions covering twenty-three (23) payroll periods, of which eighteen (18) periods contained direct deposit transactions, and the following exceptions were noted:

- In one (1) of the twenty-five (25) (4%) employees tested, two different employment contracts with the same date were signed by the Regional Superintendent and maintained in the employee's personnel file.
- In one (1) of the twenty-five (25) (4%) employees tested, the pay rate schedule maintained by the bookkeeper differed from the contract by \$1,148.
- For twenty-four (24) of the twenty-five (25) (96%) 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.
- In seventeen (17) of the forty (40) (43%) individual payroll transactions tested, required time and effort sheets were not maintained.
- In seven (7) of the twenty-five (25) (28%) employees tested, the employee paychecks did not agree with the pay schedule maintained by the bookkeeper.
- In eight (8) of the twenty-five (25) (32%) employees tested, the amount paid to the employee differed from the approved contract amount.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-05 – Internal Controls over Payroll (Partial Repeat of Finding 11-06)** (Continued)

**Condition** (Continued):

- In six (6) of the twenty-three (23) (26%) payroll periods tested, an approved payroll register was not maintained.
- In all eighteen (18) of the direct deposit payroll transactions tested, a preliminary direct deposit draft was not approved by either the Regional Superintendent or the Assistant Regional Superintendent.
- In all eighteen (18) of the direct deposit transactions tested, a final direct deposit transmittal was not approved by either the Regional Superintendent or Assistant Regional Superintendent.

**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. Without maintained time and effort sheets, the allocation of employees' time across funds cannot be accurately determined. Without adequate documentation supporting amounts paid outside of approved employment contracts, actual payroll expenditures cannot be compared to those that were approved by management.

**Cause:**

The Regional Office did not document when terms or pay amount changes were made to employee contracts or update the pay schedules to reflect those changes. The bookkeeper indicated that she sometimes forgot to print the payroll registers and/or the direct deposit drafts and transmittals. In addition, the Regional Office was not aware that time and effort sheets were required to support payroll costs across funds. The Regional Office did not maintain a listing with job titles or description of duties and responsibilities that would help ensure salaries are allocated accurately across funds.

**Auditors' Recommendation:**

The Regional Office of Education #25 should implement proper controls over payroll, including 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 and updated on the bookkeeper's pay schedule.

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.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-05 – Internal Controls over Payroll (Partial Repeat of Finding 11-06)** (Continued)

**Management's Response:**

During the transition year many adjustments were made throughout the year to match payroll to the actual funds available to the regional office. It was extremely difficult to determine how much salary could be assigned to different funds when income from different programs was not known. An office policy manual with job titles, duties and responsibilities is being developed.

The Regional Superintendent is in the process of implementing proper controls over payroll and any payroll changes that occur during the fiscal year. Time and effort sheets have been implemented with certain staff, along with yearly days worked calendars.

The Regional Superintendent or Assistant Regional Superintendent currently checks and signs off on the payroll register report, direct deposit report and the transmittal confirmation from the bank for the direct deposits.

Salaries have been adjusted during the FY 13 year to better match available funding. Job Titles, descriptions and responsibilities should all be completed by the end of the fiscal year.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-06 – Internal Control Over Grant Compliance**

**Criteria/Specific Requirement:**

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office must incorporate certain procedures into their operations in order to comply with the grant agreements with these entities.

The Regional Office is responsible for establishing and maintaining an internal control system over receipts and disbursements sufficient to complete accurate and timely quarterly expenditure reports required for grants administered by the Illinois State Board of Education.

In addition, grant agreements require the Regional Office to report actual expenditures incurred rather than reporting expenditures based on the amount budgeted in the grant agreement. The Regional Office is required to spend funding in accordance with budgets submitted to grantors.

**Condition:**

During the course of our audit, we noted the following related to the controls over grant compliance:

- The final expenditure report for the Regional Safe Schools grant was submitted to the Illinois State Board of Education 38 days late.
- Expenditure reports were not consistent with the Regional Office's general ledger for the Truants Alternative and Optional Education grant, the Regional Safe Schools grant, and the ROE/ISC Operations Grant. The expenditure documentation was inadequate to support the amounts reported to granting agencies.
- The Regional Office did not document the time and effort of employees that work for or are paid from multiple grants (Finding 12-05) so that salary can be allocated to the grants based on actual costs.
- Multiple journal entries were made to "match grant final expenditures," to "balance of grant," "to tie out to grant," and other similar descriptions. According to the bookkeeper, these reclassified expenditures could have been used by any program or grant and were not necessarily incurred by the fund being charged.

**Effect:**

Inaccurate expenditure reports may have been submitted, which could lead to granting agencies requesting reimbursements or adjusting future grant amounts.

Lack of appropriate documentation for reimbursements or timely reporting could result in potential noncompliance with grant requirements.

Without documented time and effort sheets for employees that work for or are paid from multiple grants, grant programs may have been over or under allocated for salary and benefits.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-06 – Internal Control over Grant Compliance** (Continued)

**Cause:**

The Regional Office did not have adequate internal control procedures in place to ensure that accurate expenditure reports were transmitted and that they were properly supported by actual general ledger activity.

Additionally, the Regional Superintendent stated that for the first two quarters, expenditure reports were submitted as an estimate based on grant budgets and expenditures were later reclassified through journal entries to match previously submitted expenditure reports and not necessarily to match actual expenditures incurred by those grants.

**Auditors' Recommendation:**

The Regional Office of Education #25 should implement adequate internal controls to ensure that timely expenditure reports are supported by appropriate documentation and expenditures are recorded within the applicable general ledger fund at the time of the expenditure. The employee responsible for submitting expenditure reports should use expenditures from the general ledger after all adjustments have been made when completing the expenditure report.

In addition, the Regional Office should formally document time and effort spent on each grant for employees paid from multiple grant sources and allocate actual costs to each grant accordingly.

**Management's Response:**

Time and effort sheets are now kept for employees in each grant. Again, determining the amount of salary to be allocated from each grant was very difficult to determine during the first year in office. The ROE is correcting the recording and processing of grant expenditures in a timely matter. The Regional Safe Schools expenditure reports have all been filed properly this year and time and effort sheets are now being used to document time spent working for different funding sources.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-07 – Internal Controls Over Revenues**

**Criteria/Specific Requirement:**

The Regional Office of Education #25 should have a system in place to account for all revenues, both collected and uncollected.

**Condition:**

During our review of revenue and receivables, we noted the following:

- The Regional Office was not aware of \$17,686 and \$5,338 due to them from local schools.
- The Regional Office was not aware that general state aid payments of \$25,035 and \$3,752 from August 2011 were not transferred into their operating account from the Illinois Fund account.
- The Regional Office received reimbursement of \$6,130 for Mt. Vernon Conference registration fees in the Statewide System of Support grant. When they received payment, however, they recorded it as revenue in the Mt. Vernon Conference fund, rather than revenue in the Statewide System of Support fund.

**Effect:**

Assets and revenues were understated by \$51,811.

In addition, governmental activity assets and revenues were understated by \$6,130 and business-type activity assets and revenues were overstated by \$6,130.

**Cause:**

The Regional Office did not have a system in place to account for all revenues that had not yet been collected.

**Auditors' Recommendation:**

The Regional Office should put an internal control system in place that allows them to monitor revenues that have not been collected and accurately record revenues in the general ledger.

**Management's Response:**

The ROE has implemented an accounts receivable book to document receivables and collection of the receivable. Illinois Funds are now going directly to the school districts.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-08 – Internal Controls over Cash Disbursements (Partial Repeat of Finding 11-09)**

**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.

Regional Office of Education #25 policies and procedures indicate that all cash disbursements, other than those for payment on regular monthly utilities, would be initiated through the preparation of a purchase order. The purchase order would be later matched to the invoice and then subsequently entered into the general ledger for payment.

**Condition:**

Regional Office policies and procedures indicate that the bookkeeper receives all invoices for coding to the appropriate general ledger account. The bookkeeper lacked personal knowledge of where the items were being used and coded the invoices using one of two methods. One, she coded it as it had been coded in prior years, or two, if it was an expenditure allowable by a grant, she would charge a grant that had money left in its budget, regardless of where the expenditure was actually incurred.

In addition, during our detail testing of cash disbursements we selected sixty (60) individual cash disbursements, twenty (20) debit card, and nine (9) credit card transactions and noted the following exceptions:

- In one (1) of the sixty (60) (2%) cash disbursements tested the check amount was greater than the invoice amount and there was no documentation to support the difference.
- In one (1) of the sixty (60) (2%) cash disbursements tested, there was no supporting documentation for the payment.
- In ten (10) of the sixty (60) (17%) disbursements tested, no purchase order was prepared.
- In one (1) of the twenty (20) (5%) debit card disbursements tested, supporting documentation could not be located.

Further, during our review of capital assets, we discovered that the Regional Office inadvertently paid two invoices totaling approximately \$16,000 that should have been paid by Rend Lake Regional Delivery System.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-08 – Internal Controls over Cash Disbursements (Partial Repeat of Finding 11-09)** (Continued)

**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.

If expenditures are not recorded based on actual costs incurred by various programs, it cannot be determined if the fund or government-wide financial statements are fairly stated.

**Cause:**

The Regional Office of Education #25 did not have adequate procedures for internal control over cash disbursements.

**Auditors' Recommendation:**

The Regional Office of Education #25's management should ensure the Regional Office designs and implements an adequate system of internal controls over cash disbursements to prevent errors and fraud. All disbursements made by the Regional Office should be supported by sufficient documentation and should be recorded in the correct fund.

**Management's Response:**

The Regional Superintendent will implement closer control over the cash disbursements made and documentation provided by the bookkeeper to ensure adequate procedures are followed and that expenses are recorded in the correct fund.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-09 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 11-13, 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 \$45,233 and \$7,716, respectively. Workers' Compensation Fund cash at June 30, 2012 totaled \$70,106, representing approximately 566 days of average expenses. Unemployment Fund cash at June 30, 2012 totaled \$6,702, representing approximately 317 days of average expenses.

**Effect:**

During the year ended June 30, 2012, 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.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-09 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 11-13, 10-03, 09-03)** (Continued)

**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.

**Management's Response:**

The Regional Superintendent agrees with this finding that indirect costs are too high and is working to make adjustments accordingly. The ROE will credit individual accounts and transfer some of the excess for other liabilities. Since the fund balance is extremely large and with a reduced number of employees, during the next fiscal year, the ROE will allocate zero indirect costs to individual accounts.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-10 – Internal Control Over Distributive Funds**

**Criteria/Specific Requirement:**

Requirements set forth by 105 ILCS 5/3-9 state that whenever the Regional Superintendent receives amounts due to local school districts, the Regional Superintendent shall apportion and distribute the monies to the appropriate school districts as directed.

In addition, the Regional Office should have a system of internal controls over distributive funds in place and should reconcile flow-through payments to each flow-through entity on a regular basis to ensure accuracy of distributions and financial reporting.

**Condition:**

During fiscal year ended June 30, 2012, the Regional Office believed that all distributive fund obligations were fulfilled and the Illinois Funds Distributive Fund bank account was no longer needed. The Regional Office closed the Illinois Funds Distributive Fund bank account and deposited the remaining balance into a special projects revenue account. The closing balance was \$21,891.

Upon an unrelated audit of a local school district, it was discovered that the Regional Office of Education #25 underpaid the school district by \$15,872. The Regional Office paid the amount due to the school district with part of the Illinois Funds Distributive Fund account closing balance.

When auditors inquired about the general state aid payments missing from the Regional Office's general ledger (See Finding 12-07), it was determined that this amount had never been transferred from the Illinois Funds Distributive Fund account to the Regional Office's operating account. Since there were no longer sufficient funds remaining from the closing balance to cover the transfer of the general state aid payments, auditors asked the Regional Office to review its distributions and determine where the funds were spent.

Upon the Regional Office's review, it was determined by the Regional Office that they had inadvertently overpaid a local school district by one payment of \$23,589.

In addition, the Distributive Fund By School worksheet provided by the Regional Office for the audit did not reflect the actual activity in the distributive fund during the year-ended June 30, 2012. The Distributive Fund By School worksheet reported that the Regional Office paid out \$2,938,860 during the fiscal year-ended June 30, 2012; however, the amount showing paid by the Illinois State Board of Education payee reports was \$1,804,278. This variance of \$1,134,582 could not be reconciled by the Regional Office.

**Effect:**

Until the discovery of errors during the course of the audit, the Distributive Fund By School worksheet provided by the Regional Office of Education #25 was off by more than \$1,000,000.

In addition, one school district was paid \$23,589 in error and another was underpaid by \$15,872.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2012**

**FINDING NO. 12-10 – Internal Control Over Distributive Funds** (Continued)

**Cause:**

The Regional Office of Education #25 did not maintain a record of receipts from ISBE and disbursements made to flow-through entities during the year-ended June 30, 2012. The Distributive Fund By School worksheet was not prepared until auditors requested it during fieldwork.

**Auditors' Recommendation:**

The Regional Office of Education #25 should maintain a record of all receipts from the Illinois State Board of Education and disbursements made to flow-through entities in the Distributive Fund.

**Management's Response:**

The Regional Superintendent understands the errors made in the distribution of funds in the Distributive Fund. Since monies now flow directly to the school districts in ROE 25, the task to monitor allocations to the Regional Office and the Rend Lake Regional Delivery System will be closely monitored.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2012**

**Corrective Action Plan**

**FINDING NO. 12-01 – Controls Over Financial Statement Preparation (Repeat of Finding 11-01, 10-01, 09-01, 08-01, and 07-05)**

**Condition:**

For the fiscal year ended June 30, 2012, auditors disclaimed an opinion of the financial statements of the Regional Office of Education #25. The Regional Office does not have sufficient internal controls over the processing of most accounting transactions. There are inadequate controls over the preparation/review of GAAP based financial statements. During the normal course of performing their assigned functions or duties, management may fail to prevent or detect financial statement and disclosure errors and omissions. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of cash by fund, accounts receivable, capital assets, accounts payable, or deferred revenue.
- The Regional Office did not have adequate controls in place to ensure that all assets and revenues were properly recorded in the general ledger. (See Findings 12-03, 12-04, and 12-07)
- The Regional Office did not have adequate controls in place to ensure that all transactions were properly authorized, recorded in the proper period, and correctly allocated between funds. (See Findings 12-02, 12-05, 12-06, 12-07, and 12-08)

**Plan:**

The Regional Office of Education #25 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The transition to the office without any prior knowledge of the office practices and a part-time bookkeeper for half of the year led to several mistakes. Now that a full time trained bookkeeper has been hired, the ROE is implementing procedures and controls that ensure all records are maintained and all assets and revenues are recorded in the general ledger, which includes all transactions, deposits, expenses, assets and liabilities.

**Anticipated Date of Completion:**

With further training and close supervision it is anticipated that corrections will be made by June 30, 2013.

**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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-02 – Inadequate Review of Journal Entries**

**Condition:**

During our review of journal entries, we noted it was the Regional Office’s policy to document journal entries with support from the general ledger, a “snapshot” of the journal entry printed from the accounting system and a journal entry report listing all journal entries made during the fiscal year, all or part of which would contain approval by the Regional Superintendent. We noted that the Regional Office of Education #25 made two hundred and forty-two (242) journal entries during the fiscal year ended June 30, 2012. In eighteen (18) of the two hundred and forty-two (7%) journal entries made, there was no supporting documentation other than the journal entry listing and approval by the Regional Superintendent was not documented.

We also noted that two journal entry numbers within the sequence of journal entries posted through the year ended June 30, 2012 were not included on the journal entry report listing. The bookkeeper indicated that she probably entered the journal entry incorrectly and subsequently deleted them.

In addition, during our detailed test of thirty-two (32) individual journal entries, we noted the following exceptions:

- In twelve (12) of the thirty-two (32) (38%) journal entries tested, while the Regional Superintendent signed off on the journal entry “snapshot,” there was no documentation to support the purpose of the journal entry.
- In thirteen (13) of the thirty-two (32) (41%) journal entries tested, the purpose of the journal entry appeared to be to shift expenditures to match grants. (See Finding 12-06)

**Plan:**

The Regional Superintendent or Assistant Regional Superintendent now reviews and approves all journal entries along with the supporting documentation. After the initial transition year, journal entries are minimal. The bookkeeper will also continue to attend needed training opportunities to follow proper accounting procedures.

**Anticipated Date of Completion:**

These procedures are currently being followed.

**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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-03 – Cash Account Not Recorded on the Books**

**Condition:**

The Regional Office of Education #25 opened a new bank account on February 15, 2012 to segregate the funds received and paid for its University Classes fund. The bookkeeper did not enter the new bank account into the accounting system. In order to transfer the amounts received from July 1, 2011 to February 15, 2012, the Regional Office prepared checks made out to the new bank account totaling \$57,130. Instead of recording these checks as a transfer to another bank account within the general ledger, the Regional Office recorded the checks as a reduction of revenue.

In addition, from February 15, 2012 through June 30, 2012, all receipts and disbursements related to the University Classes fund were deposited and paid from the new bank account and were not entered into the general ledger.

**Plan:**

The Regional Office of Education separated obligated funds into separate bank accounts so that cash balances would not appear inflated. The ROE is working with support from the financial account system company and has moved all bank accounts and related activity into the general ledger.

**Anticipated Date of Completion:**

This process should be completed by June 30, 2013.

**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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-04 – Inadequate Controls Over Cash**

**Condition:**

During our audit of the Regional Office of Education #25, we noted the following deficiencies related to its internal control over cash:

- The Regional Office of Education did not have an accurate general ledger cash balance for their pooled cash account or an accurate bank reconciliation as of June 30, 2012. The Regional Superintendent does not review and approve bank reconciliations prepared by the bookkeeper.
- While it is the policy of the Regional Office that disbursement checks contain dual signatures, the following issues prevent this from being an adequate control:
  1. There are four authorized signatures on the bank account. One of the authorized signers maintains the books, prepares disbursements and reconciles the bank statements.
  2. The Regional Office maintains a stamp of the Regional Superintendent's signature. This stamp is in the custody of another authorized signer on the account and was not kept in a locked location.
- During our walkthrough of petty cash, we noted that after Regional Office employees left for the day, petty cash and undeposited funds were left in a file cabinet in the bookkeeper's office. While the drawer was locked, the key was kept next to the file cabinet and accessible by anyone with access to the Regional Office.
- The Regional Office of Education implemented the use of bank debit cards during the fiscal year. The holders of the debit cards are able to use the debit cards anywhere they are accepted. Because cash is immediately removed from the Regional Office bank account in debit purchases, these transactions are not subject to the Regional Office internal control procedures and unauthorized purchases could be made without recourse by the Regional Office.
- During our disbursement testing selection, we noted that checks numbered 52000 through 54000 were unaccounted for. Upon inquiry of the missing two thousand (2000) checks, auditors noted that no steps had been taken by the Regional Office to determine the reason for the unaccounted for checks. The bookkeeper believes they may have not been sent from the check printer.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-04 – Inadequate Controls Over Cash** (Continued)

**Plan:**

The Regional Superintendent or Assistant Regional Superintendent now reviews and signs off on all monthly bank reconciliations. Bank reconciliations are prepared monthly using the STI module by the bookkeeper and signed off by the Regional Superintendent or Assistant Regional Superintendent. Tighter controls have also been implanted in the office to increase internal control over cash: all petty cash and undeposited funds are locked in the Bookkeeper's office with the key located elsewhere in the building. The Bookkeeper has been removed as a signer on all bank accounts and the ROE has stopped using the debit cards and implemented the use of US Bank credit cards. The signature stamp is locked up in the Bookkeeper's office and she has been removed as a signer on all bank accounts. The signature stamp is not used for check signing purposes anyway. The Bookkeeper confirmed, with the company that printed the office checks, that a sequence of checks was inadvertently missed. The ROE will ensure that the next order is verified and all blank checks are locked up in a fireproof filing cabinet in the Bookkeeper's office.

**Anticipated Date of Completion:**

All of these actions have been completed during the FY 13 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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-05 – Internal Controls over Payroll (Partial Repeat of Finding 11-06)**

**Condition:**

During the course of the audit, we noted that certain employees' assigned functions included tasks for various funds, but their salaries and benefits were not allocated those funds.

During our review of payroll, we tested twenty-five (25) employees and forty (40) individual payroll transactions covering twenty-three (23) payroll periods, of which eighteen (18) periods contained direct deposit transactions, and the following exceptions were noted:

- In one (1) of the twenty-five (25) (4%) employees tested, two different employment contracts with the same date were signed by the Regional Superintendent and maintained in the employee's personnel file.
- In one (1) of the twenty-five (25) (4%) employees tested, the pay rate schedule maintained by the bookkeeper differed from the contract amount by \$1,148.
- For twenty-four (24) of the twenty-five (25) (96%) 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.
- In seventeen (17) of the forty (40) (43%) individual payroll transactions tested, required time and effort sheets were not maintained.
- In seven (7) of the twenty-five (25) (28%) employees tested, the employee paychecks did not agree with the pay schedule maintained by the bookkeeper.
- In eight (8) of the twenty-five (25) (32%) employees tested, the amount paid to the employee differed from the approved contract amount.
- In six (6) of the twenty-three (23) (26%) payroll periods tested, an approved payroll register was not maintained.
- In all eighteen (18) of the direct deposit payroll transactions tested, a preliminary direct deposit draft was not approved by either the Regional Superintendent or the Assistant Regional Superintendent.
- In all eighteen (18) of the direct deposit transactions tested, a final direct deposit transmittal was not approved by either the Regional Superintendent or Assistant 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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-05 – Internal Controls over Payroll (Partial Repeat of Finding 11-06)** (Continued)

**Plan:**

During the transition year many adjustments were made throughout the year to match payroll to the actual funds available to the regional office. It was extremely difficult to determine how much salary could be assigned to different funds when income from different programs was not known. An office policy manual with job titles, duties and responsibilities is being developed.

The Regional Superintendent is in the process of implementing proper controls over payroll and any payroll changes that occur during the fiscal year. Time and effort sheets have been implemented with certain staff, along with yearly days worked calendars.

The Regional Superintendent or Assistant Regional Superintendent currently checks and signs off on the payroll register report, direct deposit report and the transmittal confirmation from the bank for the direct deposits.

Salaries have been adjusted during the FY 13 year to better match available funding. Job Titles, descriptions and responsibilities should all be completed by the end of the fiscal year.

**Anticipated Date of Completion:**

July 1, 2013

**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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-06 – Internal Control Over Grant Compliance**

**Condition:**

During the course of our audit, we noted the following related to the controls over grant compliance:

- The final expenditure report for the Regional Safe Schools grant was submitted to the Illinois State Board of Education 38 days late.
- Expenditure reports were not consistent with the Regional Office’s general ledger for the Truants Alternative and Optional Education grant, the Regional Safe Schools grant, and the ROE/ISC Operations Grant. The expenditure documentation was inadequate to support the amounts reported to granting agencies.
- The Regional Office did not document the time and effort of employees that work for or are paid from multiple grants (Finding 12-05) so that salary can be allocated to the grants based on actual costs.
- Multiple journal entries were made to “match grant final expenditures,” to “balance of grant,” “to tie out to grant,” and other similar descriptions. According to the bookkeeper, these reclassified expenditures could have been used by any program or grant and were not necessarily incurred by the fund being charged.

**Plan:**

Time and effort sheets are now kept for employees in each grant. Again, determining the amount of salary to be allocated from each grant was very difficult to determine during the first year in office. The ROE is correcting the recording and processing of grant expenditures in a timely matter. The Regional Safe Schools expenditure reports have all been filed properly this year and time and effort sheets are now being used to document time spent working for different funding sources.

**Anticipated Date of Completion:**

These procedures are currently being followed.

**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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-07 – Internal Control Over Revenues**

**Condition:**

During our review of revenue and receivables, we noted the following:

- The Regional Office was not aware of \$17,686 and \$5,338 due to them from local schools.
- The Regional Office was not aware that general state aid payments of \$25,035 and \$3,752 from August 2011 were not transferred into their operating account from the Illinois Fund account.
- The Regional Office received reimbursement of \$6,130 for Mt. Vernon Conference registration fees in the Statewide System of Support grant. When they received payment, however, they recorded it as revenue in the Mt. Vernon Conference fund, rather than revenue in the Statewide System of Support fund.

**Plan:**

The ROE has implemented an accounts receivable book to document receivables and collection of the receivable. Illinois Funds are going directly to the school districts.

**Anticipated Date of Completion:**

These recommendations are currently being followed during the FY 13.

**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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-08 – Internal Controls over Cash Disbursements (Partial Repeat of Finding 11-09)**

**Condition:**

Regional Office policies and procedures indicate that the bookkeeper receives all invoices for coding to the appropriate general ledger account. The bookkeeper lacked personal knowledge of where the items were being used and coded the invoices using one of two methods. One, she coded it as it had been coded in prior years, or two, if it was an expenditure allowable by a grant, she would charge a grant that had money left in its budget, regardless of where the expenditure was actually incurred.

In addition, during our detail testing of cash disbursements we selected sixty (60) individual cash disbursements, twenty (20) debit card, and nine (9) credit card transactions and noted the following exceptions:

- In one (1) of the sixty (60) (2%) cash disbursements tested the check amount was greater than the invoice amount and there was no documentation to support the difference.
- In one (1) of the sixty (60) (2%) cash disbursements tested, there was no supporting documentation for the payment.
- In ten (10) of the sixty (60) (17%) disbursements tested, no purchase order was prepared.
- In one (1) of the twenty (20) (5%) debit card disbursements tested, supporting documentation could not be located.

Further, during our review of capital assets, we discovered that the Regional Office inadvertently paid two invoices totaling approximately \$16,000 that should have been paid by Rend Lake Regional Delivery System.

**Plan:**

The Regional Superintendent will implement closer control over the cash disbursements made and documentation provided by the bookkeeper to ensure adequate procedures are followed and that expenses are recorded in the correct fund.

**Anticipated Date of Completion:**

Recommendations have been followed this 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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-09 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 11-13, 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 \$45,233 and \$7,716, respectively. Workers' Compensation Fund cash at June 30, 2012 totaled \$70,106, representing approximately 566 days of average expenses. Unemployment Fund cash at June 30, 2012 totaled \$6,702, representing approximately 317 days of average expenses.

**Plan:**

The Regional Superintendent agrees with this finding that indirect costs are too high and is working to make adjustments accordingly. The ROE will credit individual accounts and transfer some of the excess for other liabilities. Since the fund balance is extremely large and with a reduced number of employees, during the next fiscal year, the ROE will allocate zero indirect costs to individual accounts.

**Anticipated Date of Completion:**

July 1, 2013

**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, 2012**

**Corrective Action Plan** (Continued)

**FINDING NO. 12-10 – Internal Control Over Distributive Funds**

**Condition:**

During fiscal year ended June 30, 2012, the Regional Office believed that all distributive fund obligations were fulfilled and the Illinois Funds Distributive Fund bank account was no longer needed. The Regional Office closed the Illinois Funds Distributive Fund bank account and deposited the remaining balance into a special projects revenue account. The closing balance was \$21,891.

Upon an unrelated audit of a local school district, it was discovered that the Regional Office of Education #25 underpaid the school district by \$15,872. The Regional Office paid the amount due to the school district with part of the Illinois Funds Distributive Fund account closing balance.

When auditors inquired about the general state aid payments missing from the Regional Office's general ledger (See Finding 12-07), it was determined that this amount had never been transferred from the Illinois Funds Distributive Fund account to the Regional Office's operating account. Since there were no longer sufficient funds remaining from the closing balance to cover the transfer of the general state aid payments, auditors asked the Regional Office to review its distributions and determine where the funds were spent.

Upon the Regional Office's review, it was determined by the Regional Office that they had inadvertently overpaid a local school district by one payment of \$23,589.

In addition, the Distributive Fund By School worksheet provided by the Regional Office for the audit did not reflect the actual activity in the distributive fund during the year-ended June 30, 2012. The Distributive Fund By School worksheet reported that the Regional Office paid out \$2,938,860 during the fiscal year-ended June 30, 2012; however, the amount showing paid by the Illinois State Board of Education payee reports was \$1,804,278. This variance of \$1,134,582 could not be reconciled by the Regional Office.

**Plan:**

The Regional Superintendent understands the errors made in the distribution of funds in the Distributive Fund. Since monies now flow directly to the school districts in ROE 25, the task to monitor allocations to the Regional Office and the Rend Lake Regional Delivery System will be closely monitored.

**Anticipated Date of Completion:**

July 1, 2013

**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, 2012**

<b>Finding Number</b>	<b>Condition</b>	<b>Current Status</b>
11-01	Controls Over Financial Statement Preparation	Repeated as finding 12-01
11-02	Prepayment of Salaries and Contracts	Resolved
11-03	Related Party Transactions	Resolved
11-04	Additional Payments to Employees	Resolved
11-05	Internal Controls over Employee Benefits	Resolved
11-06	Internal Controls over Payroll	Repeated as finding 12-06
11-07	Questionable Expenditures	Resolved
11-08	Lack of Documentation	Resolved
11-09	Internal Controls over Cash Disbursements	Repeated as finding 12-09
11-10	Internal Controls over Capital Assets	See note below <sup>1</sup>
11-11	Controls Over Federal Awards	Resolved
11-12	Controls Over Compliance with Laws and Regulations	See note below <sup>2</sup>
11-13	Excess Working Cash in Internal Service Fund	Repeated as finding 12-10
11-14	Recording of Transactions in the Regional Cooperative Fund	Resolved

Note<sup>1</sup>: Although the Regional Office of Education #25 has not fully implemented the corrective action plan associated with this finding during the fiscal year 2012, they have made significant progress in addressing the condition. The remaining effects of the condition are reported in Finding 12-01.

Note<sup>2</sup>: There were no new lines of credit established during the fiscal year. The previous year's line of credit was repaid in October 2011; however the payments did not meet the repayment requirements as prescribed by section 5/17-19 of the School Code due to cash constraints remaining from the previous administration. This has been moved to Management Letter Comment 12-02.

## **BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET ASSETS  
June 30, 2012**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 348,185	\$ 9,190	\$ 357,375
Accounts receivable	14,682	-	14,682
Prepaid items	2,411	-	2,411
Due from other governments	316,573	4,452	321,025
Internal balances	27,514	(27,514)	-
Total current assets	709,365	(13,872)	695,493
Noncurrent assets:			
Capital assets, net	734,439	-	734,439
Total assets	1,443,804	(13,872)	1,429,932
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	19,291	839	20,130
Accrued salaries and benefits	162,372	-	162,372
Due to other governments	78,886	-	78,886
Deferred revenue	7,977	-	7,977
Current portion of long-term debt	13,429	-	13,429
Total current liabilities	281,955	839	282,794
Noncurrent liabilities			
Long-term debt, net of current portion	428,171	-	428,171
Net pension obligation payable	25,700	-	25,700
Total noncurrent liabilities	453,871	-	453,871
Total liabilities	735,826	839	736,665
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	292,839	-	292,839
Unrestricted	415,139	(14,711)	400,428
Total net assets	\$ 707,978	\$ (14,711)	\$ 693,267

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, 2012**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 1,155,828	\$ -	\$ 995,050	\$ (160,778)	\$ -	\$ (160,778)
Purchased services	451,390	-	159,038	(292,352)	-	(292,352)
Supplies and materials	74,076	-	24,773	(49,303)	-	(49,303)
Capital outlay	-	-	5,599	5,599	-	5,599
Payments to other governments	72	-	70	(2)	-	(2)
Depreciation	35,747	-	-	(35,747)	-	(35,747)
Debt service:						
Interest on long-term debt	26,242	-	-	(26,242)	-	(26,242)
Administrative:						
On-behalf payments - State	396,146	-	-	(396,146)	-	(396,146)
Total governmental activities	<u>2,139,501</u>	<u>-</u>	<u>1,184,530</u>	<u>(954,971)</u>	<u>-</u>	<u>(954,971)</u>
Business-type activities:						
Other	106,605	108,347	-	-	1,742	1,742
Total business-type activities	<u>106,605</u>	<u>108,347</u>	<u>-</u>	<u>-</u>	<u>1,742</u>	<u>1,742</u>
Total primary government	<u>\$ 2,246,106</u>	<u>\$ 108,347</u>	<u>\$ 1,184,530</u>	<u>(954,971)</u>	<u>1,742</u>	<u>(953,229)</u>
General revenues:						
Local sources				555,791	-	555,791
On-behalf payments - State				396,146	-	396,146
Investment earnings				783	-	783
Loss on sale of capital assets				(828)	-	(828)
Total general revenues				<u>951,892</u>	<u>-</u>	<u>951,892</u>
Change in net assets				(3,079)	1,742	(1,337)
Net assets - beginning				<u>711,057</u>	<u>(16,453)</u>	<u>694,604</u>
Net assets - ending				<u>\$ 707,978</u>	<u>\$ (14,711)</u>	<u>\$ 693,267</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, 2012**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 187,100	\$ 46,703	\$ 24,662	\$ 258,465
Accounts receivable	14,682	-	-	14,682
Prepaid items	2,411	-	-	2,411
Due from other funds	201,091	-	-	201,091
Due from other governments	220,927	93,546	-	314,473
	<u>220,927</u>	<u>93,546</u>	<u>-</u>	<u>314,473</u>
Total assets	<u>\$ 626,211</u>	<u>\$ 140,249</u>	<u>\$ 24,662</u>	<u>\$ 791,122</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 6,364	\$ 11,118	\$ 150	\$ 17,632
Accrued salaries and benefits	117,519	44,853	-	162,372
Due to other funds	-	107,707	-	107,707
Due to other governments	78,886	-	-	78,886
Deferred revenue	76,971	22,001	-	98,972
	<u>76,971</u>	<u>22,001</u>	<u>-</u>	<u>98,972</u>
Total liabilities	<u>279,740</u>	<u>185,679</u>	<u>150</u>	<u>465,569</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	2,411	-	-	2,411
Restricted	-	2,124	24,512	26,636
Assigned	8,646	-	-	8,646
Unassigned	335,414	(47,554)	-	287,860
	<u>335,414</u>	<u>(47,554)</u>	<u>-</u>	<u>287,860</u>
Total fund balances	<u>346,471</u>	<u>(45,430)</u>	<u>24,512</u>	<u>325,553</u>
Total liabilities and fund balances	<u>\$ 626,211</u>	<u>\$ 140,249</u>	<u>\$ 24,662</u>	<u>\$ 791,122</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 FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
June 30, 2012**

Total fund balances - governmental funds	\$	325,553
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<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.</p>		90,995
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		734,439
<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	\$	259,884
Less capital assets included in the total above		(702,893)
		(443,009)
Net assets of governmental activities	\$	707,978

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, 2012**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 534,940	\$ 58,180	\$ 33,191	\$ 626,311
State sources	601,308	465,747	4,772	1,071,827
Federal sources	-	148,509	-	148,509
On-behalf payments	396,146	-	-	396,146
Interest	783	-	-	783
<b>Total revenues</b>	<b>1,533,177</b>	<b>672,436</b>	<b>37,963</b>	<b>2,243,576</b>
<b>Expenditures:</b>				
<b>Instructional services:</b>				
Salaries and benefits	617,171	539,785	610	1,157,566
Purchased services	331,265	127,670	18,761	477,696
Supplies and materials	63,006	7,035	4,091	74,132
Payments to other governments	-	72	-	72
On-behalf payments	396,146	-	-	396,146
Capital outlay	5,599	-	-	5,599
<b>Debt service:</b>				
Interest	5,501	-	-	5,501
<b>Total expenditures</b>	<b>1,418,688</b>	<b>674,562</b>	<b>23,462</b>	<b>2,116,712</b>
Excess (deficiency) of revenues over (under) expenditures	114,489	(2,126)	14,501	126,864
<b>Other financing sources:</b>				
Transfers in	295,939	-	-	295,939
Proceeds from sale of capital assets	12,089	-	-	12,089
<b>Total other financing sources</b>	<b>308,028</b>	<b>-</b>	<b>-</b>	<b>308,028</b>
Net change in fund balances	422,517	(2,126)	14,501	434,892
Fund balances (deficits), beginning of year	(76,046)	(43,304)	10,011	(109,339)
Fund balances (deficits), end of year	<u>\$ 346,471</u>	<u>\$ (45,430)</u>	<u>\$ 24,512</u>	<u>\$ 325,553</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 STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES -  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2012**

Net change in fund balances - governmental funds \$ 434,892

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.	\$ 90,995	
Prior year "deferred" revenue that is recorded as revenue in the fund statements in the current fiscal year.	<u>(197,321)</u>	(106,326)

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	\$ 5,599	
Depreciation expense	<u>(6,502)</u>	(903)

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	\$ (2,252)	
Proceeds from sale of capital assets	<u>(12,089)</u>	(14,341)

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.		<u>(316,401)</u>
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Change in net assets - governmental activities		<u><u>\$ (3,079)</u></u>
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The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2012**

	Business-Type Activities Enterprise Funds	Governmental Activities
	Other Enterprise Funds	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,190	\$ 89,720
Due from other governments	4,452	2,100
Total current assets	13,642	91,820
Noncurrent assets:		
Capital assets, net	-	702,893
Total assets	13,642	794,713
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	839	1,659
Due to other funds	27,514	65,870
Current portion of long-term debt	-	13,429
Total current liabilities	28,353	80,958
Noncurrent liabilities:		
Net pension obligation payable	-	25,700
Long-term debt, net of current portion	-	428,171
Total noncurrent liabilities	-	453,871
Total liabilities	28,353	534,829
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	-	261,293
Unrestricted	(14,711)	(1,409)
Total net assets	\$ (14,711)	\$ 259,884

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, 2012**

	Business-Type Activities Enterprise Funds	Governmental Activities
	Other Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for services	\$ 108,347	\$ 206,925
Operating expenses:		
Salaries and benefits	2,019	11,062
Purchased services	102,788	167,408
Supplies and materials	1,798	354
Depreciation	-	29,246
Total operating expenses	106,605	208,070
Operating income	1,742	(1,145)
Nonoperating revenues (expenses):		
Interest expense	-	(20,741)
Gain on sale of capital assets	-	1,424
Total nonoperating expenses	-	(19,317)
Income (loss) before transfers	1,742	(20,462)
Transfers out	-	(295,939)
Change in net assets	1,742	(316,401)
Total net assets - beginning	(16,453)	576,285
Total net assets - ending	\$ (14,711)	\$ 259,884

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, 2012**

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
	Other Enterprise Funds	
Cash flows from operating activities:		
Collection of fees	\$ 105,959	\$ 211,075
Payments to suppliers and providers of goods and services	(104,561)	(155,977)
Payments to employees	(2,019)	(12,266)
	(621)	42,832
Net cash provided by (used for) operating activities		
Cash flows from noncapital financing activities:		
Receipts (payments) from (for) interfund borrowings, net	9,811	111,539
Transfers out	-	(295,939)
	9,811	(184,400)
Net cash provided by (used for) noncapital financing activities		
Cash flows from capital and related financing activities:		
Proceeds from loan	-	467,852
Proceeds from sale of capital assets	-	1,424
Principal paid on capital debt	-	(217,247)
Interest paid on capital debt	-	(20,741)
	-	231,288
Net cash provided by capital and related financing activities		
Net increase in cash and cash equivalents	9,190	89,720
Cash and cash equivalents - beginning	-	-
Cash and cash equivalents - ending	\$ 9,190	\$ 89,720

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, 2012**

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Other Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 1,742	\$ (1,145)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	-	29,246
(Increase) decrease in assets:		
Accounts receivable	990	-
Prepaid items	-	13,271
Due from other governments	(3,378)	4,150
Increase (decrease) in liabilities:		
Accounts payable	134	(1,486)
Due to other governments	(109)	-
Net pension obligation payable	-	(1,204)
	-	(1,204)
Net cash provided by (used for) operating activities	\$ (621)	\$ 42,832

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, 2012**

	<u>Agency Funds</u>
ASSETS	
Due from other governments	<u>\$ 10,026</u>
LIABILITIES	
Due to other governments	<u>\$ 10,026</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)

**B. Government-wide and Fund Financial Statements (Continued)**

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activity, such as, payables, receivables and transfers. Interfund activity between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Assets, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated.

**C. Governmental Fund Financial Statements**

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., when both measurable and available. Available means collectible within the current period, typically 60 days, or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid. Revenue received after the Regional Office's availability period is reported as deferred revenue in the fund statements and is reported as current revenue in the Statement of Activities.

**D. Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

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)

**E. 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.

**1. Governmental Funds**

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)

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

**1. Governmental Funds** (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 as well as the revenues and expenses related to the State Reorganization & Feasibility Study.

**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.

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

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

**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 states of Choice-SES and beyond.

**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.

HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

NOTES TO FINANCIAL STATEMENTS

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

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

1. **Governmental Funds** (Continued)

**Education Fund** (Continued)

**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.

**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.

**American Recovery and Reinvestment Act - Education Jobs Fund Program** - This program provides assistance to save or create education jobs for the 2010-2011 school year.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**1. Governmental Funds** (Continued)

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 legally restricted to expenditures. Included among these funds are:

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

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

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

**2. 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:

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**2. Proprietary Funds** (Continued)

**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.

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

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

**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.

**3. 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.

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

**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)

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

**3. 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.

**F. 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."

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**5. Equity Classifications** (Continued)

**Government-wide Statements** (Continued)

**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. The entire nonspendable fund balance of \$2,411 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: Illinois Violence Prevention Authority, ROE/ISC Operations, and Truants Alternative and Optional Education Program. The following funds are restricted by Illinois Statute: Institute, General Education Development, and Bus Driver Training.

**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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**5. Equity Classifications** (Continued)

**Unassigned Fund Balance** – the portion of a Governmental Fund’s net assets that are not designated of 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, ROE/ISC Technology, Early Childhood Block Grant (3705-70), Regional Safe Schools, Early Childhood Block Grant (3705-00), McKinney Education for Homeless Children, and System of Support.

**G. New Accounting Pronouncements**

In 2012, the Regional Office of Education #25 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment to GASB Statement No. 53*. The Regional Office of Education #25 implemented these standards during the current year; however they had no impact on the financial statements.

**2. BUDGETS AND BUDGETARY ACCOUNTING**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**4. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2012, the carrying amount of the Regional Office of Education #25's governmental activities, business-type activities, and agency fund deposits were \$341,367, \$9,190, and \$0, respectively. The combined bank balances totaled \$370,680. The bank balance was partially secured by federal depository insurance, and was exposed to uncollateralized custodial credit risk of \$60,603.

**B. Investments**

At June 30, 2012, the carrying amount of the Regional Office of Education #25's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$6,818. The combined bank balance invested in the Illinois Funds Money Market Fund was \$6,822. These deposits are included in cash and cash equivalents in the Regional Office of Education #25's governmental activities.

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, 2012, 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	102,053	-	(54,307)	47,746
Office equipment and furniture	7,800	-	(7,365)	435
Computer equipment	85,774	-	(33,856)	51,918
Other equipment	137,491	5,599	-	143,090
Total capital assets being depreciated	<u>1,278,597</u>	<u>5,599</u>	<u>(95,528)</u>	<u>1,188,668</u>
Less accumulated depreciation for:				
Buildings and building improvements	(316,218)	(23,872)	-	(340,090)
Vehicles	(98,216)	(2,390)	54,307	(46,299)
Office equipment and furniture	(7,800)	-	7,365	(435)
Computer equipment	(65,028)	(3,111)	19,514	(48,625)
Other equipment	(103,906)	(6,374)	-	(110,280)
Total accumulated depreciation	<u>(591,168)</u>	<u>(35,747)</u>	<u>81,186</u>	<u>(545,729)</u>
Total capital assets being depreciated, net	<u>687,429</u>	<u>(30,148)</u>	<u>(14,342)</u>	<u>642,939</u>
Governmental activities capital assets, net	<u>\$ 778,929</u>	<u>\$ (30,148)</u>	<u>\$ (14,342)</u>	<u>\$ 734,439</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	\$ 12,785	\$ -	\$ -	\$ 12,785
Less accumulated depreciation for:				
Computer equipment	(12,785)	-	-	(12,785)
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>\$ 35,747</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, 2012:

Governmental activities:

Loan from Community First Bank of the Heartland dated October 7, 2011 in the amount of \$467,852 to finance the administrative building and the Alternative School building loan. It is payable in monthly installments of \$3,273 with a maturity date of October 7, 2031. The loan includes interest of 5.625% and is secured by the related real estate.

\$ 441,600

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

Years ending	Principal	Interest	Total
<u>June 30,</u>	<u>          </u>	<u>          </u>	<u>          </u>
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	16,857	22,424	39,281
2018-2023	106,106	90,300	196,406
2023-2028	141,016	55,390	196,406
2028-2031	119,066	11,954	131,020
	<u>\$ 441,600</u>	<u>\$ 278,637</u>	<u>\$ 720,237</u>

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

Long-term liability activity for the Regional Office of Education for the year ended June 30, 2012 was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>One Year</u>
Governmental activities:					
Notes payable	\$ 190,995	\$ 467,852	\$ 217,247	\$ 441,600	\$ 13,429

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

**NOTES TO FINANCIAL STATEMENTS**

**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 required monthly interest payments at an interest rate of 3.75 percent and matured on November 30, 2011. The line of credit was paid off and closed in October 2011.

Line of credit activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Advances	Payments	Ending Balance
Line of credit	\$ 490,000	\$ -	\$ 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, 2012 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, 2011 and 2010.

**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 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, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #25 recognized revenue and expenditures of \$177,800 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011, and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$238,332) and 23.38 percent (\$288,342), respectively.

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

*2.2 Formula Contributions* - Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$3,554. Contributions for the years ending June 30, 2011 and June 30, 2010, were \$5,537 and \$6,253, 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, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$86,452 were paid from federal and special trust funds that required employer contributions of \$21,535. For the years ended June 30, 2011 and June 30, 2010, required employer contributions were \$24,536 and \$6,554, 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.

**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 year ended June 30, 2012, the Regional Office of Education #25 made no payments to TRS for employer contributions under the ERO program. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education #25 paid \$-0- and \$13,364 in employer ERO 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.

For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, the Regional Office of Education #25 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent.

If 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 rate reported by the Regional Office of Education #25 during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, the Regional Office of Education #25 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**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 annual required contribution rate for calendar year 2011 used by the Regional Office of Education #25 was 14.66 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.

*Annual Pension Cost* - For fiscal year ending June 30, 2012, the Regional Office of Education #25's actual contributions for pension costs for the Regular plan were \$46,859. Its required contribution for the fiscal year ending June 30, 2012 was \$46,859.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 45,655	103%	\$ 25,700
6/30/2011	80,796	84%	26,904
6/30/2010	56,308	76%	13,639

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, 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, 2009 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, 2011, the most recent actuarial valuation date, the Regular plan was 67.10 percent funded. The actuarial accrued liability for benefits was \$1,208,411 and the actuarial value of assets was \$810,899, resulting in an underfunded actuarial accrued liability (UAAL) of \$397,512. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$453,960, and the ratio of UAAL to the covered payroll was 88 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.

**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 Fund**

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 retired 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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

The percentage of employer required contributions in the future 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, 2012. State of Illinois contributions were \$5,465, and the Regional Office of Education #25 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of Regional Office Education #25 employees were \$8,402 and \$9,056, respectively.

*Employer contributions to THIS Fund* - The Regional Office of Education #25 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education #25 paid \$4,098 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education #25 paid \$6,301 and \$6,792 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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**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.

**11. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2012, interfund receivables and payables were as follows:

Due To (Receivable)	Due From (Payable)	Balance at June 30, 2012
General Fund:	Education Fund:	
Office Operations	ROE/ISC Technology	\$ 6,026
Office Operations	Early Childhood Block Grant (3705-70)	48
Office Operations	Regional Safe Schools	7,929
Office Operations	Truants Alternative and Optional Education	23,762
Office Operations	Early Childhood Block Grant (3705-00)	4,668
Office Operations	McKinney Education for Homeless Children	4,750
Office Operations	System of Support	60,524
		107,707
General Fund:	Nonmajor Enterprise Funds:	
Office Operations	Mt. Vernon Conference	9,136
Office Operations	Testing	18,378
		27,514
General Fund:	Internal Service Funds:	
Office Operations	Transportation Reimbursement	30,316
Office Operations	Building	35,554
		65,870
		\$ 201,091

At June 30, 2012, receivables to the General Fund consisted of loans between individual funds within the same pooled cash account. The loans were used to cover cash shortages in these individual funds.

**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	\$ 94,344
Regional Superintendent - benefits (includes State paid insurance)	19,844
Assistant Regional Superintendent - salary	84,912
Assistant Regional Superintendent - benefits (includes State paid insurance)	13,781
TRS pension contributions	177,800
THIS contributions	<u>5,465</u>
	<u>\$ 396,146</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, 2012 for its Alternative Education program. Rent expense for the year ended June 30, 2012 totaled \$51,100. The Regional Office of Education also leases vehicles for student transportation. Lease expenses totaled \$4,200.

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

**NOTES TO FINANCIAL STATEMENTS**

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

At June 30, 2012, the Regional Office of Education #25's General Fund, Education Fund, Internal Service Funds, Agency Funds, Nonmajor Enterprise 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	\$ 207,927
Illinois State Board of Education	13,000
	220,927

Education Fund:

Illinois State Board of Education	41,423
Regional Office of Education #2	47,373
Regional Office of Education #21	4,750
	93,546

Internal Service Funds:

Local Governments	2,100
	\$ 316,573

Nonmajor Enterprise Funds:

Local Governments	\$ 4,452

Agency Funds:

Local Governments	\$ 10,026

Due To Other Governments:

General Fund:

Eastern Illinois University	\$ 65,886
Local Governments	13,000
	\$ 78,886

Agency Funds:

Local Governments	\$ 10,026

**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, 2012, the Regional Office of Education reported the following transfers:

Transfer From Other Funds (Transfers In)	Transfer To Other Funds (Transfers Out)
General Fund: Office Operations	Internal Service Funds: Building
<span style="border-bottom: 3px double black;">\$ 295,939</span>	<span style="border-bottom: 3px double black;">\$ 295,939</span>

These transfers were used for mortgage payments.

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

The following individual funds carried the following deficit balances as of June 30, 2012:

State Aid	\$ 41,984
Special Projects	25,832
Regional In-Service Meeting	4,311
ROE/ISC Technology	6,026
Early Childhood Block Grant (3705-70)	38
Regional Safe Schools	1,732
Early Childhood Block Grant (3705-00)	5,151
McKinney Education for Homeless Children	4,750
System of Support	29,857
Mt. Vernon Conference	9,136
Testing	13,926
Transportation Reimbursement	29,334

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, 2012.

**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)
12/31/11	\$ 810,899	\$ 1,208,411	\$ 397,512	67.10%	\$ 453,960	87.57%
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%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$753,404. On a market basis, the funded ratio would be 62.35%.

**SUPPLEMENTAL INFORMATION**

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

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2012**

	University College Classes	State Aid	Special Projects	Office Operations
<b>ASSETS</b>				
Cash and cash equivalents	\$ 73,181	\$ 45,109	\$ 6,148	\$ 21,161
Accounts receivable	4,681	-	-	-
Prepaid items	-	-	-	-
Due from other funds	-	-	-	268,682
Due from other governments	-	23,589	-	26,744
	<u>-</u>	<u>23,589</u>	<u>-</u>	<u>26,744</u>
 Total assets	 <u>\$ 77,862</u>	 <u>\$ 68,698</u>	 <u>\$ 6,148</u>	 <u>\$ 316,587</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 2,462	\$ 1,744	\$ 1,998
Accrued salaries and benefits	-	105,964	-	-
Due to other funds	-	2,256	30,236	-
Due to other governments	65,886	-	-	13,000
Deferred revenue	3,330	-	-	-
	<u>69,216</u>	<u>110,682</u>	<u>31,980</u>	<u>14,998</u>
 Total liabilities	 <u>69,216</u>	 <u>110,682</u>	 <u>31,980</u>	 <u>14,998</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Assigned	8,646	-	-	-
Unassigned	-	(41,984)	(25,832)	301,589
	<u>8,646</u>	<u>(41,984)</u>	<u>(25,832)</u>	<u>301,589</u>
 Total fund balances	 <u>8,646</u>	 <u>(41,984)</u>	 <u>(25,832)</u>	 <u>301,589</u>
 Total liabilities and fund balances	 <u>\$ 77,862</u>	 <u>\$ 68,698</u>	 <u>\$ 6,148</u>	 <u>\$ 316,587</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2012**

	<u>Parapro</u>	<u>Regional In-Service Meeting</u>	<u>Computer Consortium</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 140	\$ -	\$ -
Accounts receivable	-	-	-
Prepaid items	-	-	2,411
Due from other funds	-	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 2,411</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	4,311	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>4,311</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	2,411
Assigned	-	-	-
Unassigned	140	(4,311)	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>140</u>	<u>(4,311)</u>	<u>2,411</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 2,411</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2012**

	Southern Thirty	Hamilton- Jefferson Educational Services Cooperative	School Improvement
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 36,066	\$ 5,295
Accounts receivable	-	10,001	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Due from other governments	147,432	23,162	-
	<u>147,432</u>	<u>23,162</u>	<u>-</u>
Total assets	<u>\$ 147,432</u>	<u>\$ 69,229</u>	<u>\$ 5,295</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 160	\$ -	\$ -
Accrued salaries and benefits	11,555	-	-
Due to other funds	21,253	9,535	-
Due to other governments	-	-	-
Deferred revenue	73,641	-	-
	<u>106,609</u>	<u>9,535</u>	<u>-</u>
Total liabilities	<u>106,609</u>	<u>9,535</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Assigned	-	-	-
Unassigned	40,823	59,694	5,295
	<u>40,823</u>	<u>59,694</u>	<u>5,295</u>
Total fund balances	<u>40,823</u>	<u>59,694</u>	<u>5,295</u>
Total liabilities and fund balances	<u>\$ 147,432</u>	<u>\$ 69,229</u>	<u>\$ 5,295</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
GENERAL FUND  
June 30, 2012**

	Supplemental Education Service	Eliminations	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 187,100
Accounts receivable	-	-	14,682
Prepaid items	-	-	2,411
Due from other funds	-	(67,591)	201,091
Due from other governments	-	-	220,927
	<u>-</u>	<u>-</u>	<u>220,927</u>
 Total assets	 <u>\$ -</u>	 <u>\$ (67,591)</u>	 <u>\$ 626,211</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 6,364
Accrued salaries and benefits	-	-	117,519
Due to other funds	-	(67,591)	-
Due to other governments	-	-	78,886
Deferred revenue	-	-	76,971
	<u>-</u>	<u>-</u>	<u>76,971</u>
 Total liabilities	 <u>-</u>	 <u>(67,591)</u>	 <u>279,740</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	2,411
Assigned	-	-	8,646
Unassigned	-	-	335,414
	<u>-</u>	<u>-</u>	<u>335,414</u>
 Total fund balances	 <u>-</u>	 <u>-</u>	 <u>346,471</u>
 Total liabilities and fund balances	 <u>\$ -</u>	 <u>\$ (67,591)</u>	 <u>\$ 626,211</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, 2012**

	University College Classes	State Aid	Special Projects	Office Operations
<b>Revenues:</b>				
Local sources	\$ 213,684	\$ 4,324	\$ 8,552	\$ 46,285
State sources	-	601,308	-	-
On-behalf payments	-	-	-	396,146
Interest	10	-	773	-
<b>Total revenues</b>	<b>213,694</b>	<b>605,632</b>	<b>9,325</b>	<b>442,431</b>
<b>Expenditures:</b>				
Salaries and benefits	-	490,760	-	48,925
Purchased services	213,360	32,572	16,912	37,388
Supplies and materials	-	14,544	1,749	4,884
Capital outlay	-	5,599	-	-
On-behalf payments	-	-	-	396,146
<b>Debt service:</b>				
Interest	-	-	-	5,501
<b>Total expenditures</b>	<b>213,360</b>	<b>543,475</b>	<b>18,661</b>	<b>492,844</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>334</b>	<b>62,157</b>	<b>(9,336)</b>	<b>(50,413)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	89	295,939
Transfers out	-	-	(23,038)	-
Proceeds from the sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(22,949)</b>	<b>295,939</b>
<b>Net change in fund balances</b>	<b>334</b>	<b>62,157</b>	<b>(32,285)</b>	<b>245,526</b>
<b>Fund balances (deficits), beginning of year</b>	<b>8,312</b>	<b>(104,141)</b>	<b>6,453</b>	<b>56,063</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 8,646</b>	<b>\$ (41,984)</b>	<b>\$ (25,832)</b>	<b>\$ 301,589</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, 2012**

	<u>Parapro</u>	<u>Regional In-Service Meeting</u>	<u>Computer Consortium</u>
Revenues:			
Local sources	\$ 475	\$ 755	\$ -
State sources	-	-	-
On-behalf payments	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	475	755	-
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	315	3,798	-
Supplies and materials	225	213	3,215
Capital outlay	-	-	-
On-behalf payments	-	-	-
Debt service:			
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	540	4,011	3,215
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(65)	(3,256)	(3,215)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Proceeds from the sale of capital assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(65)	(3,256)	(3,215)
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	205	(1,055)	5,626
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ 140	\$ (4,311)	\$ 2,411
	<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 (Continued)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2012**

	Southern Thirty	Hamilton- Jefferson Educational Services Cooperative	School Improvement
Revenues:			
Local sources	\$ 169,615	\$ 85,495	\$ 5,755
State sources	-	-	-
On-behalf payments	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	169,615	85,495	5,755
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	77,304	182	-
Purchased services	2,301	23,822	797
Supplies and materials	2,564	34,919	693
Capital outlay	-	-	-
On-behalf payments	-	-	-
Debt service:			
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	82,169	58,923	1,490
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	87,446	26,572	4,265
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	5,338	17,700	-
Transfers out	-	-	-
Proceeds from the sale of capital assets	12,089	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	17,427	17,700	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	104,873	44,272	4,265
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	(64,050)	15,422	1,030
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ 40,823	\$ 59,694	\$ 5,295
	<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, 2012**

	Supplemental Education Service	Eliminations	Total
Revenues:			
Local sources	\$ -	\$ -	\$ 534,940
State sources	-	-	601,308
On-behalf payments	-	-	396,146
Interest	-	-	783
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	1,533,177
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	-	617,171
Purchased services	-	-	331,265
Supplies and materials	-	-	63,006
Capital outlay	-	-	5,599
On-behalf payments	-	-	396,146
Debt service:			
Interest	-	-	5,501
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	1,418,688
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	-	114,489
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	(23,127)	295,939
Transfers out	(89)	23,127	-
Proceeds from the sale of capital assets	-	-	12,089
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(89)	-	308,028
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(89)	-	422,517
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	89	-	(76,046)
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ -	\$ -	\$ 346,471
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2012**

	ROE/ISC Technology	Illinois Violence Prevention Authority	Early Childhood Block Grant (3705-70)
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 8,063	\$ 10
Due from other governments	-	-	-
	-	-	-
Total assets	\$ -	\$ 8,063	\$ 10
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	6,026	-	48
Deferred revenue	-	6,885	-
	-	6,885	-
Total liabilities	6,026	6,885	48
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	1,178	-
Unassigned	(6,026)	-	(38)
	(6,026)	-	(38)
Total fund balances	(6,026)	1,178	(38)
Total liabilities and fund balances	\$ -	\$ 8,063	\$ 10

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2012**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative and Optional Education
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1	\$ -	\$ 4,796
Due from other governments	-	12,523	27,808
	\$ 1	\$ 12,523	\$ 32,604
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 351	\$ -
Accrued salaries and benefits	-	5,975	4,562
Due to other funds	-	7,929	23,762
Deferred revenue	-	-	3,335
	-	14,255	31,659
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	1	-	945
Unassigned	-	(1,732)	-
	1	(1,732)	945
<b>Total liabilities and fund balances</b>	<b>\$ 1</b>	<b>\$ 12,523</b>	<b>\$ 32,604</b>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2012**

	Early Childhood Block Grant (3705-00)	McKinney Education for Homeless Children	System of Support
<b>ASSETS</b>			
Cash and cash equivalents	\$ 33,833	\$ -	\$ -
Due from other governments	-	4,750	47,373
	-	4,750	47,373
Total assets	\$ 33,833	\$ 4,750	\$ 47,373
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 10,767
Accrued salaries and benefits	34,316	-	-
Due to other funds	4,668	4,750	60,524
Deferred revenue	-	4,750	5,939
	-	4,750	5,939
Total liabilities	38,984	9,500	77,230
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	-
Unassigned	(5,151)	(4,750)	(29,857)
	(5,151)	(4,750)	(29,857)
Total fund balances	(5,151)	(4,750)	(29,857)
Total liabilities and fund balances	\$ 33,833	\$ 4,750	\$ 47,373

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
EDUCATION FUND  
June 30, 2012**

	ARRA - Education Jobs Fund Program	Title II - Teacher Quality - Leadership Grant	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 46,703
Due from other governments	1,092	-	93,546
<b>Total assets</b>	<b>\$ 1,092</b>	<b>\$ -</b>	<b>\$ 140,249</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 11,118
Accrued salaries and benefits	-	-	44,853
Due to other funds	-	-	107,707
Deferred revenue	1,092	-	22,001
<b>Total liabilities</b>	<b>1,092</b>	<b>-</b>	<b>185,679</b>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	2,124
Unassigned	-	-	(47,554)
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>(45,430)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,092</b>	<b>\$ -</b>	<b>\$ 140,249</b>

**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, 2012**

	ROE/ISC Technology	Illinois Violence Prevention Authority	Early Childhood Block Grant (3705-70)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	28,675	17,267	3,004
Federal sources	-	-	-
	28,675	17,267	3,004
Total revenues	28,675	17,267	3,004
Expenditures:			
Salaries and benefits	37,941	14,942	-
Purchased services	851	2,180	700
Supplies and materials	1,157	145	(52)
Payments to other governments	-	-	-
	39,949	17,267	648
Total expenditures	39,949	17,267	648
Net change in fund balances	(11,274)	-	2,356
Fund balances (deficits), beginning of year	5,248	1,178	(2,394)
Fund balances (deficits), end of year	\$ (6,026)	\$ 1,178	\$ (38)

**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, 2012**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative and Optional Education
Revenues:			
Local sources	\$ -	\$ -	\$ 1,054
State sources	24,285	57,523	119,108
Federal sources	-	-	32,232
	<u>24,285</u>	<u>57,523</u>	<u>152,394</u>
Total revenues			
Expenditures:			
Salaries and benefits	22,350	36,507	85,674
Purchased services	1,634	21,451	61,625
Supplies and materials	300	1,296	2,067
Payments to other governments	-	-	-
	<u>24,284</u>	<u>59,254</u>	<u>149,366</u>
Total expenditures			
Net change in fund balances	1	(1,731)	3,028
Fund balances (deficits), beginning of year	<u>-</u>	<u>(1)</u>	<u>(2,083)</u>
Fund balances (deficits), end of year	<u>\$ 1</u>	<u>\$ (1,732)</u>	<u>\$ 945</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, 2012**

	Early Childhood Block Grant (3705-00)	McKinney Education for Homeless Children	System of Support
Revenues:			
Local sources	\$ 57,126	\$ -	\$ -
State sources	215,885	-	-
Federal sources	-	14,250	100,879
	273,011	14,250	100,879
Total revenues			
Expenditures:			
Salaries and benefits	222,744	17,272	102,355
Purchased services	18,859	822	19,548
Supplies and materials	1,216	906	-
Payments to other governments	72	-	-
	242,891	19,000	121,903
Total expenditures			
Net change in fund balances	30,120	(4,750)	(21,024)
Fund balances (deficits), beginning of year	(35,271)	-	(8,833)
Fund balances (deficits), end of year	\$ (5,151)	\$ (4,750)	\$ (29,857)

**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, 2012**

	<u>ARRA - Education Jobs Fund Program</u>	<u>Title II - Teacher Quality- Leadership Grant</u>	<u>Total</u>
Revenues:			
Local sources	\$ -	\$ -	\$ 58,180
State sources	-	-	465,747
Federal sources	-	1,148	148,509
	<u>-</u>	<u>1,148</u>	<u>148,509</u>
 Total revenues	 <u>-</u>	 <u>1,148</u>	 <u>672,436</u>
 Expenditures:			
Salaries and benefits	-	-	539,785
Purchased services	-	-	127,670
Supplies and materials	-	-	7,035
Payments to other governments	-	-	72
	<u>-</u>	<u>-</u>	<u>72</u>
 Total expenditures	 <u>-</u>	 <u>-</u>	 <u>674,562</u>
 Net change in fund balances	 -	 1,148	 (2,126)
 Fund balances (deficits), beginning of year	 <u>-</u>	 <u>(1,148)</u>	 <u>(43,304)</u>
 Fund balances (deficits), end of year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (45,430)</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, 2012**

	<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	\$ 3,004	\$ (161,000)
Expenditures:				
Salaries and benefits	138,461	138,461	-	138,461
Purchased services	17,193	17,193	700	16,493
Supplies and materials	8,350	8,350	(52)	8,402
Total expenditures	<u>164,004</u>	<u>164,004</u>	<u>648</u>	<u>163,356</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,356	<u>\$ 2,356</u>
Fund balance (deficit), beginning of year			<u>(2,394)</u>	
Fund balance (deficit), end of year			<u>\$ (38)</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS – Project #12-3730-00  
For the year ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 24,285	\$ 24,285	\$ 24,285	\$ -
Expenditures:				
Salaries and benefits	22,351	22,351	22,350	1
Purchased services	1,634	1,634	1,634	-
Supplies and materials	300	300	300	-
Total expenditures	<u>24,285</u>	<u>24,285</u>	<u>24,284</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 1</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS – Project #12-3696-00  
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 57,523</u>	<u>\$ 57,523</u>	<u>\$ 57,523</u>	<u>\$ -</u>
Expenditures:				
Salaries and benefits	35,256	35,256	36,507	(1,251)
Purchased services	20,970	20,970	21,451	(481)
Supplies and materials	<u>1,297</u>	<u>1,297</u>	<u>1,296</u>	<u>1</u>
Total expenditures	<u>57,523</u>	<u>57,523</u>	<u>59,254</u>	<u>(1,731)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,731)	<u>\$ (1,731)</u>
Fund balance (deficit), beginning of year			<u>(1)</u>	
Fund balance (deficit), end of year			<u>\$ (1,732)</u>	

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources	\$ 104,595	\$ 104,595	\$ 5,595	\$ (99,000)
Federal sources	<u>-</u>	<u>-</u>	<u>5,724</u>	<u>5,724</u>
<b>Expenditures:</b>				
Salaries and benefits	75,896	75,896	-	75,896
Purchased services	25,073	25,073	-	25,073
Supplies and materials	<u>3,626</u>	<u>3,626</u>	<u>-</u>	<u>3,626</u>
Total expenditures	<u>104,595</u>	<u>104,595</u>	<u>-</u>	<u>104,595</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11,319	<u>\$ 11,319</u>
Fund balance (deficit), beginning of year			<u>(2,083)</u>	
Fund balance, July 1, 2011			<u>\$ 9,236</u>	

NOTE: Actual column also includes National School Lunch Program revenue (Project 11-4210-00) of \$3,753 and School Breakfast Program revenue (Project 11-4220-00) of \$1,971.

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #12-3695-11  
For the year ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 1,054	\$ 1,054
State sources	112,262	112,262	113,513	1,251
Federal sources	-	-	26,508	26,508
<b>Total revenues</b>	<u>112,262</u>	<u>112,262</u>	<u>141,075</u>	<u>28,813</u>
<b>Expenditures:</b>				
Salaries and benefits	81,218	81,218	85,674	(4,456)
Purchased services	28,976	28,976	61,625	(32,649)
Supplies and materials	2,068	2,068	2,067	1
<b>Total expenditures</b>	<u>112,262</u>	<u>112,262</u>	<u>149,366</u>	<u>(37,104)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(8,291)	<u>\$ (8,291)</u>
Fund balance, July 1, 2011			<u>9,236</u>	
Fund balance (deficit), end of year			<u>\$ 945</u>	

NOTE: Actual column also includes National School Lunch Program revenue (Project 12-4210-00) of \$17,551; School Breakfast Program revenue (Project 12-4220-00) of \$8,957; and State Free Lunch and Breakfast revenue (Project 12-3360-00) of \$1,251.

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 57,126	\$ 57,126
State sources	<u>850,149</u>	<u>850,149</u>	<u>215,885</u>	<u>(634,264)</u>
Total revenues	<u>850,149</u>	<u>850,149</u>	<u>273,011</u>	<u>(577,138)</u>
<b>Expenditures:</b>				
Salaries and benefits	704,019	704,019	222,744	481,275
Purchased services	102,342	102,342	18,859	83,483
Supplies and materials	27,408	27,408	1,216	26,192
Payments to other governments	<u>16,380</u>	<u>16,380</u>	<u>72</u>	<u>16,308</u>
Total expenditures	<u>850,149</u>	<u>850,149</u>	<u>242,891</u>	<u>607,258</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	30,120	<u>\$ 30,120</u>
Fund balance (deficit), beginning of year			<u>(35,271)</u>	
Fund balance (deficit), end of year			<u>\$ (5,151)</u>	

NOTE: Actual column also includes Pre-K revenue received as a subrecipient from District 80 in the amount of \$179,885. After June 30, 2011, the Early Childhood Block Grant was not administered by the Regional Office of Education.

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 100,000	\$ 100,000	\$ 1,148	\$ (98,852)
Expenditures:				
Salaries and benefits	66,367	75,440	-	75,440
Purchased services	20,700	16,200	-	16,200
Supplies and materials	5,933	1,360	-	1,360
Payments to other governments	7,000	7,000	-	7,000
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,148	<u>\$ 1,148</u>
Fund balance (deficit), beginning of year			<u>(1,148)</u>	
Fund balance (deficit), end of year			<u>\$ -</u>	

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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2012**

	Institute	General Education Development	Bus Driver Training	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,626	\$ 9,471	\$ 565	\$ 24,662
Total assets	\$ 14,626	\$ 9,471	\$ 565	\$ 24,662
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 150	\$ -	\$ 150
Total liabilities	-	150	-	150
<b>FUND BALANCES</b>				
Restricted	14,626	9,321	565	24,512
Total liabilities and fund balances	\$ 14,626	\$ 9,471	\$ 565	\$ 24,662

**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, 2012**

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Total</u>
<b>Revenues:</b>				
Local sources	\$ 25,459	\$ 6,439	\$ 1,293	\$ 33,191
State sources	-	4,084	688	4,772
<b>Total revenues</b>	<u>25,459</u>	<u>10,523</u>	<u>1,981</u>	<u>37,963</u>
<b>Expenditures:</b>				
Salaries and benefits	-	610	-	610
Purchased services	14,197	1,348	3,216	18,761
Supplies and materials	-	4,091	-	4,091
<b>Total expenditures</b>	<u>14,197</u>	<u>6,049</u>	<u>3,216</u>	<u>23,462</u>
 Net change in fund balance	 11,262	 4,474	 (1,235)	 14,501
Fund balances, beginning of year	<u>3,364</u>	<u>4,847</u>	<u>1,800</u>	<u>10,011</u>
Fund balances, end of year	<u>\$ 14,626</u>	<u>\$ 9,321</u>	<u>\$ 565</u>	<u>\$ 24,512</u>

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

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2012**

	Mt. Vernon Conference	Testing	Finger Printing	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 9,190	\$ 9,190
Due from other governments	-	4,452	-	4,452
Total current assets	-	4,452	9,190	13,642
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	-	839	839
Due to other funds	9,136	18,378	-	27,514
Total current liabilities	9,136	18,378	839	28,353
<b>NET ASSETS</b>				
Unrestricted	(9,136)	(13,926)	8,351	(14,711)
Total net assets	\$ (9,136)	\$ (13,926)	\$ 8,351	\$ (14,711)

**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, 2012**

	<u>Mt. Vernon Conference</u>	<u>Testing</u>	<u>Finger Printing</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 72,789	\$ 11,196	\$ 24,362	\$ 108,347
Total operating revenues	<u>72,789</u>	<u>11,196</u>	<u>24,362</u>	<u>108,347</u>
Operating expenses:				
Salaries and benefits	2,019	-	-	2,019
Purchased services	65,670	20,103	17,015	102,788
Supplies and materials	<u>1,798</u>	<u>-</u>	<u>-</u>	<u>1,798</u>
Total operating expenses	<u>69,487</u>	<u>20,103</u>	<u>17,015</u>	<u>106,605</u>
Change in net assets	3,302	(8,907)	7,347	1,742
Total net assets - beginning	<u>(12,438)</u>	<u>(5,019)</u>	<u>1,004</u>	<u>(16,453)</u>
Total net assets - ending	<u>\$ (9,136)</u>	<u>\$ (13,926)</u>	<u>\$ 8,351</u>	<u>\$ (14,711)</u>

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

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the year ended June 30, 2012**

	Mt. Vernon Conference	Testing	Finger Printing	Total
Cash flows from operating activities:				
Collection of fees	\$ 72,989	\$ 7,500	\$ 25,470	\$ 105,959
Payments to suppliers and providers of goods and services	(67,468)	(20,228)	(16,865)	(104,561)
Payments to employees	(2,019)	-	-	(2,019)
Net cash provided by (used for) operating activities	<u>3,502</u>	<u>(12,728)</u>	<u>8,605</u>	<u>(621)</u>
Cash flows from noncapital financing activities:				
Receipts (payments) from (for) interfund borrowings, net	<u>(3,502)</u>	<u>12,728</u>	<u>585</u>	<u>9,811</u>
Net increase in cash and cash equivalents	-	-	9,190	9,190
Cash and cash equivalents - beginning	-	-	-	-
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,190</u>	<u>\$ 9,190</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 3,302	\$ (8,907)	\$ 7,347	\$ 1,742
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
(Increase) decrease in assets:				
Accounts receivable	200	-	790	990
Due from other governments	-	(3,696)	318	(3,378)
Decrease in liabilities:				
Accounts payable	-	(16)	150	134
Due to other governments	-	(109)	-	(109)
Net cash provided by (used for) operating activities	<u>\$ 3,502</u>	<u>\$ (12,728)</u>	<u>\$ 8,605</u>	<u>\$ (621)</u>

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

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2012**

	Health Insurance	Workers' Compensation	Unemployment
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 12,912	\$ 70,106	\$ 6,702
Due from other governments	-	-	-
Total current assets	12,912	70,106	6,702
Noncurrent assets:			
Capital assets, net	-	3,212	-
Total assets	12,912	73,318	6,702
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	-	203	-
Due to other funds	-	-	-
Current portion of long-term debt	-	-	-
Total current liabilities	-	203	-
Noncurrent liabilities:			
Net pension obligation payable	-	25,700	-
Long-term debt, net of current portion	-	-	-
Total long-term liabilities	-	25,700	-
Total liabilities	-	25,903	-
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	3,212	-
Unrestricted	12,912	44,203	6,702
Total net assets	\$ 12,912	\$ 47,415	\$ 6,702

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

**COMBINING STATEMENT OF NET ASSETS (Concluded)  
INTERNAL SERVICE FUNDS  
June 30, 2012**

	<u>Transportation Reimbursement</u>	<u>Building</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 89,720
Due from other governments	-	2,100	2,100
<b>Total current assets</b>	<b>-</b>	<b>2,100</b>	<b>91,820</b>
Noncurrent assets:			
Capital assets, net	1,447	698,234	702,893
<b>Total assets</b>	<b>1,447</b>	<b>700,334</b>	<b>794,713</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	465	991	1,659
Due to other funds	30,316	35,554	65,870
Current portion of long-term debt	-	13,429	13,429
<b>Total current liabilities</b>	<b>30,781</b>	<b>49,974</b>	<b>80,958</b>
Noncurrent liabilities:			
Net pension obligation payable	-	-	25,700
Long-term debt, net of current portion	-	428,171	428,171
<b>Total long-term liabilities</b>	<b>-</b>	<b>428,171</b>	<b>453,871</b>
<b>Total liabilities</b>	<b>30,781</b>	<b>478,145</b>	<b>534,829</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,447	256,634	261,293
Unrestricted	(30,781)	(34,445)	(1,409)
<b>Total net assets</b>	<b>\$ (29,334)</b>	<b>\$ 222,189</b>	<b>\$ 259,884</b>

**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, 2012**

	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment</u>
Operating revenues:			
Charges for services	\$ 109,623	\$ 29,900	\$ 8,475
Operating expenses:			
Salaries and benefits	-	(1,204)	-
Purchased services	114,510	4,102	11,350
Supplies and materials	-	-	-
Depreciation	-	2,821	-
Total operating expenses	114,510	5,719	11,350
Operating income (loss)	(4,887)	24,181	(2,875)
Nonoperating revenues (expenses):			
Interest expense	-	-	-
Gain on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	-	-	-
Income (loss) before transfers	(4,887)	24,181	(2,875)
Transfers out	-	-	-
Change in net assets	(4,887)	24,181	(2,875)
Total net assets - beginning	17,799	23,234	9,577
Total net assets - ending	\$ 12,912	\$ 47,415	\$ 6,702

**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, 2012**

	<u>Transportation Reimbursement</u>	<u>Building</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 3,095	\$ 55,832	\$ 206,925
Operating expenses:			
Salaries and benefits	9,668	2,598	11,062
Purchased services	11,517	25,929	167,408
Supplies and materials	-	354	354
Depreciation	2,390	24,035	29,246
Total operating expenses	23,575	52,916	208,070
Operating income (loss)	(20,480)	2,916	(1,145)
Nonoperating revenues (expenses):			
Interest expense	-	(20,741)	(20,741)
Gain on sale of capital assets	1,424	-	1,424
Total nonoperating revenues (expenses)	1,424	(20,741)	(19,317)
Income (loss) before transfers	(19,056)	(17,825)	(20,462)
Transfers out	-	(295,939)	(295,939)
Change in net assets	(19,056)	(313,764)	(316,401)
Total net assets - beginning	(10,278)	535,953	576,285
Total net assets - ending	\$ (29,334)	\$ 222,189	\$ 259,884

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

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2012**

	Health Insurance	Workers' Compensation	Unemployment
Cash flows from operating activities:			
Collection of fees	\$ 109,623	\$ 29,900	\$ 8,475
Payments to suppliers and providers of goods and services	(102,613)	(3,899)	(11,350)
Payments to employees	-	-	-
Net cash provided by (used for) operating activities	<u>7,010</u>	<u>26,001</u>	<u>(2,875)</u>
Cash flows from noncapital financing activities:			
Receipts (payments) from (for) interfund borrowings, net	5,902	44,105	9,577
Transfers out	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>5,902</u>	<u>44,105</u>	<u>9,577</u>
Cash flows from capital and related financing activities:			
Proceeds from sales of capital assets	-	-	-
Proceeds from loan	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	12,912	70,106	6,702
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	<u>\$ 12,912</u>	<u>\$ 70,106</u>	<u>\$ 6,702</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (4,887)	\$ 24,181	\$ (2,875)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	2,821	-
Decrease in assets:			
Prepaid items	13,271	-	-
Due from other governments	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	(1,374)	203	-
Net pension obligation payable	-	(1,204)	-
Net cash provided by (used for) operating activities	<u>\$ 7,010</u>	<u>\$ 26,001</u>	<u>\$ (2,875)</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, 2012**

	Transportation Reimbursement	Building	Total
Cash flows from operating activities:			
Collection of fees	\$ 3,095	\$ 59,982	\$ 211,075
Payments to suppliers and providers of goods and services	(11,052)	(27,063)	(155,977)
Payments to employees	(9,668)	(2,598)	(12,266)
Net cash provided by (used for) operating activities	(17,625)	30,321	42,832
Cash flows from noncapital financing activities:			
Receipts (payments) from (for) interfund borrowings, net	16,201	35,754	111,539
Transfers out	-	(295,939)	(295,939)
Net cash provided by (used for) noncapital financing activities	16,201	(260,185)	(184,400)
Cash flows from capital and related financing activities:			
Proceeds from sales of capital assets	1,424	-	1,424
Proceeds from loan	-	467,852	467,852
Principal paid on capital debt	-	(217,247)	(217,247)
Interest paid on capital debt	-	(20,741)	(20,741)
Net cash provided by capital and related financing activities	1,424	229,864	231,288
Net increase in cash and cash equivalents	-	-	89,720
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	\$ -	\$ -	\$ 89,720
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (20,480)	\$ 2,916	\$ (1,145)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,390	24,035	29,246
Decrease in assets:			
Prepaid items	-	-	13,271
Due from other governments	-	4,150	4,150
Increase (decrease) in liabilities:			
Accounts payable	465	(780)	(1,486)
Net pension obligation payable	-	-	(1,204)
Net cash provided by (used for) operating activities	\$ (17,625)	\$ 30,321	\$ 42,832

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

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
June 30, 2012**

	Distributive	Clearing	Regional Vocational Board	Total
<b>ASSETS</b>				
Due from other governments	\$ -	\$ -	\$ 10,026	\$ 10,026
<b>LIABILITIES</b>				
Due to other governments	\$ -	\$ -	\$ 10,026	\$ 10,026

**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, 2012**

	July 1, 2011	Additions	Deductions	June 30, 2012
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 151,096	\$ 2,787,765	\$ 2,938,861	\$ -
Due from other governments	2,202,997	-	2,202,997	-
Total assets	<u>\$2,354,093</u>	<u>\$ 2,787,765</u>	<u>\$ 5,141,858</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	<u>\$2,354,093</u>	<u>\$ 2,787,765</u>	<u>\$ 5,141,858</u>	<u>\$ -</u>
<u>CLEARING</u>				
ASSETS				
Cash and cash equivalents	\$ 1,469	\$ 586	\$ 2,055	\$ -
Total assets	<u>\$ 1,469</u>	<u>\$ 586</u>	<u>\$ 2,055</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ 1,469</u>	<u>\$ -</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, 2012**

	July 1, 2011	Additions	Deductions	June 30, 2012
<u>REGIONAL VOCATIONAL BOARD</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 59,934	\$ 59,934	\$ -
Due from other governments	-	10,026	-	10,026
	-	10,026	-	10,026
Total assets	\$ -	\$ 69,960	\$ 59,934	\$ 10,026
LIABILITIES				
Due to other governments	\$ -	\$ 10,026	\$ -	\$ 10,026
	-	10,026	-	10,026
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 152,565	\$ 2,848,285	\$ 3,000,850	\$ -
Due from other governments	2,202,997	10,026	2,202,997	10,026
	2,202,997	10,026	2,202,997	10,026
Total assets	\$2,355,562	\$ 2,858,311	\$ 5,203,847	\$ 10,026
LIABILITIES				
Due to other governments	\$2,355,562	\$ 2,797,791	\$ 5,143,327	\$ 10,026
	\$2,355,562	\$ 2,797,791	\$ 5,143,327	\$ 10,026

**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, 2012**

	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	\$ -	\$ 66,545	\$ -	\$ -	\$ -	\$ 126,976
Special Ed.-Private Facility Tuition	-	5,310	12,367	-	-	-
Funding for Children Requiring Special Ed.	45,678	27,047	20,269	24,441	14,597	9,680
Special Ed.-Personnel	57,672	35,084	24,269	44,422	15,250	11,422
Special Ed. - Orphanage - Individual	-	7,536	2,413	-	-	-
Special Ed. - Orphanage - Summer	-	-	-	-	-	-
Special Ed.-Summer School	-	-	-	-	-	-
Career & Technical Ed. Improvement	-	-	-	-	-	-
Agricultural Education	-	-	-	-	-	-
State Free Lunch & Breakfast	2,250	767	136	247	277	533
School Breakfast Incentive	-	-	-	-	-	-
Driver Education	-	-	-	-	-	-
Transportation-Regular and Vocational	101,131	-	75,645	39,902	32,980	35,128
Transportation-Special Education	20,751	-	9,977	10,236	6,348	16,732
ROE School Bus Driver Training	-	-	-	-	-	-
National board certification initiative	-	-	-	-	-	739
Truants Alternative/Optional Ed.	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood-Block Grant	126,000	-	-	-	-	-
Reading Improvement Block Grant	-	-	-	-	-	-
ROE/ISC Operations	-	-	-	-	-	-
ADA Safety and Educational Block Grant	-	-	-	-	-	-
Orphanage Tuition	-	-	-	-	-	-
Arts Education & Foreign Language Assistance	-	-	-	-	-	-
Title VI-Rural Education Initiative	-	-	-	-	-	-
National School Lunch Program	-	-	-	-	-	5,077
School Breakfast Program	-	-	-	-	-	2,565
Fresh Fruits and Vegetables	-	-	-	-	-	774
NSLP Equipment Assistance Grant	-	-	-	-	-	-
Title I-Low Income	-	-	-	-	-	18,737
School Improvement Grant	-	-	-	-	-	-
Title IV-Safe & Drug Free	-	-	-	-	-	-
Federal Special Education IDEA Room and Board	-	-	-	-	-	-
CTE - Perkins - Secondary	-	-	-	-	-	-
ARRA - Title I - Low Income	-	200	-	-	-	-
ARRA - Education Jobs Fund Program	-	-	29,029	-	-	6,755
Title II - Teacher Quality	-	334	-	-	-	-
Title II - Teacher Quality - Leadership Grant	-	-	-	-	-	-
Technology-Enhancing Education	-	-	-	-	-	218
<b>TOTAL</b>	<b>\$ 353,482</b>	<b>\$ 142,823</b>	<b>\$ 174,105</b>	<b>\$ 119,248</b>	<b>\$ 69,452</b>	<b>\$ 235,336</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, 2012**

	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	\$ 56,017	\$ 47,178	\$ -	\$ -	\$ -	\$ -
Special Ed.-Private Facility Tuition	-	-	-	-	16,418	-
Funding for Children Requiring Special Ed.	10,599	8,816	4,161	11,519	101,327	4,921
Special Ed.-Personnel	12,500	12,203	8,000	12,971	159,307	7,475
Special Ed. - Orphanage - Individual	-	-	-	-	-	-
Special Ed. - Orphanage - Summer	-	-	-	-	-	-
Special Ed.-Summer School	-	-	-	-	-	-
Career & Technical Ed. Improvement	-	-	-	-	-	-
Agricultural Education	-	-	-	-	-	-
State Free Lunch & Breakfast	235	585	44	315	500	52
School Breakfast Incentive	-	-	-	-	-	-
Driver Education	-	-	-	-	-	-
Transportation-Regular and Vocational	24,108	33,968	7,731	10,210	91,251	15,796
Transportation-Special Education	4,484	7,316	9,370	-	100,992	7,647
ROE School Bus Driver Training	-	-	-	-	-	-
National board certification initiative	-	-	-	-	6,654	739
Truants Alternative/Optional Ed.	-	-	-	-	87,623	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood-Block Grant	-	-	-	-	-	-
Reading Improvement Block Grant	-	-	-	-	-	-
ROE/ISC Operations	-	-	-	-	-	-
ADA Safety and Educational Block Grant	-	-	-	-	-	-
Orphanage Tuition	-	-	-	-	17,686	-
Arts Education & Foreign Language Assistance	-	-	-	-	-	49,250
Title VI-Rural Education Initiative	-	-	-	-	-	-
National School Lunch Program	-	-	-	-	-	-
School Breakfast Program	-	-	-	-	-	-
Fresh Fruits and Vegetables	-	-	-	-	-	-
NSLP Equipment Assistance Grant	-	-	-	-	-	-
Title I-Low Income	-	-	-	-	-	-
School Improvement Grant	-	-	-	-	-	-
Title IV-Safe & Drug Free	-	-	-	-	-	-
Federal Special Education IDEA Room and Board	-	-	-	-	-	-
CTE - Perkins - Secondary	-	-	-	-	-	-
ARRA - Title I - Low Income	-	-	-	-	-	-
ARRA - Education Jobs Fund Program	-	-	-	-	-	-
Title II - Teacher Quality	1,596	16	-	-	-	-
Title II - Teacher Quality - Leadership Grant	-	-	-	-	-	-
Technology-Enhancing Education	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 109,539</b>	<b>\$ 110,082</b>	<b>\$ 29,306</b>	<b>\$ 35,015</b>	<b>\$ 581,758</b>	<b>\$ 85,880</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, 2012**

	Webber Township				
	High School #204	Woodlawn High School #205	ROE #25	Rend Lake	Total
General State Aid	\$ -	\$ -	\$ 230,297	\$ -	\$ 527,013
Special Ed.-Private Facility Tuition	-	-	-	-	34,095
Funding for Children Requiring Special Ed.	5,489	7,104	-	-	295,648
Special Ed.-Personnel	9,000	6,750	-	-	416,325
Special Ed. - Orphanage - Individual	-	-	-	-	9,949
Special Ed. - Orphanage - Summer	-	-	-	-	-
Special Ed.-Summer School	-	-	-	-	-
Career & Technical Ed. Improvement	-	-	-	145,961	145,961
Agricultural Education	-	-	-	-	-
State Free Lunch & Breakfast	-	-	668	-	6,609
School Breakfast Incentive	-	-	-	-	-
Driver Education	-	-	-	-	-
Transportation-Regular and Vocational	10,159	11,975	-	-	489,984
Transportation-Special Education	5,606	4,178	-	-	203,637
ROE School Bus Driver Training	-	-	688	-	688
National board certification initiative	-	-	-	-	8,132
Truants Alternative/Optional Ed.	-	-	69,357	-	156,980
Regional Safe Schools	-	-	27,255	-	27,255
Early Childhood-Block Grant	-	-	307,104	-	433,104
Reading Improvement Block Grant	-	-	-	-	-
ROE/ISC Operations	-	-	22,125	-	22,125
ADA Safety and Educational Block Grant	-	-	-	-	-
Orphanage Tuition	-	-	-	-	17,686
Arts Education & Foreign Language Assistance	-	-	-	-	49,250
Title VI-Rural Education Initiative	-	-	-	-	-
National School Lunch Program	-	-	5,873	3,420	14,370
School Breakfast Program	-	-	3,157	-	5,722
Fresh Fruits and Vegetables	-	-	-	-	774
NSLP Equipment Assistance Grant	-	-	-	-	-
Title I-Low Income	-	-	-	-	18,737
School Improvement Grant	-	-	-	-	-
Title IV-Safe & Drug Free	-	-	-	-	-
Federal Special Education IDEA Room and Board	-	-	-	-	-
CTE - Perkins - Secondary	-	-	-	16,669	16,669
ARRA - Title I - Low Income	-	-	-	-	200
ARRA - Education Jobs Fund Program	-	-	-	-	35,784
Title II - Teacher Quality	-	-	-	-	1,946
Title II - Teacher Quality - Leadership Grant	-	-	-	-	-
Technology-Enhancing Education	-	-	-	-	218
<b>TOTAL</b>	<b>\$ 30,254</b>	<b>\$ 30,007</b>	<b>\$ 666,524</b>	<b>\$ 166,050</b>	<b>\$ 2,938,861</b>