

STATE OF ILLINOIS  
HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

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

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

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

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HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

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HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

OFFICIALS

Regional Superintendent  
(current and during audit period)

Ms. Jodi Scott

Assistant Regional Superintendent  
(current and during audit period)

Mr. Robert Gound

Offices are located at:

200 West Broadway  
Monmouth, Illinois 61462

PASS/Adult Education  
1291 N. 6<sup>th</sup> Street, Suite 100  
Monmouth, IL 61462

Henderson County Even Start  
West Central Early Childhood Center  
Media, IL 61460

Warren County Even Start/Early Childhood Block Grant  
Central Early Childhood Center  
401 East 2<sup>nd</sup> Avenue  
Monmouth, IL 61462

High Roads Advantage  
2004 SE 3<sup>rd</sup> Street  
Aledo, IL 61231

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

COMPLIANCE REPORT SUMMARY

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

AUDITOR’S REPORTS

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

SUMMARY OF AUDIT FINDINGS

| <u>Number of</u>                                  | <u>This Audit</u> | <u>Prior Audit</u> |
|---|-------------------|--------------------|
| Audit findings                                    | 2                 | 2                  |
| Repeated audit findings                           | 1                 | 2                  |
| Prior recommendations implemented or not repeated | 1                 | 0                  |

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

An additional matter which is less than a significant deficiency or material weakness, but more than inconsequential, has been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, this issue may have been included as an immaterial finding in the auditor’s reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

| <u>Item No.</u> | <u>Page</u> | <u>Description</u>  | <u>Finding Type</u>    |
|-----------------|-------------|---|------------------------|
|                 |             | <u>Findings</u><br><u>(Government Auditing Standards)</u> |                        |
| 10-1            | 12          | Controls over financial statement preparation             | Material Weakness      |
| 10-2            | 14          | Failure to fully insure and collateralize cash balances   | Significant Deficiency |

Findings and Questioned Costs  
(Federal Compliance)

None

Prior Audit Findings Not Repeated (Government Auditing Standards)

|      |    |   |                        |
|------|----|---|------------------------|
| 09-2 | 18 | Inadequate controls over the distributive account | Significant Deficiency |
|------|----|---|------------------------|

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

COMPLIANCE REPORT SUMMARY - CONTINUED

EXIT CONFERENCE

Henderson, Mercer and Warren Counties Regional office of Education #27 waived having an exit conference in a letter dated April 4, 2011. Responses to the recommendations were provided by the ROE management in correspondence received February 24, 2011.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Henderson, Mercer and Warren Counties Regional Office of Education #27 was performed by Sulaski and Webb, CPAs.

Based on their audit, the auditors expressed an unqualified opinion on the Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements.

## Independent Auditor's Report

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Mercer and Warren Counties Regional Office of Education #27, as of and for the year ended June 30, 2010, which collectively comprise the Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Henderson, Mercer and Warren Counties Regional Office of Education #27's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Mercer and Warren Counties Regional Office of Education #27, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the Henderson, Mercer and Warren Counties Regional Office of Education #27 changed its accounting principle for revenue recognition by adopting a new definition for the term "available" as it relates to revenues.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 4, 2011 on our consideration of the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 19 through 24 and 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules and Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sulaski & Webb*

Sulaski and Webb  
Certified Public Accountants

April 4, 2011

Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards*

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Mercer and Warren Counties Regional Office of Education #27, as of and for the year ended June 30, 2010, which collectively comprise the Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements and have issued our report thereon dated April 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over financial reporting.

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

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 deficiency described in finding 10-1 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 10-2 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

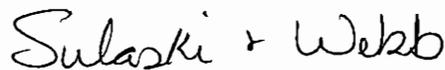
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Henderson, Mercer and Warren Counties Regional Office of Education #27's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain matter which we have reported to management of the Regional Office of Education #27 in a separate letter dated April 4, 2011.

The Henderson, Mercer and Warren Counties Regional Office of Education #27's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Henderson, Mercer and Warren Counties Regional Office of Education #27's responses and, accordingly, we express no opinion on them.

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



Sulaski and Webb  
Certified Public Accountants

April 4, 2011

Independent Auditor's Report on Compliance with Requirements that  
Could have a Direct and Material Effect on Each Major Program  
and on Internal Control Over Compliance for Each Program  
Determined to be Major by the Illinois State Board of Education  
in Their Monitoring of Federal Programs

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the Henderson, Mercer and Warren Counties Regional Office of Education #27's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Henderson, Mercer and Warren Counties Regional Office of Education #27's major federal program for the year ended June 30, 2010. The Henderson, Mercer and Warren Counties Regional Office of Education #27's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Henderson, Mercer and Warren Counties Regional Office of Education #27's management. Our responsibility is to express an opinion on the Henderson, Mercer and Warren Counties Regional Office of Education #27's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Henderson, Mercer and Warren Counties Regional Office of Education #27's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Henderson, Mercer and Warren Counties Regional Office of Education #27's compliance with those requirements.

In our opinion, the Henderson, Mercer and Warren Counties Regional Office of Education #27 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

## Internal Control Over Compliance

Management of the Henderson, Mercer and Warren Counties Regional Office of Education #27 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

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, the Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Sulaski and Webb  
Certified Public Accountants

April 4, 2011

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010

Section I – Summary of the Auditor’s Results

Financial Statements

- (1) An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- (2) One material weakness and one significant deficiency disclosed during the audit of the financial statements are reported in the *Independent Auditor’s 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*.
- (3) No instances of noncompliance material to the financial statements were disclosed during the audit.

Federal Awards:

- (4) No material weaknesses or significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported in the *Independent Auditor’s Report on Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance for Each Program Determined to be Major by the Illinois State Board of Education in Their Monitoring of Federal Programs*.
- (5) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (6) No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were disclosed during the audit.
- (7) The major program was as follows:
- CFDA Number 84.287C – Title IV – 21<sup>st</sup> Century Community Learning Centers
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (9) Henderson, Mercer and Warren Counties Regional Office of Education #27 was not determined to be a low-risk auditee.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010

Section II – Financial Statement Findings

Finding No. 10-1  
Repeated from 09-1, 08-1  
and 07-1

Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Henderson, Mercer and Warren Counties Regional Office of Education #27 (ROE) is required to maintain a system of controls over the preparation of financial statements, including disclosures, in accordance with generally accepted accounting principles (GAAP). The ROE internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Henderson, Mercer and Warren Counties Regional Office of Education #27 does not have sufficient internal controls over the financial reporting process. The ROE maintains their accounting records on the cash basis of accounting. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain records of accounts receivable, accounts payable, or deferred revenue.

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 ROE officials, they did not have adequate funding to hire and/or train their accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with GAAP.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010

Section II – Financial Statement Findings - Continued

Finding No. 10-1  
Repeated from 09-1, 08-1  
and 07-1

Controls Over Financial Statement Preparation - Continued

Auditor's Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Henderson, Mercer and Warren Counties Regional Office of Education #27 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

The Regional Office of Education #27 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed throughout the year. Management will review year end reporting controls annually and investigate the cost of training staff to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010

Section II – Financial Statement Findings - Continued

Finding No. 10-2

Failure to Fully Insure and Collateralize Cash Balances

Criteria/Specific Requirement:

The Public Funds Deposit Act (30 ILCS 225/1) gives the Henderson, Mercer and Warren Counties Regional Office of Education #27 (ROE) the authorization to request financial institutions to pledge collateral for deposits in excess of the federally insured limit. In addition, prudent business practice requires that all cash and investments held by financial institutions for the ROE be adequately covered by depository insurance or collateral.

Condition:

As of June 30, 2010, the ROE had four cash accounts with bank balances totaling \$625,865 at one financial institution. The Federal Deposit Insurance Corporation (FDIC) covers up to a maximum of \$250,000. The financial institution pledged additional collateral with a market value at June 30, 2010 of \$287,584. The ROE did not have depository insurance or collateral for the remaining \$88,281.

Effect:

Failure to fully insure and collateralize the full amount of cash and investment balances may result in monetary losses to the ROE in the event of a bank failure.

Cause:

According to ROE officials, the unsecured deposits were an oversight. The ROE has an informal agreement with the financial institution to pledge securities as collateral for deposits that exceed the FDIC insurance limits; however, the accounts the financial institution considered a part of the ROE did not include the Progressive Alternative Secondary School (PASS) account. Therefore, the amount pledged was insufficient to secure all deposits at June 30, 2010.

Auditor's Recommendation:

The Henderson, Mercer and Warren Counties Regional Office of Education #27 should monitor collateral requirements for all its bank accounts. The ROE should also establish controls for confirming amounts pledged by the financial institution to ensure that all accounts are being secured.

Management's Response:

As of July 1, 2010, all of Progressive Alternative Secondary School's funds have been transferred into the Regional Office of Education #27's accounts. We will monitor the account balances so as to be sure to have sufficient amounts of pledged collateral for our deposits.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010

Section III – Federal Award Findings

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010

Corrective Action Plan

Finding No. 10-1

Condition: The Henderson, Mercer and Warren Counties Regional Office of Education #27 does not have sufficient internal controls over the financial reporting process. The ROE maintains their accounting records on the cash basis of accounting. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain records of accounts receivable, accounts payable, or deferred revenue.

Plan: The Regional Office of Education #27 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed throughout the year. Management will review year end reporting controls annually and investigate the cost of training staff to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.

Completion Date: As soon as possible

Contact Person: Jodi Scott, Regional Superintendent

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010

Corrective Action Plan

Finding No. 10-2

Condition: As of June 30, 2010, the ROE had four cash accounts with bank balances totaling \$625,865 at one financial institution. The Federal Deposit Insurance Corporation (FDIC) covers up to a maximum of \$250,000. The financial institution pledged additional collateral with a market value at June 30, 2010 of \$287,584. The ROE did not have depository insurance or collateral for the remaining \$88,281.

Plan: As of July 1, 2010, all of Progressive Alternative Secondary School's funds have been transferred into the Regional Office of Education #27's accounts. We will monitor the account balances so as to be sure to have sufficient amounts of pledged collateral for our deposits.

Completion Date: June 30, 2011

Contact Person: Jodi Scott, Regional Superintendent

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2010

| <u>Finding<br/>Number</u> | <u>Condition</u>  | <u>Current Status</u>     |
|---------------------------|---|---------------------------|
| 09-1                      | The ROE did not have sufficient internal controls over the financial reporting process. | Repeated as Finding 10-1. |
| 09-2                      | The ROE did not have adequate controls over the Distributive account.                   | Resolved.                 |

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

The Henderson, Mercer and Warren Counties Regional Office of Education #27 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended on June 30, 2010 with comparative information for the year ended June 30, 2009. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2010 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$67,463 (15%) from \$435,333 in fiscal year 2009 to \$502,796 in fiscal year 2010. General Fund expenditures increased by \$23,119 (5%) from \$490,423 in fiscal year 2009 to \$513,542 in fiscal year 2010.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$91,576 (5%) from \$1,777,874 in fiscal year 2009 to \$1,686,298 in fiscal year 2010. The Special Revenue Fund expenditures increased by \$228,830 (13%) from \$1,714,031 in fiscal year 2009 to \$1,942,861 in fiscal year 2010.
- The Enterprise Fund revenue increased by \$3,734 (7%) from \$50,037 in fiscal year 2009 to \$53,771 in fiscal year 2010. The Enterprise Fund expenditures increased by \$270 (1%) from \$26,810 in fiscal year 2009 to \$27,080 in fiscal year 2010.
- The Regional Office of Education # 27 has no long term debt.

Using This Report

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

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

Reporting the Office as a Whole

It is important to note, that many grants are a cooperative effort of the Regional Office of Education #27 and the Rock Island County Regional Office of Education #49 and the Bureau/Henry/Stark Regional Office of Education # 28.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

The Statement of Net Assets and the Statement of Activities

The Government-wide statements report information about the Regional Office of Education #27 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private sector companies.

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

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

The Government-wide financial statements present the Regional Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Governmental funds account for those funds through which most governmental functions of the Regional Office are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office's programs. The Office's Governmental Funds include: the General Fund and the Special Revenue Fund.

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

- 2) Proprietary funds account for activities where the Regional Office charges customers for services. These funds are most similar to a business that operates for a profit. The Regional Office has one enterprise fund, the Staff Development Fund.

The proprietary fund required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Fund Financial Statements (continued)

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of fiscal year 2010 totaled \$197,010. At the end of fiscal year 2009, the net assets were \$403,547. The analysis that follows provides a summary of the Regional Office's net assets as of June 30, 2010 and June 30, 2009, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET ASSETS

|  | <u>Governmental Activities</u> |                   | <u>Business-Type Activities</u> |                  | <u>Total Primary Government</u> |                   |
|--|--------------------------------|-------------------|---------------------------------|------------------|---------------------------------|-------------------|
|  | <u>2010</u>                    | <u>2009</u>       | <u>2010</u>                     | <u>2009</u>      | <u>2010</u>                     | <u>2009</u>       |
| Current assets                                     | \$ 952,248                     | \$ 660,972        | \$ 67,030                       | \$ 40,339        | \$ 1,019,278                    | \$ 701,311        |
| Total assets                                       | <u>952,248</u>                 | <u>660,972</u>    | <u>67,030</u>                   | <u>40,339</u>    | <u>1,019,278</u>                | <u>701,311</u>    |
| Current liabilities                                | 822,268                        | 297,764           | -                               | -                | 822,268                         | 297,764           |
| Total liabilities                                  | <u>822,268</u>                 | <u>297,764</u>    | <u>-</u>                        | <u>-</u>         | <u>822,268</u>                  | <u>297,764</u>    |
| Net assets:  |                                |                   |                                 |                  |                                 |                   |
| Unrestricted                                       | 104,177                        | 336,678           | 67,030                          | 40,339           | 171,207                         | 377,017           |
| Restricted for teacher<br>professional development | 25,803                         | 26,530            | -                               | -                | 25,803                          | 26,530            |
| Total net assets                                   | <u>\$ 129,980</u>              | <u>\$ 363,208</u> | <u>\$ 67,030</u>                | <u>\$ 40,339</u> | <u>\$ 197,010</u>               | <u>\$ 403,547</u> |

The Regional Office's net assets decreased by \$206,537 from fiscal year 2009. This decrease is primarily due to the cumulative effect of a change in accounting principle. The ROE opted to change its definition of "available" as it relates to revenue recognition from a time frame of one year to 60 days. The cumulative effect of this change resulted in a decrease in net assets of \$298,562. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Government-Wide Financial Analysis (Continued)

CHANGES IN NET ASSETS

|  | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                    | <u>Total</u>        |                     |
|--|--------------------------------|---------------------|---------------------------------|--------------------|---------------------|---------------------|
|  | <u>2010</u>                    | <u>2009</u>         | <u>2010</u>                     | <u>2009</u>        | <u>2010</u>         | <u>2009</u>         |
| <b>Revenues:</b>                             |                                |                     |                                 |                    |                     |                     |
| Program revenues                             |                                |                     |                                 |                    |                     |                     |
| Charges for services                         | \$ -                           | \$ -                | \$ 53,771                       | \$ 50,037          | \$ 53,771           | \$ 50,037           |
| Operating grants and contributions           | 1,745,254                      | 1,487,575           | -                               | -                  | 1,745,254           | 1,487,575           |
| General revenues                             |                                |                     |                                 |                    |                     |                     |
| Local sources                                | 470,529                        | 473,603             | -                               | -                  | 470,529             | 473,603             |
| State sources                                | 3,637                          | 3,637               | -                               | -                  | 3,637               | 3,637               |
| Investment earnings                          | 4,724                          | 2,508               | -                               | -                  | 4,724               | 2,508               |
| Contributions not restricted                 | 8,486                          | -                   | -                               | -                  | 8,486               | -                   |
| On behalf payments                           | 289,107                        | 245,884             | -                               | -                  | 289,107             | 245,884             |
| <b>Total revenues</b>                        | <b>\$ 2,521,737</b>            | <b>\$ 2,213,207</b> | <b>\$ 53,771</b>                | <b>\$ 50,037</b>   | <b>\$ 2,575,508</b> | <b>\$ 2,263,244</b> |
| <b>Expenses:</b>                             |                                |                     |                                 |                    |                     |                     |
| Program expenses                             |                                |                     |                                 |                    |                     |                     |
| Salaries and benefits                        | \$ 1,079,665                   | \$ 912,637          | \$ 5,300                        | \$ 11,785          | \$ 1,084,965        | \$ 924,422          |
| Purchased services                           | 416,554                        | 384,143             | 18,393                          | 13,577             | 434,947             | 397,720             |
| Supplies and materials                       | 98,977                         | 104,107             | 3,387                           | 1,448              | 102,364             | 105,555             |
| Payments to other governments                | 561,064                        | 553,793             | -                               | -                  | 561,064             | 553,793             |
| Capital outlay                               | 11,036                         | 3,890               | -                               | -                  | 11,036              | 3,890               |
| Administrative expenses                      |                                |                     |                                 |                    |                     |                     |
| On-behalf payments - State                   | 289,107                        | 245,884             | -                               | -                  | 289,107             | 245,884             |
| <b>Total expenses</b>                        | <b>\$ 2,456,403</b>            | <b>\$ 2,204,454</b> | <b>\$ 27,080</b>                | <b>\$ 26,810</b>   | <b>\$ 2,483,483</b> | <b>\$ 2,231,264</b> |
| <b>Transfers:</b>                            |                                |                     |                                 |                    |                     |                     |
| Transfers in                                 | \$ -                           | \$ 63,075           | \$ -                            | \$ -               | \$ -                | \$ 63,075           |
| Transfers out                                | -                              | (41,921)            | -                               | (21,154)           | -                   | (63,075)            |
| <b>Total transfers</b>                       | <b>\$ -</b>                    | <b>\$ 21,154</b>    | <b>\$ -</b>                     | <b>\$ (21,154)</b> | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>Change in net assets</b>                  | <b>\$ 65,334</b>               | <b>\$ 29,907</b>    | <b>\$ 26,691</b>                | <b>\$ 2,073</b>    | <b>\$ 92,025</b>    | <b>\$ 31,980</b>    |
| Net assets beginning of year,<br>as restated | 64,646                         | 333,301             | 40,339                          | 38,266             | 104,985             | 371,567             |
| <b>Net assets end of year</b>                | <b>\$ 129,980</b>              | <b>\$ 363,208</b>   | <b>\$ 67,030</b>                | <b>\$ 40,339</b>   | <b>\$ 197,010</b>   | <b>\$ 403,547</b>   |

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Governmental Activities

Revenues for governmental activities were \$2,521,737 and expenses were \$2,456,403 for the year ended June 30, 2010. Revenues for governmental activities were \$2,213,207 and expenses were \$2,204,454 for the year ended June 30, 2009. As discussed earlier, the revenue within the General Fund increased by \$67,463. The increases in both revenues and expenditures for governmental activities are due primarily to the new Title IV – 21<sup>st</sup> Century Community Learning Centers grant.

Financial analysis of the Henderson, Mercer and Warren Counties Regional Office of Education #27 Funds

As previously noted, the Henderson, Mercer and Warren Counties Regional Office of Education #27 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances (deficits) of (\$202,663) at June 30, 2010 compared to fiscal year 2009's ending fund balance of \$363,208. This decrease in combined fund balances is due to the change in accounting principle mentioned earlier in the Government-Wide Financial Analysis section.

Budgetary Highlights

The Henderson, Mercer and Warren Counties Regional Office of Education #27 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the Henderson, Mercer and Warren Counties Boards for their approval. The Office Operations Budget covers a fiscal year that runs from December 1 to November 30. All grant budgets are prepared by the Henderson, Mercer and Warren Counties Regional Office of Education #27 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information of this report.

Capital Assets

The Regional Office's capital assets include office equipment, computers, audio-visual equipment, and building improvements. The Regional Office maintains an inventory of capital assets which have been accumulated over time. The Regional Office adopted a capitalization and depreciation threshold of \$5,000 for GASB 34. As of June 30, 2010, there were no assets costing \$5,000 or more.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Henderson, Mercer and Warren Counties Regional Office of Education #27 was aware of several existing circumstances that could affect its financial health in the future:

- Due to the State's inability to distribute funds due to the Regional Office of Education, ROE #27 discontinued its agreement with the Illinois State Board of Education for the Early Childhood Monitoring contract. ROE #27 did receive the Early Childhood Block Grant for FY11, but with the prediction that funds will not be received until January, the start of this program has been delayed.
- The Workforce Investment grant has not been awarded to ROE #27 for FY11.
- There will be no Gifted grant for FY11.
- The Title IV – 21<sup>st</sup> Century Community Learning Centers grant was renewed for FY11.
- The Incoming Freshman Academy is possibly going to have a restructuring of its funding procedures, which may require ROE #27 to use the unused balance of funds from prior years.
- ROE #27 will be expending in FY11 all of the Title I, ARRA funds that were received in FY10 from the school districts.
- Title II funds will be received in FY11 which will require employing several part time staff.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Henderson, Mercer and Warren Counties Regional Office of Education #27 at 200 West Broadway, Monmouth, Illinois 61462.

## BASIC FINANCIAL STATEMENTS

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 STATEMENT OF NET ASSETS  
 June 30, 2010

|   | Primary Government         |                             |                   |
|---|----------------------------|-----------------------------|-------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total             |
| <b>ASSETS</b>                                   |                            |                             |                   |
| Current Assets:                                 |                            |                             |                   |
| Cash and cash equivalents                       | \$ 351,311                 | \$ 41,830                   | \$ 393,141        |
| Due from other governmental units               | 598,437                    | 25,200                      | 623,637           |
| Prepaid items                                   | 2,500                      | -                           | 2,500             |
| Total Current Assets                            | <u>952,248</u>             | <u>67,030</u>               | <u>1,019,278</u>  |
| <b>TOTAL ASSETS</b>                             | <u>952,248</u>             | <u>67,030</u>               | <u>1,019,278</u>  |
| <b>LIABILITIES</b>                              |                            |                             |                   |
| Current Liabilities:                            |                            |                             |                   |
| Accounts payable                                | 33,058                     | -                           | 33,058            |
| Due to other governmental units                 | 322,850                    | -                           | 322,850           |
| Deferred revenue                                | 466,360                    | -                           | 466,360           |
| <b>TOTAL LIABILITIES</b>                        | <u>822,268</u>             | <u>-</u>                    | <u>822,268</u>    |
| <b>NET ASSETS</b>                               |                            |                             |                   |
| Unrestricted                                    | 104,177                    | 67,030                      | 171,207           |
| Restricted for teacher professional development | 25,803                     | -                           | 25,803            |
| <b>TOTAL NET ASSETS</b>                         | <u>\$ 129,980</u>          | <u>\$ 67,030</u>            | <u>\$ 197,010</u> |

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

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010

| FUNCTIONS/PROGRAMS                                     | Program Revenues    |                         |  | Net (Expenses)/Revenues and<br>Changes in Net Assets |                             |                     |
|--|---------------------|-------------------------|--|--|-----------------------------|---------------------|
|  | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Government                                   |                             | Total               |
|  |                     |                         |  | Governmental<br>Activities                           | Business-Type<br>Activities |                     |
| Primary government:                                    |                     |                         |  |  |                             |                     |
| Governmental activities:                               |                     |                         |  |  |                             |                     |
| Instructional Services:                                |                     |                         |  |  |                             |                     |
| Salaries and benefits                                  | \$ 1,079,665        | \$ -                    | \$ 816,748                               | \$ (262,917)   | \$ -                        | \$ (262,917)        |
| Purchased services                                     | 416,554             | -                       | 208,419                                  | (208,135)  | -                           | (208,135)           |
| Supplies and materials                                 | 98,977              | -                       | 83,838                                   | (15,139)   | -                           | (15,139)            |
| Payments to other governments                          | 561,064             | -                       | 633,536                                  | 72,472   | -                           | 72,472              |
| Capital outlay   | 11,036              | -                       | 2,713                                    | (8,323)  | -                           | (8,323)             |
| Administrative:  |                     |                         |  |  |                             |                     |
| On-behalf payments-State                               | 289,107             | -                       | -  | (289,107)  | -                           | (289,107)           |
| Total governmental activities                          | <u>2,456,403</u>    | <u>-</u>                | <u>1,745,254</u>                         | <u>(711,149)</u>                                     | <u>-</u>                    | <u>(711,149)</u>    |
| Business-type activities:                              |                     |                         |  |  |                             |                     |
| Staff Development                                      | 27,080              | 53,771                  | -  | -  | 26,691                      | 26,691              |
| Total business-type activities                         | <u>27,080</u>       | <u>53,771</u>           | <u>-</u>                                 | <u>-</u>   | <u>26,691</u>               | <u>26,691</u>       |
| Total primary government                               | <u>\$ 2,483,483</u> | <u>\$ 53,771</u>        | <u>\$ 1,745,254</u>                      | <u>\$ (711,149)</u>                                  | <u>\$ 26,691</u>            | <u>\$ (684,458)</u> |
| General revenues:                                      |                     |                         |  |  |                             |                     |
| Local sources  |                     |                         |  | 470,529  | -                           | 470,529             |
| State sources  |                     |                         |  | 3,637  | -                           | 3,637               |
| Investments earnings                                   |                     |                         |  | 4,724  | -                           | 4,724               |
| Contributions not restricted to specific program       |                     |                         |  | 8,486  | -                           | 8,486               |
| On behalf payments                                     |                     |                         |  | 289,107  | -                           | 289,107             |
| Total general revenues and transfers                   |                     |                         |  | <u>776,483</u>                                       | <u>-</u>                    | <u>776,483</u>      |
| Change in net assets                                   |                     |                         |  | <u>65,334</u>  | <u>26,691</u>               | <u>92,025</u>       |
| Net assets - beginning, as originally reported         |                     |                         |  | 363,208  | 40,339                      | 403,547             |
| Cumulative effect of change in<br>accounting principle |                     |                         |  | <u>(298,562)</u>                                     | <u>-</u>                    | <u>(298,562)</u>    |
| Net assets - beginning, as restated                    |                     |                         |  | <u>64,646</u>  | <u>40,339</u>               | <u>104,985</u>      |
| Net assets - ending                                    |                     |                         |  | <u>\$ 129,980</u>                                    | <u>\$ 67,030</u>            | <u>\$ 197,010</u>   |

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 June 30, 2010

|  | General<br>Fund  | Education<br>Fund | Other<br>Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------|-------------------|-----------------------------|--------------------------------|
| <b>ASSETS</b>                              |                  |                   |                             |                                |
| Cash and cash equivalents                  | \$ 36,936        | \$ 240,956        | \$ 73,419                   | \$ 351,311                     |
| Due from other funds                       | 52,542           | 61,337            | 8,346                       | 122,225                        |
| Due from other governmental units          | -                | 598,437           | -                           | 598,437                        |
| Prepaid items                              | 2,500            | -                 | -                           | 2,500                          |
| <br>                                       |                  |                   |                             |                                |
| <b>TOTAL ASSETS</b>                        | <b>\$ 91,978</b> | <b>\$ 900,730</b> | <b>\$ 81,765</b>            | <b>\$ 1,074,473</b>            |
| <br>                                       |                  |                   |                             |                                |
| <b>LIABILITIES</b>                         |                  |                   |                             |                                |
| Accounts payable                           | \$ -             | \$ 33,058         | \$ -                        | \$ 33,058                      |
| Due to other funds                         | 3,141            | 110,738           | 8,346                       | 122,225                        |
| Due to other governmental units            | -                | 322,850           | -                           | 322,850                        |
| Deferred revenue                           | -                | 799,003           | -                           | 799,003                        |
| Total liabilities                          | 3,141            | 1,265,649         | 8,346                       | 1,277,136                      |
| <br>                                       |                  |                   |                             |                                |
| <b>FUND BALANCES</b>                       |                  |                   |                             |                                |
| Unreserved, reported in:                   |                  |                   |                             |                                |
| General fund                               | 88,837           | -                 | -                           | 88,837                         |
| Special revenue funds                      | -                | (364,919)         | 73,419                      | (291,500)                      |
| Total fund balances                        | 88,837           | (364,919)         | 73,419                      | (202,663)                      |
| <br>                                       |                  |                   |                             |                                |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 91,978</b> | <b>\$ 900,730</b> | <b>\$ 81,765</b>            | <b>\$ 1,074,473</b>            |

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2010

|   |  |              |
|---|--|--------------|
| Total fund balances - governmental funds  |  | \$ (202,663) |
| <p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>   |  |              |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.  |  | -            |
| Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. |  | 332,643      |
|   |  | 332,643      |
| Net assets of governmental activities   |  | \$ 129,980   |

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010

|  | General<br>Fund  | Education<br>Fund   | Other<br>Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------|---------------------|-----------------------------|--------------------------------|
| <b>Revenues:</b>   |                  |                     |                             |                                |
| Local sources  | \$ 235,031       | \$ 209,375          | \$ 26,123                   | \$ 470,529                     |
| State sources  | -                | 1,078,871           | 3,637                       | 1,082,508                      |
| Federal sources  | -                | 333,740             | -                           | 333,740                        |
| Interest   | 4,695            | -                   | 29                          | 4,724                          |
| Contributions  | 8,486            | -                   | -                           | 8,486                          |
| On-behalf payments from State                                | 254,584          | 34,523              | -                           | 289,107                        |
| <b>Total revenues</b>  | <b>502,796</b>   | <b>1,656,509</b>    | <b>29,789</b>               | <b>2,189,094</b>               |
| <b>Expenditures:</b>   |                  |                     |                             |                                |
| <b>Instructional services:</b>                               |                  |                     |                             |                                |
| Salaries and benefits  | 97,435           | 981,539             | 691                         | 1,079,665                      |
| Purchased services   | 139,485          | 254,459             | 22,610                      | 416,554                        |
| Supplies and materials                                       | 13,552           | 84,990              | 435                         | 98,977                         |
| Payments to other governments                                | -                | 561,064             | -                           | 561,064                        |
| On-behalf payments to TRS and State                          | 254,584          | 34,523              | -                           | 289,107                        |
| Capital outlay   | 8,486            | 2,550               | -                           | 11,036                         |
| <b>Total expenditures</b>                                    | <b>513,542</b>   | <b>1,919,125</b>    | <b>23,736</b>               | <b>2,456,403</b>               |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(10,746)</b>  | <b>(262,616)</b>    | <b>6,053</b>                | <b>(267,309)</b>               |
| <b>Other financing sources (uses):</b>                       |                  |                     |                             |                                |
| Transfers in   | -                | -                   | 2,400                       | 2,400                          |
| Transfers out  | (2,400)          | -                   | -                           | (2,400)                        |
| <b>Net other sources and uses of<br/>financial resources</b> | <b>(2,400)</b>   | <b>-</b>            | <b>2,400</b>                | <b>-</b>                       |
| <b>Net change in fund balances</b>                           | <b>(13,146)</b>  | <b>(262,616)</b>    | <b>8,453</b>                | <b>(267,309)</b>               |
| Fund balances - beginning                                    | 101,983          | 196,259             | 64,966                      | 363,208                        |
| Cumulative effect of change in accounting principles         | -                | (298,562)           | -                           | (298,562)                      |
| Fund balances - beginning, as restated                       | 101,983          | (102,303)           | 64,966                      | 64,646                         |
| <b>Fund balances - ending</b>                                | <b>\$ 88,837</b> | <b>\$ (364,919)</b> | <b>\$ 73,419</b>            | <b>\$ (202,663)</b>            |

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010

Net change in fund balances \$ (267,309)

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

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

|   |      |   |  |   |
|---|------|---|--|---|
| Capital outlay expenditures per the fund financials           | \$ - |   |  |   |
| Capital outlay expenditures per the government wide statement | -    |   |  |   |
| Capital outlay expenditures that are capitalized              |      | - |  |   |
| <br>Depreciation expense                                      |      | - |  | - |

Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. 332,643

Changes in net assets of governmental activities \$ 65,334

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUND  
 June 30, 2010

|   | Enterprise<br>Fund   |
|---|----------------------|
|   | Staff<br>Development |
| <b>ASSETS</b>                                     |                      |
| Current assets:                                   |                      |
| Cash and cash equivalents                         | \$ 41,830            |
| Due from other governmental<br>units and agencies | 25,200               |
| <b>TOTAL ASSETS</b>                               | <b>\$ 67,030</b>     |
| <b>NET ASSETS</b>                                 |                      |
| Unrestricted                                      | \$ 67,030            |

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2010

|                                      | Enterprise<br>Fund   |
|--------------------------------------|----------------------|
|                                      | Staff<br>Development |
| OPERATING REVENUES:                  |                      |
| Charges for services                 | \$ 53,771            |
| Total operating revenues             | 53,771               |
| <br>                                 |                      |
| OPERATING EXPENSES:                  |                      |
| Salaries and benefits                | 5,300                |
| Purchased services                   | 18,393               |
| Supplies and materials               | 3,387                |
| Total operating expenses             | 27,080               |
| Operating income (loss)              | 26,691               |
| <br>                                 |                      |
| TOTAL NET ASSETS - BEGINNING OF YEAR | 40,339               |
| <br>                                 |                      |
| TOTAL NET ASSETS - END OF YEAR       | \$ 67,030            |

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2010

|   | <u>Enterprise<br/>Fund<br/>Staff<br/>Development</u> |
|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |  |
| Receipts from other funds for goods and services provided   | \$ 28,571  |
| Payments to suppliers and providers of goods and services   | (21,780)   |
| Payments to employees   | <u>(5,300)</u>                                       |
| Net cash provided by (used for) operating activities  | <u>1,491</u>   |
| Net increase (decrease) in cash and cash equivalents  | 1,491  |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>  | <u>40,339</u>  |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <u><u>\$ 41,830</u></u>                              |
| <br><b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b> |  |
| Operating income (loss)   | \$ 26,691  |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used for) operating activities:      |  |
| Increase in due from other governmental units and agencies  | <u>(25,200)</u>                                      |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>   | <u><u>\$ 1,491</u></u>                               |

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

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Henderson, Mercer and Warren Counties Regional Office of Education #27 (ROE) conform to accounting principles generally accepted in the United States of America for governmental entities. The following is a summary of the significant accounting policies.

The Regional Superintendent is responsible for supervision and control of school districts within Henderson, Mercer and Warren Counties. This includes all aspects of supervision, reports and financial accounting of districts which are considered by state law to be in the Service Region. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to state controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers, to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in Henderson, Mercer and Warren Counties; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

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

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

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

For the period ended June 30, 2010, Henderson, Mercer and Warren Counties Regional Office of Education #27 applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Henderson, Mercer and Warren Counties. Such activities are reported as a single special revenue fund (Education Fund).

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility.

The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the ROE 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.

Certain joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the ROE does not control the assets, operations, or management of the joint agreements. However, Progressive Alternative Secondary School (PASS) was determined to be part of the reporting entity and, as such, is reflected as part of these financial statements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the ROE being considered a component of the entity.

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government.

The Statement of Net Assets presents the Henderson, Mercer and Warren Counties Regional Office of Education #27 nonfiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

The statements are separated by governmental and business-type activities. The only business-type activity for the ROE is the Staff Development Fund, which accounts for fees that are charged for the development of staff for educators in west central Illinois.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Fund Financial Statements – The accounts of the ROE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, fund balance, revenues, and expenditures. The ROE's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the ROE are financed. The acquisition, use, and balances of the ROE's expendable financial resources and the related current liabilities are accounted for through Governmental Funds. The ROE's major Governmental Funds include the following:

General Fund – The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund is always considered a major fund.

Education Fund – The Education Fund includes proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. The following accounts are included in the Education Fund:

Title I – Reading First Part B SEA Funds – To account for funds received to provide assistance to school districts in establishing reading programs for students in kindergarten through third grade that are based on scientific reading research. Reading First also focuses on teacher development and ensuring that all teachers, including special education teachers, have the tools they need to effectively help their students learn to read.

Even Start - Local – To account for local grant monies received for, and payment of, expenditures incurred for the Even Start program.

McDonough/Hancock ROE Homeless Grant – To account for grant monies received for, and payment of, expenditures incurred for the Homeless Grant from the McDonough/Hancock ROE.

Bureau/Henry/Stark ROE Century 21 Grant – To account for the grant monies received for, and payment of, expenditures incurred for the 21<sup>st</sup> Century Learning Centers Grant from the Bureau/Henry/Stark ROE.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

KIDS Standards Aligned Classroom – To account for the grant monies received for, and payment of, expenditures incurred for the KIDS Standards Aligned Classroom.

High Roads Youth Program – To account for the grant monies received for, and payment of, expenditures incurred for the High Roads Youth Program.

Illinois Violence Prevention Act (IVPA) Mini-Grant – To account for funds received from IVPA to provide community awareness, coordination and training to impede family violence.

Early Childhood - Block Grant – To account for the grant monies received for, and payment of, expenditures incurred for the Early Childhood Block Grant.

Early Childhood – Monitoring – To account for the grant monies received for, and payment of, expenditures incurred for the Early Childhood – Monitoring Grant. The ROE is the fiscal agent for the state for this grant.

Incoming Freshman Academy – To account for the grant monies received for, and payment of, expenditures incurred for the Incoming Freshman Academy Program.

Gifted Education – To account for the grant monies received for, and payment of, expenditures incurred for the Gifted Education Grant.

Workforce Investment – To account for the funds received from the Workforce Investment Office of Western Illinois to assist economically disadvantaged youth in finding the appropriate services needed to remove barriers to successful participation in employment.

Title IV 21<sup>st</sup> Century Community Learning Centers – To create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools, to meet State and local student standards in core academic subjects, to offer students a broad array of enrichment activities that can complement their regular academic programs, and to offer literacy and other educational services to the families of participating children.

Title I Grant to Local Educational Agency Part A – To account for the monies received for, and payment of, expenditures incurred for the Title I Local Educational Agency Part A Grant.

Title I School Improvement – To account for the monies received for, and payment of, expenditures incurred for the Title I School Improvement Program.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Title II Teacher Quality – To account for the monies received for, and payment of, expenditures incurred for the Title II Teacher Quality Program.

Progressive Alternative Secondary School (P.A.S.S.) – To account for the administration of monies used for the following sources:

General State Aid – To account for the administration of monies to be received for, and payment of, expenditures for the Progressive Alternative Secondary School.

Adult Education and Family Literacy – State Basic – To account for grant monies received for, and payment of, expenditures incurred for students in high school, General Educational Development, and computer classes with high reading level.

Adult Education and Family Literacy – State Performance – To account for grant monies for formula-driven rewards for successful completion of the program.

Adult Education and Family Literacy – Public Assistance – To account for grant monies received from the Department of Human Services for expenditures incurred for educational services given for students on public assistance.

Regional Safe Schools – To account for the administration of monies to be used for the Regional Safe Schools Program funded by the Illinois State Board of Education.

Title IV – Safe and Drug Free Schools Formula – To account for grant monies received and expenditures for the drug prevention program.

Federal Adult Education - Basic – To account for federal grant monies received for, and payment of, education and literacy for adults.

Title II – Teacher Quality – To account for grant monies received to assist school districts in educating school staff in the use of technology and telecommunications in instructional and administrative functions.

Health Literacy – To account for grant monies received for, and payment of, expenditures for the Health Literacy Program.

State Free Lunch and Breakfast – To account for grant monies received for, and payment of, expenditures for the State Free Lunch and Breakfast Program.

National School Lunch Program – To account for grant monies received for, and payment of, expenditures for the National School Lunch Program.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

School Breakfast Program – To account for grant monies received for, and payment of, expenditures for the School Breakfast Program.

School Breakfast Incentive – To account for grant monies received for, and payment of, expenditures for the School Breakfast Incentive Program.

The ROE also reports the following non-major governmental funds:

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The ROE's non-major special revenue funds include the following:

General Education Development (GED) – To account for the revenues and expenditures associated with the processing of applications for the high school level GED test and the issuance of diplomas upon successful completion of the examination.

Bus Driver Training – To account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

American College Test (ACT) Class – To account for the administration of classes to prepare students for the ACT.

Criminal Background Investigation – To account for the assessments received from the school districts to pay for the processing of background checks of substitute teachers and expenditures incurred providing this service to the school districts.

Supervisory Expense – To account for resources accumulated for, and payment of, expenditures incurred in providing supervisory services.

Institute – To account for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Education Administration – To account for the stewardship of the assets held in trust per agreement with the Boards of Education of the local school districts on the use of interest earnings earned from temporary investment of distributive funds.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Proprietary Fund Types

Enterprise Fund – Used to account for resources from fees charged directly to those entities or individuals that use the services of the ROE. This consists mainly of monies received for, and payment of, expenditures for workshops and other services for the school districts. The ROE's enterprise funds include the following:

Staff Development – To account for local revenues and disbursements related to the development of staff.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accounting records are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. The financial statements of the Henderson, Mercer and Warren Counties Regional Office of Education #27 are prepared by making memorandum adjusting entries to the cash basis financial records.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the ROE considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues received more than sixty 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 are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Under the terms of grant agreements, Henderson, Mercer and Warren Counties Regional Office of Education #27 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding sources available to finance the program. It is the Henderson, Mercer and Warren Counties Regional Office of Education #27's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the ROE applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise fund is charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

BUDGETS

The ROE does not adopt a formal budget for all revenues and expenditures of the governmental funds and is not legally required to do so. The Regional Office of Education Funds are controlled by the Regional Superintendent of Education and the State of Illinois. Certain programs administered by the ROE are subject to budget approval by the State of Illinois. The actual to budget comparisons are prepared on the modified accrual basis of accounting. The following accounts/funds prepare budgets:

Educational Grants:

- Title I – Reading First Part B SEA
- McDonough/Hancock ROE Homeless Grant
- Early Childhood – Block Grant
- Gifted Education
- Workforce Investment

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS (Continued)

Title IV – 21<sup>st</sup> Century Community Learning Centers  
Adult Education and Family Literacy – State Basic  
Adult Education and Family Literacy – State Performance  
Adult Education and Family Literacy – Public Assistance  
Regional Safe Schools  
Title IV – Safe and Drug Free Schools Formula  
Federal Adult Education - Basic  
Title II – Teacher Quality

TEACHER CERTIFICATION

Teacher certification revenues are recognized over a five year period when applicable.

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets. Purchases of equipment are recorded as capital outlay expenditures of the various funds. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The ROE capitalizes items costing \$5,000 or more. As of June 30, 2010, there were no items costing \$5,000 or more.

DEFERRED REVENUES

The ROE reports unearned deferred revenue in the governmental fund Balance Sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS AND CASH ACCOUNTS

State regulations require that the ROE deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the ROE to make deposits or invest in obligation 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 Public Treasurer's Investment Pool.

REVENUES FROM FEDERAL AND STATE GRANTS

Revenues from federal and state grant awards are recorded net of the amount due to the State for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the state or carried over to the following year project are recorded as liabilities.

DUE FROM OTHER GOVERNMENTAL UNITS AND AGENCIES

Due from other governmental units and agencies is reported at gross with no allowance for uncollectibles since management feels the amount of any uncollectible accounts is immaterial.

ACCUMULATED UNPAID VACATION AND SICK PAY

Sick pay must be accumulated but does not vest with the employee. Vacation time must be used during the calendar year earned or it is forfeited. Any accruals as of June 30 are considered immaterial.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds and are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net assets. Net assets represent the difference between assets and liabilities and is displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS (Continued)

- b. 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.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

NEW ACCOUNTING STANDARDS

There were three new accounting standards implemented during the year ended June 30, 2010: Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension, Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, and Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. No.’s 51 and 53 did not have a significant impact on the financial statements. See Note 11 on Other Postemployment Benefits for implementation of No. 45.

2. INTERGOVERNMENTAL AGREEMENT

Henderson, Mercer and Warren Counties Regional Office of Education #27 entered into an Intergovernmental Agreement with Rock Island Regional Office of Education #49 executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110.

3. CASH

The *Illinois Compiled Statutes* authorize the ROE to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Public Treasurer’s Investment Pool.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

CASH (Continued)

At June 30, 2010, the carrying amount of the ROE's various bank deposits totaled \$393,141 and the bank balances totaled \$732,245. Included in the bank balance is \$24,113 deposited in the Illinois Funds. The Illinois Funds portfolio includes: certificates of deposit issued by Illinois financial institutions, repurchase agreements backed by direct treasury obligations from primary government securities dealers, direct treasury obligations of the U.S. Government, and money market funds backed by full faith and credit obligations of the U.S. Government. The ROE owns no identifiable investment securities in the Illinois Funds; therefore, credit risk cannot be assessed for the Illinois Funds.

Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$88,281 of the ROE's bank balance of \$732,245 was exposed to custodial credit risk as uninsured and uncollateralized.

4. RECEIVABLES/PAYABLES

Receivables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2010, are as follows:

|                           | <u>Due from Other<br/>Governmental Units</u> | <u>Other</u> | <u>Total</u>      |
|---------------------------|--|--------------|-------------------|
| Governmental activities:  |  |              |                   |
| Education                 | \$ 598,437                                   | \$ -         | \$ 598,437        |
| Business-type activities: |  |              |                   |
| Staff Development         | <u>25,200</u>                                | <u>-</u>     | <u>25,200</u>     |
| Total                     | <u>\$ 623,637</u>                            | <u>\$ -</u>  | <u>\$ 623,637</u> |

Payables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2010, are as follows:

|                               | <u>Due to Other<br/>Governmental Units</u> | <u>Other</u>     | <u>Total</u>      |
|-------------------------------|--|------------------|-------------------|
| Governmental activities:      |  |                  |                   |
| Education                     | <u>\$ 322,850</u>                          | <u>\$ 33,058</u> | <u>\$ 355,908</u> |
| Total governmental activities | <u>\$ 322,850</u>                          | <u>\$ 33,058</u> | <u>\$ 355,908</u> |

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

5. DUE TO/FROM OTHER GOVERNMENTS

The Henderson, Mercer and Warren Counties Regional Office of Education #27's governmental activities have amounts due to and due from various other governmental units which consist of the following:

Due From Other Governmental Units:

|                                    |                  |
|------------------------------------|------------------|
| Illinois State Board of Education  | \$542,929        |
| Illinois Community College Board   | 35,613           |
| Other Regional Office of Education | 25,200           |
| Other School Districts             | <u>19,895</u>    |
| Total                              | <u>\$623,637</u> |

Due To Other Governmental Units:

|                               |                  |
|-------------------------------|------------------|
| Regional Offices of Education | <u>\$322,850</u> |
|-------------------------------|------------------|

6. INTERFUND TRANSACTIONS

DUE TO/FROM OTHER FUNDS

The Henderson, Mercer and Warren Counties ROE #27 had the following due to/from other fund balances for the year ended June 30, 2010:

|   | Due from   | Due to     |
|---|------------|------------|
| General Fund                            | \$ 52,542  | \$ 3,141   |
| Education Fund                          |            |            |
| Bureau/Henry/Stark ROE Century 21 Grant | 41         | 41         |
| High Roads Youth Program                | -          | 4,487      |
| Early Childhood - Monitoring            | -          | 47,024     |
| McDonough/Hancock ROE Homeless Grant    | -          | 990        |
| KIDS Standards Aligned Classroom        | 3,100      | -          |
| General State Aid                       | 49,001     | -          |
| Adult Ed - State Basic                  | -          | 18,830     |
| Adult Ed - State Performance            | -          | 331        |
| Adult Ed - Public Assistance            | -          | 10,719     |
| Regional Safe Schools                   | -          | 28,316     |
| National School Lunch Program           | 9,195      | -          |
| Non-Major Fund                          |            |            |
| General Education Development           | -          | 8,346      |
| Bus Driver Training                     | 8,346      | -          |
| Total                                   | \$ 122,225 | \$ 122,225 |

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

INTERFUND TRANSACTIONS (Continued)

INTERFUND TRANSFERS

During the year ended June 30, 2010, the ROE made a transfer between funds to help cover costs of the one fund. The amount transferred between accounts is shown as transfers in the Statement of Revenues, Expenditures, and Changes in Fund Balance. The detail of interfund transfers for the year ended June 30, 2010 is as follows:

|                       | Transfers In | Transfers Out |
|-----------------------|--------------|---------------|
| General Fund          | \$ -         | \$ 2,400      |
| Other Non-Major Funds |              |               |
| Supervisory Expense   | 2,400        | -             |
| Total                 | \$ 2,400     | \$ 2,400      |

7. RETIREMENT PLANS

All certified personnel participate in the Teachers' Retirement System of the State of Illinois (TRS) and the Teacher Health Insurance Security (THIS) Fund. All other employees who meet or exceed prescribed annual hourly standards are enrolled in the Illinois Municipal Retirement Fund (IMRF).

TRS Plan Description

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees.

- On-behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$73,693 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009, and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$33,375) and 13.11 percent (\$55,745), respectively.

The ROE makes other types of employer contributions directly to TRS.

- 2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$827. Contributions for the years ended June 30, 2009, and June 30, 2008, were \$1,133 and \$2,466, respectively.
- Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$4,983 were paid from federal and special trust funds that required employer contributions of \$1,165. For the years ended June 30, 2009 and June 30, 2008, required ROE contributions were \$1,209 and \$1,593, respectively.

- Early Retirement Option (ERO). The ROE is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

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

For the year ended June 30, 2010, the ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the ROE made no payments under the ERO.

- Salary Increases Over 6 Percent and Excess Sick Leave. Public Act 94-0004 added two additional employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2010, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2009 and June 30, 2008, the ROE paid \$-0- and \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

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

For the year ended June 30, 2010, the ROE paid \$-0- to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2009 and June 30, 2008, the ROE paid \$-0- and \$-0- in employer contributions granted for sick leave days, respectively.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010.

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

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund

*Plan Description.* The ROE'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 ROE'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 ROE's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the ROE to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 9.45 percent of annual covered payroll. The ROE also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For fiscal year ending December 31, 2009, the ROE's annual pension cost of \$28,988 for the Regular plan was equal to the ROE's required and actual contributions.

Three-Year Trend Information for the Regular Plan

| Fiscal<br>Year<br>Ending | Annual Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net Pension<br>Obligation |
|--------------------------|------------------------------|-------------------------------------|---------------------------|
| 12/31/2009               | \$ 28,988                    | 100%                                | \$0                       |
| 12/31/2008               | 25,892                       | 100%                                | 0                         |
| 12/31/2007               | 36,017                       | 100%                                | 0                         |

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the ROE'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 15% corridor between the actuarial and market value of assets. The ROE Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007 valuation was 5 years.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 84.47 percent funded. The actuarial accrued liability for benefits was \$790,774 and the actuarial value of assets was \$667,954, resulting in an underfunded actuarial accrued liability (UAAL) of \$122,820. The covered payroll (annual payroll of active employees covered by the plan) was \$306,757 and the ratio of the UAAL to the covered payroll was 40 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

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.

8. OTHER POSTEMPLOYMENT BENEFITS

THIS Plan Description

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

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

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

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

OTHER POSTEMPLOYMENT BENEFITS (Continued)

- On behalf contributions to THIS Fund. The state of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$1,197, and the ROE recognized revenue and expenditures of this amount during the year.

Had the Regional Office of Education #27 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008, under the current standards, the contribution match would have been 0.84 percent of pay or \$1,641 and \$3,572, respectively.

- Employer contributions to THIS Fund. The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009 and June 30, 2008. For the year ended June 30, 2010, the ROE paid \$898 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the ROE paid \$1,231 and \$2,679 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.

In addition, the ROE allows IMRF employees, who retire through the ROE's plan disclosed in Note 7, the option to continue in the ROE'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 ROE's health insurance plan is considered a community rated plan. In addition, the ROE has no explicit subsidy as defined in GASB S-45.

9. ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees. The salaries, fringe benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendents are paid by the State of Illinois. The following salary and benefit data for the Regional Superintendent and Assistant Regional Superintendents was calculated based on data provided by the Illinois State Board of Education.

|  |                  |
|--|------------------|
| TRS pension contributions  | \$ 73,693        |
| THIS contributions   | 1,197            |
| Regional Superintendent – salary   | 90,871           |
| Regional Superintendent – benefits (includes State paid insurance)           | 22,335           |
| Assistant Regional Superintendent – salary                                   | 81,784           |
| Assistant Regional Superintendent – benefits (includes State paid insurance) | <u>19,227</u>    |
| Total  | <u>\$289,107</u> |

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

10. OTHER DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which overextended appropriations during the year are required to be disclosed.

A. The following funds/accounts had a deficit fund balance at June 30, 2010.

| <u>Fund/Account</u>                                     | <u>Amount</u> |
|---|---------------|
| Early Childhood – Monitoring                            | \$479,375     |
| Adult Education and Family Literacy – State Basic       | 8,431         |
| Adult Education and Family Literacy – State Performance | 6,889         |
| Adult Education and Family Literacy – Public Assistance | 8,482         |
| School Breakfast Program                                | 73            |
| General Education Development                           | 8,346         |

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2010.

| <u>Fund</u>                | <u>Budget<br/>Amount</u> | <u>Expenditures</u> | <u>Unfavorable<br/>Variance</u> |
|----------------------------|--------------------------|---------------------|---------------------------------|
| McDonough/Hancock ROE      |                          |                     |                                 |
| Homeless Grant             | \$ 10,220                | \$ 17,999           | \$ 7,779                        |
| Workforce Investment       | 14,900                   | 15,474              | 574                             |
| Title II - Teacher Quality | 390                      | 400                 | 10                              |

11. OPERATING LEASES

Progressive Alternative Secondary School (PASS) leases their office and classroom space at a monthly rent of \$2,660. The lease term is from June 1, 2009 to May 31, 2010 with an option to renew for an additional twelve months. The lease was renewed at the end of the initial term and has been extended until May 31, 2011 with a decrease in rent to \$1,000 per month due to leasing less space.

The ROE's main office leases its office space at a yearly rent of \$6,000. The lease is renewable on a year to year basis.

The ROE and Even Start Program entered into a lease with Monmouth-Roseville District #238 for the use of two second floor classrooms. The lease term is from July 1, 2009 to June 30, 2010, and may be extended for additional terms upon the mutual agreement of both parties. The rent paid for this term was \$7,000.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

OPERATING LEASES (Continued)

The ROE entered into a lease with New Life Assembly of God Church in Aledo for the use of its church for the High Roads Program. The lease term is from July 1, 2009 to June 30, 2010 and may be extended for additional terms upon the mutual agreement of both parties. The rent paid for this term was \$2,400.

During the year ended June 30, 2010, rentals under lease obligations were \$44,660.

12. NON-EXCHANGE CONTRIBUTION

During the year ended June 30, 2010, the ROE received a SMART Board and attachments. Each of these pieces individually is below \$5,000, the ROE's capitalization threshold. Therefore, the SMART Board has not been recorded as capital assets in the ROE's financial statements. However, the total value of the equipment was recorded as corresponding contribution revenue and capital outlay. \$8,486, the total value of the equipment received, is recorded as non-exchange contributions not restricted to specific programs on the government-wide statement of activities.

13. CHANGE IN ACCOUNTING PRINCIPLE

As described in Note 1 to the financial statements, the ROE considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Prior to the fiscal year ending June 30, 2010, the ROE's policy specified a time limit within one year of the end of the fiscal period to be used. Since the majority of the ROE's revenue is received from the Illinois State Board of Education, and with the extended delays in payments from the State of Illinois, the ROE determined that using a sixty day limit would be more appropriate under the current conditions. Net assets at July 1, 2009 were decreased by \$298,562 for the cumulative effect of this change in accounting principle related to revenue recognition.

14. LINE OF CREDIT

On June 22, 2010, the ROE established a line of credit in the amount of \$300,000 in anticipation of grant payments outstanding at the Illinois Office of the Comptroller for fiscal year 2010. The line of credit had an interest rate of 4% and matured on December 31, 2010. No amounts were drawn on this note and the ROE did not renew it when it matured.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Other than Management's Discussion and Analysis)

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 For the Year Ended June 30, 2010

(Unaudited - See Accompanying Independent Auditor's Report)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 12/31/2009                     | \$ 667,954                             | \$ 790,774   | \$ 122,820                         | 84.47%                   | \$ 306,757                | 40.04%  |
| 12/31/2008                     | 625,121                                | 716,124  | 91,003                             | 87.29%                   | 291,251                   | 31.25%  |
| 12/31/2007                     | 625,423                                | 641,479  | 16,056                             | 97.50%                   | 307,049                   | 5.23%   |

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$652,731. On a market basis, the funded ratio would be 82.54%.

**SUPPLEMENTARY INFORMATION**

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2010

|   | Title I<br>Reading First<br>Part B<br>SEA Funds | Even<br>Start<br>Local | McDonough/<br>Hancock ROE<br>Homeless<br>Grant | Bureau/<br>Henry/<br>Stark ROE<br>Century 21<br>Grant | KIDS<br>Standards<br>Aligned<br>Classroom | High<br>Roads<br>Youth<br>Program |
|---|---|------------------------|--|---|---|-----------------------------------|
| <b>ASSETS</b>                                     |   |                        |  |   |   |                                   |
| ASSETS  |   |                        |  |   |   |                                   |
| Cash and cash equivalents                         | \$ 2,984  | \$ 3,782               | \$ -   | \$ -  | \$ -                                      | \$ -                              |
| Due from other funds                              | -   | -                      | -  | 41  | 3,100                                     | -                                 |
| Due from other governmental<br>units and agencies | -   | 4,800                  | 2,180  | -   | -   | 11,545                            |
| <b>TOTAL ASSETS</b>                               | <b>\$ 2,984</b>                                 | <b>\$ 8,582</b>        | <b>\$ 2,180</b>                                | <b>\$ 41</b>  | <b>\$ 3,100</b>                           | <b>\$ 11,545</b>                  |
| <b>LIABILITIES AND<br/>FUND BALANCE</b>           |   |                        |  |   |   |                                   |
| <b>LIABILITIES</b>                                |   |                        |  |   |   |                                   |
| Accounts payable                                  | \$ -  | \$ -                   | \$ -   | \$ -  | \$ -                                      | \$ -                              |
| Due to other funds                                | -   | -                      | 990  | 41  | -   | 4,487                             |
| Due to other governmental units                   | -   | -                      | -  | -   | -   | -                                 |
| Deferred revenue                                  | 2,984   | -                      | 1,190  | -   | -   | -                                 |
| Total Liabilities                                 | 2,984   | -                      | 2,180  | 41  | -   | 4,487                             |
| <b>FUND BALANCE</b>                               |   |                        |  |   |   |                                   |
| Unreserved  | -   | 8,582                  | -  | -   | 3,100                                     | 7,058                             |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCE</b>     | <b>\$ 2,984</b>                                 | <b>\$ 8,582</b>        | <b>\$ 2,180</b>                                | <b>\$ 41</b>  | <b>\$ 3,100</b>                           | <b>\$ 11,545</b>                  |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2010

| ASSETS  | Illinois<br>Violence<br>Prevention Act<br>Mini-Grant | Early<br>Childhood -<br>Block Grant | Early<br>Childhood -<br>Monitoring | Incoming<br>Freshman<br>Academy | Gifted<br>Education | Workforce<br>Investment |
|---|--|-------------------------------------|------------------------------------|---------------------------------|---------------------|-------------------------|
| ASSETS  |  |                                     |                                    |                                 |                     |                         |
| Cash and cash equivalents                         | \$ 5,922   | \$ 38,104                           | \$ -                               | \$ 45,419                       | \$ 17,810           | \$ 9,895                |
| Due from other funds                              | -  | -                                   | -                                  | -                               | -                   | -                       |
| Due from other governmental<br>units and agencies | -  | 35,275                              | 466,500                            | 8,350                           | -                   | -                       |
| <b>TOTAL ASSETS</b>                               | <b>\$ 5,922</b>                                      | <b>\$ 73,379</b>                    | <b>\$ 466,500</b>                  | <b>\$ 53,769</b>                | <b>\$ 17,810</b>    | <b>\$ 9,895</b>         |
| <br>  |  |                                     |                                    |                                 |                     |                         |
| LIABILITIES AND<br>FUND BALANCE                   |  |                                     |                                    |                                 |                     |                         |
| LIABILITIES                                       |  |                                     |                                    |                                 |                     |                         |
| Accounts payable                                  | \$ -   | \$ -                                | \$ 33,058                          | \$ -                            | \$ -                | \$ -                    |
| Due to other funds                                | -  | -                                   | 47,024                             | -                               | -                   | -                       |
| Due to other governmental units                   | -  | -                                   | 322,850                            | -                               | -                   | -                       |
| Deferred revenue                                  | -  | 73,379                              | 542,943                            | -                               | 17,810              | -                       |
| Total Liabilities                                 | -  | 73,379                              | 945,875                            | -                               | 17,810              | -                       |
| <br>  |  |                                     |                                    |                                 |                     |                         |
| FUND BALANCE                                      |  |                                     |                                    |                                 |                     |                         |
| Unreserved  | 5,922  | -                                   | (479,375)                          | 53,769                          | -                   | 9,895                   |
| <br>  |  |                                     |                                    |                                 |                     |                         |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCE</b>     | <b>\$ 5,922</b>                                      | <b>\$ 73,379</b>                    | <b>\$ 466,500</b>                  | <b>\$ 53,769</b>                | <b>\$ 17,810</b>    | <b>\$ 9,895</b>         |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2010

| ASSETS  | Title IV<br>21st Century<br>Community<br>Learning<br>Centers | Title I<br>Grant to Local<br>Educational<br>Agency Part A | Title I<br>School<br>Improvement | Title II<br>Teacher<br>Quality | Progressive<br>Alternative<br>Secondary<br>School<br>(P.A.S.S.) | Total             |
|---|--|---|----------------------------------|--------------------------------|---|-------------------|
| ASSETS  |  |   |                                  |                                |   |                   |
| Cash and cash equivalents                         | \$ 62,648  | \$ 49,341   | \$ -                             | \$ -                           | \$ 5,051  | \$ 240,956        |
| Due from other funds                              | -  | -   | -                                | -                              | 58,196  | 61,337            |
| Due from other governmental<br>units and agencies | -  | -   | -                                | -                              | 69,787  | 598,437           |
| <b>TOTAL ASSETS</b>                               | <b>\$ 62,648</b>   | <b>\$ 49,341</b>  | <b>\$ -</b>                      | <b>\$ -</b>                    | <b>\$ 133,034</b>   | <b>\$ 900,730</b> |
| <b>LIABILITIES AND FUND BALANCE</b>               |  |   |                                  |                                |   |                   |
| LIABILITIES                                       |  |   |                                  |                                |   |                   |
| Accounts payable                                  | \$ -   | \$ -  | \$ -                             | \$ -                           | \$ -  | \$ 33,058         |
| Due to other funds                                | -  | -   | -                                | -                              | 58,196  | 110,738           |
| Due to other governmental units                   | -  | -   | -                                | -                              | -   | 322,850           |
| Deferred revenue                                  | 62,648   | 49,341  | -                                | -                              | 48,708  | 799,003           |
| Total Liabilities                                 | 62,648   | 49,341  | -                                | -                              | 106,904   | 1,265,649         |
| FUND BALANCE                                      |  |   |                                  |                                |   |                   |
| Unreserved  | -  | -   | -                                | -                              | 26,130  | (364,919)         |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCE</b>     | <b>\$ 62,648</b>   | <b>\$ 49,341</b>  | <b>\$ -</b>                      | <b>\$ -</b>                    | <b>\$ 133,034</b>   | <b>\$ 900,730</b> |

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2010

|  | Title I<br>Reading First<br>Part B<br>SEA Funds | Even<br>Start<br>Local | McDonough/<br>Hancock ROE<br>Homeless<br>Grant | Bureau/<br>Henry/<br>Stark ROE<br>Century 21<br>Grant | KIDS<br>Standards<br>Aligned<br>Classroom | High<br>Roads<br>Youth<br>Program |
|--|---|------------------------|--|---|---|-----------------------------------|
| <b>REVENUES</b>  |   |                        |  |   |   |                                   |
| Local sources  | \$ -  | \$ 16,495              | \$ -   | \$ 41   | \$ -                                      | \$ 117,860                        |
| State sources  | -   | -                      | -  | -   | -   | -                                 |
| Federal sources  | 712   | -                      | 17,999   | -   | -   | -                                 |
| On behalf payments from State  | -   | -                      | -  | -   | -   | -                                 |
| <b>Total revenues</b>  | <b>712</b>                                      | <b>16,495</b>          | <b>17,999</b>                                  | <b>41</b>   | <b>-</b>                                  | <b>117,860</b>                    |
| <b>EXPENDITURES</b>  |   |                        |  |   |   |                                   |
| Salaries and benefits  | -   | 14,889                 | 7,483  | -   | -   | 78,003                            |
| Purchased services   | -   | 2,005                  | 10,507   | 41  | -   | 36,838                            |
| Supplies and materials   | 712   | 497                    | 9  | -   | -   | 1,906                             |
| Capital outlay   | -   | -                      | -  | -   | -   | -                                 |
| Payments to other governments  | -   | -                      | -  | -   | -   | -                                 |
| On-behalf payments to TRS and State  | -   | -                      | -  | -   | -   | -                                 |
| <b>Total expenditures</b>  | <b>712</b>                                      | <b>17,391</b>          | <b>17,999</b>                                  | <b>41</b>   | <b>-</b>                                  | <b>116,747</b>                    |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>                   | <b>-</b>  | <b>(896)</b>           | <b>-</b>                                       | <b>-</b>  | <b>-</b>                                  | <b>1,113</b>                      |
| <b>FUND BALANCE (DEFICIT) AT BEGINNING OF<br/>YEAR, AS ORIGINALLY REPORTED</b> | <b>-</b>  | <b>9,478</b>           | <b>-</b>                                       | <b>-</b>  | <b>3,100</b>                              | <b>5,945</b>                      |
| <b>Cumulative effect of change in accounting principles</b>                    | <b>-</b>  | <b>-</b>               | <b>-</b>                                       | <b>-</b>  | <b>-</b>                                  | <b>-</b>                          |
| <b>FUND BALANCE (DEFICIT) AT BEGINNING OF<br/>YEAR, AS RESTATED</b>            | <b>-</b>  | <b>9,478</b>           | <b>-</b>                                       | <b>-</b>  | <b>3,100</b>                              | <b>5,945</b>                      |
| <b>FUND BALANCE (DEFICIT) AT<br/>END OF YEAR</b>                               | <b>\$ -</b>                                     | <b>\$ 8,582</b>        | <b>\$ -</b>                                    | <b>\$ -</b>   | <b>\$ 3,100</b>                           | <b>\$ 7,058</b>                   |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 For the Year Ended June 30, 2010

|  | Illinois<br>Violence<br>Prevention Act<br>Mini-Grant | Early<br>Childhood -<br>Block Grant | Early<br>Childhood -<br>Monitoring | Incoming<br>Freshman<br>Academy | Gifted<br>Education | Workforce<br>Investment |
|--|--|-------------------------------------|------------------------------------|---------------------------------|---------------------|-------------------------|
| <b>REVENUES</b>  |  |                                     |                                    |                                 |                     |                         |
| Local sources  | \$ -   | \$ -                                | \$ -                               | \$ 43,620                       | \$ -                | \$ -                    |
| State sources  | -  | 230,731                             | 526,434                            | -                               | 35,049              | -                       |
| Federal sources  | -  | -                                   | -                                  | -                               | -                   | 8,289                   |
| On behalf payments from State  | -  | -                                   | -                                  | -                               | -                   | -                       |
| Total revenues   | <u>-</u>   | <u>230,731</u>                      | <u>526,434</u>                     | <u>43,620</u>                   | <u>35,049</u>       | <u>8,289</u>            |
| <b>EXPENDITURES</b>  |  |                                     |                                    |                                 |                     |                         |
| Salaries and benefits  | -  | 172,662                             | 103,371                            | 24,481                          | 17,997              | 13,933                  |
| Purchased services   | -  | 30,051                              | 100,280                            | 2,854                           | 3,022               | 1,288                   |
| Supplies and materials   | -  | 25,468                              | 1,219                              | 567                             | 5,630               | 253                     |
| Capital outlay   | -  | 2,550                               | -                                  | -                               | -                   | -                       |
| Payments to other governments  | -  | -                                   | 527,226                            | -                               | 8,400               | -                       |
| On-behalf payments to TRS and State  | -  | -                                   | -                                  | -                               | -                   | -                       |
| Total expenditures   | <u>-</u>   | <u>230,731</u>                      | <u>732,096</u>                     | <u>27,902</u>                   | <u>35,049</u>       | <u>15,474</u>           |
| Excess (deficiency) of revenues<br>over expenditures                           | <u>-</u>   | <u>-</u>                            | <u>(205,662)</u>                   | <u>15,718</u>                   | <u>-</u>            | <u>(7,185)</u>          |
| <b>FUND BALANCE (DEFICIT) AT BEGINNING OF<br/>YEAR, AS ORIGINALLY REPORTED</b> |  |                                     |                                    |                                 |                     |                         |
|  | 5,922  | -                                   | -                                  | 38,051                          | -                   | 17,080                  |
| Cumulative effect of change in accounting principles                           | <u>-</u>   | <u>-</u>                            | <u>(273,713)</u>                   | <u>-</u>                        | <u>-</u>            | <u>-</u>                |
| <b>FUND BALANCE (DEFICIT) AT BEGINNING OF<br/>YEAR, AS RESTATED</b>            |  |                                     |                                    |                                 |                     |                         |
|  | <u>5,922</u>   | <u>-</u>                            | <u>(273,713)</u>                   | <u>38,051</u>                   | <u>-</u>            | <u>17,080</u>           |
| <b>FUND BALANCE (DEFICIT) AT<br/>END OF YEAR</b>                               |  |                                     |                                    |                                 |                     |                         |
|  | <u>\$ 5,922</u>                                      | <u>\$ -</u>                         | <u>\$ (479,375)</u>                | <u>\$ 53,769</u>                | <u>\$ -</u>         | <u>\$ 9,895</u>         |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 For the Year Ended June 30, 2010

|  | Title IV<br>21st Century<br>Community<br>Learning<br>Centers | Title I<br>Grant to Local<br>Educational<br>Agency Part A | Title I<br>School<br>Improvement | Title II<br>Teacher<br>Quality | Progressive<br>Alternative<br>Secondary<br>School<br>(P.A.S.S.) | Total               |
|--|--|---|----------------------------------|--------------------------------|---|---------------------|
| <b>REVENUES</b>  |  |   |                                  |                                |   |                     |
| Local sources  | \$ -   | \$ -  | \$ -                             | \$ -                           | \$ 31,359   | \$ 209,375          |
| State sources  | -  | -   | -                                | -                              | 286,657   | 1,078,871           |
| Federal sources  | 219,100  | 10,659  | 7,308                            | 1,053                          | 68,620  | 333,740             |
| On behalf payments from State  | -  | -   | -                                | -                              | 34,523  | 34,523              |
| <b>Total revenues</b>  | <b>219,100</b>   | <b>10,659</b>   | <b>7,308</b>                     | <b>1,053</b>                   | <b>421,159</b>  | <b>1,656,509</b>    |
| <b>EXPENDITURES</b>  |  |   |                                  |                                |   |                     |
| Salaries and benefits  | 127,843  | 9,837   | 4,593                            | 1,053                          | 405,394   | 981,539             |
| Purchased services   | 21,381   | 822   | 2,715                            | -                              | 42,655  | 254,459             |
| Supplies and materials   | 44,438   | -   | -                                | -                              | 4,291   | 84,990              |
| Capital outlay   | -  | -   | -                                | -                              | -   | 2,550               |
| Payments to other governments  | 25,438   | -   | -                                | -                              | -   | 561,064             |
| On-behalf payments to TRS and State  | -  | -   | -                                | -                              | 34,523  | 34,523              |
| <b>Total expenditures</b>  | <b>219,100</b>   | <b>10,659</b>   | <b>7,308</b>                     | <b>1,053</b>                   | <b>486,863</b>  | <b>1,919,125</b>    |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>                   | <b>-</b>   | <b>-</b>  | <b>-</b>                         | <b>-</b>                       | <b>(65,704)</b>   | <b>(262,616)</b>    |
| <b>FUND BALANCE (DEFICIT) AT BEGINNING OF<br/>YEAR, AS ORIGINALLY REPORTED</b> | <b>-</b>   | <b>-</b>  | <b>-</b>                         | <b>-</b>                       | <b>116,683</b>  | <b>196,259</b>      |
| <b>Cumulative effect of change in accounting principles</b>                    | <b>-</b>   | <b>-</b>  | <b>-</b>                         | <b>-</b>                       | <b>(24,849)</b>   | <b>(298,562)</b>    |
| <b>FUND BALANCE (DEFICIT) AT BEGINNING OF<br/>YEAR, AS RESTATED</b>            | <b>-</b>   | <b>-</b>  | <b>-</b>                         | <b>-</b>                       | <b>91,834</b>   | <b>(102,303)</b>    |
| <b>FUND BALANCE (DEFICIT) AT<br/>END OF YEAR</b>                               | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>                      | <b>\$ -</b>                    | <b>\$ 26,130</b>  | <b>\$ (364,919)</b> |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TITLE I - READING FIRST PART B SEA FUNDS  
 For the Year Ended June 30, 2010

|                                      | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget |
|--------------------------------------|------------------|--------------|-------------------|-------------------------------|
|                                      | Original         | Final        |                   |                               |
| REVENUES                             |                  |              |                   |                               |
| Federal sources                      | \$ 3,696         | \$ 3,696     | \$ 712            | \$ (2,984)                    |
| Total revenues                       | <u>3,696</u>     | <u>3,696</u> | <u>712</u>        | <u>(2,984)</u>                |
| EXPENDITURES                         |                  |              |                   |                               |
| Purchased services                   | 2,290            | 2,290        | -                 | 2,290                         |
| Supplies and materials               | <u>1,406</u>     | <u>1,406</u> | <u>712</u>        | <u>694</u>                    |
| Total expenditures                   | <u>3,696</u>     | <u>3,696</u> | <u>712</u>        | <u>2,984</u>                  |
| Excess of revenue over expenditures  | <u>\$ -</u>      | <u>\$ -</u>  | -                 | <u>\$ -</u>                   |
| FUND BALANCE AT BEGINNING<br>OF YEAR |                  |              | <u>-</u>          |                               |
| FUND BALANCE AT END OF YEAR          |                  |              | <u>\$ -</u>       |                               |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 MCDONOUGH/HANCOCK ROE HOMELESS GRANT  
 For the Year Ended June 30, 2010

|  | Budgeted Amounts |             | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|-------------|-------------------|-------------------------------|
|  | Original         | Final       |                   |                               |
| <b>REVENUES</b>                                  |                  |             |                   |                               |
| Federal sources                                  | \$ 10,220        | \$ 10,220   | \$ 17,999         | \$ 7,779                      |
| Total revenues                                   | 10,220           | 10,220      | 17,999            | 7,779                         |
| <b>EXPENDITURES</b>                              |                  |             |                   |                               |
| Salaries and benefits                            | 6,790            | 6,790       | 7,483             | (693)                         |
| Purchased services                               | 3,430            | 3,430       | 10,507            | (7,077)                       |
| Supplies and materials                           | -                | -           | 9                 | (9)                           |
| Total expenditures                               | 10,220           | 10,220      | 17,999            | (7,779)                       |
| Excess (deficiency) of revenue over expenditures | <u>\$ -</u>      | <u>\$ -</u> | -                 | <u>\$ -</u>                   |
| <b>FUND BALANCE AT BEGINNING<br/>OF YEAR</b>     |                  |             |                   |                               |
|  |                  |             | <u>-</u>          |                               |
| <b>FUND BALANCE AT END OF YEAR</b>               |                  |             |                   |                               |
|  |                  |             | <u>\$ -</u>       |                               |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 EARLY CHILDHOOD - BLOCK GRANT  
 For the Year Ended June 30, 2010

|                                      | Budgeted Amounts |                | Actual<br>Amounts | Variance with<br>Final Budget |
|--------------------------------------|------------------|----------------|-------------------|-------------------------------|
|                                      | Original         | Final          |                   |                               |
| <b>REVENUES</b>                      |                  |                |                   |                               |
| State sources                        | \$ 271,275       | \$ 271,275     | \$ 230,731        | \$ (40,544)                   |
| Total revenues                       | <u>271,275</u>   | <u>271,275</u> | <u>230,731</u>    | <u>(40,544)</u>               |
| <b>EXPENDITURES</b>                  |                  |                |                   |                               |
| Salaries and benefits                | 194,175          | 184,175        | 172,662           | 11,513                        |
| Purchased services                   | 43,507           | 44,507         | 30,051            | 14,456                        |
| Supplies and materials               | 32,093           | 41,093         | 25,468            | 15,625                        |
| Capital outlay                       | 1,500            | 1,500          | 2,550             | (1,050)                       |
| Total expenditures                   | <u>271,275</u>   | <u>271,275</u> | <u>230,731</u>    | <u>40,544</u>                 |
| Excess of revenue over expenditures  | <u>\$ -</u>      | <u>\$ -</u>    | -                 | <u>\$ -</u>                   |
| FUND BALANCE AT BEGINNING<br>OF YEAR |                  |                | <u>-</u>          |                               |
| FUND BALANCE AT END OF YEAR          |                  |                | <u>\$ -</u>       |                               |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 GIFTED EDUCATION  
 For the Year Ended June 30, 2010

|  | Budgeted Amounts |           | Actual    | Variance with |
|--|------------------|-----------|-----------|---------------|
|  | Original         | Final     | Amounts   | Final Budget  |
| <b>REVENUES</b>                                  |                  |           |           |               |
| State sources                                    | \$ 52,276        | \$ 52,276 | \$ 35,049 | \$ (17,227)   |
| Total revenues                                   | 52,276           | 52,276    | 35,049    | (17,227)      |
| <br><b>EXPENDITURES</b>                          |                  |           |           |               |
| Salaries and benefits                            | 33,242           | 33,242    | 17,997    | 15,245        |
| Purchased services                               | 1,153            | 1,153     | 3,022     | (1,869)       |
| Supplies and materials                           | 5,119            | 5,119     | 5,630     | (511)         |
| Payments to other governments                    | 12,762           | 12,762    | 8,400     | 4,362         |
| Total expenditures                               | 52,276           | 52,276    | 35,049    | 17,227        |
| Excess of revenue over expenditures              | \$ -             | \$ -      | -         | \$ -          |
| <br><b>FUND BALANCE AT BEGINNING<br/>OF YEAR</b> |                  |           |           |               |
|  |                  |           | -         |               |
| <br><b>FUND BALANCE AT END OF YEAR</b>           |                  |           |           |               |
|  |                  |           | \$ -      |               |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 WORKFORCE INVESTMENT  
 For the Year Ended June 30, 2010

|                                      | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--------------------------------------|-------------------------|---------------|---------------------------|---------------------------------------|
|                                      | <u>Original</u>         | <u>Final</u>  |                           |                                       |
| REVENUES                             |                         |               |                           |                                       |
| Federal sources                      | \$ 14,900               | \$ 14,900     | \$ 8,289                  | \$ (6,611)                            |
| Total revenues                       | <u>14,900</u>           | <u>14,900</u> | <u>8,289</u>              | <u>(6,611)</u>                        |
| EXPENDITURES                         |                         |               |                           |                                       |
| Salaries and benefits                | 13,030                  | 13,030        | 13,933                    | (903)                                 |
| Purchased services                   | 1,870                   | 1,870         | 1,288                     | 582                                   |
| Supplies and materials               | <u>-</u>                | <u>-</u>      | <u>253</u>                | <u>(253)</u>                          |
| Total expenditures                   | <u>14,900</u>           | <u>14,900</u> | <u>15,474</u>             | <u>(574)</u>                          |
| Excess of revenue over expenditures  | <u>\$ -</u>             | <u>\$ -</u>   | (7,185)                   | <u>\$ (7,185)</u>                     |
| FUND BALANCE AT BEGINNING<br>OF YEAR |                         |               | <u>17,080</u>             |                                       |
| FUND BALANCE AT END OF YEAR          |                         |               | <u>\$ 9,895</u>           |                                       |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTERS  
 For the Year Ended June 30, 2010

|                                      | Budgeted Amounts |                | Actual<br>Amounts | Variance with<br>Final Budget |
|--------------------------------------|------------------|----------------|-------------------|-------------------------------|
|                                      | Original         | Final          |                   |                               |
| REVENUES                             |                  |                |                   |                               |
| Federal sources                      | \$ 298,682       | \$ 298,782     | \$ 219,100        | \$ (79,682)                   |
| Total revenues                       | <u>298,682</u>   | <u>298,782</u> | <u>219,100</u>    | <u>(79,682)</u>               |
| EXPENDITURES                         |                  |                |                   |                               |
| Salaries and benefits                | 181,522          | 146,886        | 127,843           | 19,043                        |
| Purchased services                   | 5,360            | 21,388         | 21,381            | 7                             |
| Supplies and materials               | 66,800           | 78,923         | 44,438            | 34,485                        |
| Payments to other governments        | 45,000           | 51,585         | 25,438            | 26,147                        |
| Total expenditures                   | <u>298,682</u>   | <u>298,782</u> | <u>219,100</u>    | <u>79,682</u>                 |
| Excess of revenue over expenditures  | <u>\$ -</u>      | <u>\$ -</u>    | -                 | <u>\$ -</u>                   |
| FUND BALANCE AT BEGINNING<br>OF YEAR |                  |                | <u>-</u>          |                               |
| FUND BALANCE AT END OF YEAR          |                  |                | <u>\$ -</u>       |                               |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 P.A.S.S.  
 June 30, 2010

|   | General<br>State Aid | Adult Education<br>and Family<br>Literacy -<br>State<br>Basic | Adult Education<br>and Family<br>Literacy -<br>State<br>Performance | Adult Education<br>and Family<br>Literacy -<br>Public<br>Assistance | Regional<br>Safe<br>Schools | Title IV -<br>Safe and<br>Drug Free<br>Schools<br>Formula | Federal<br>Adult<br>Education -<br>Basic |
|---|----------------------|---|---|---|-----------------------------|---|--|
| <b>ASSETS</b>   |                      |   |   |   |                             |   |  |
| Cash and cash equivalents                               | \$ -                 | \$ -  | \$ -  | \$ -  | \$ -                        | \$ -  | \$ -                                     |
| Due from other funds                                    | 49,001               | -   | -   | -   | -                           | -   | -  |
| Due from other governmental<br>units and agencies       | -                    | 18,851  | 6,026   | 10,737  | 33,932                      | -   | -  |
| <b>TOTAL ASSETS</b>                                     | <u>\$ 49,001</u>     | <u>\$ 18,851</u>  | <u>\$ 6,026</u>   | <u>\$ 10,737</u>  | <u>\$ 33,932</u>            | <u>\$ -</u>   | <u>\$ -</u>                              |
| <b>LIABILITIES AND FUND BALANCE</b>                     |                      |   |   |   |                             |   |  |
| <b>LIABILITIES</b>                                      |                      |   |   |   |                             |   |  |
| Due to other funds                                      | \$ -                 | \$ 18,830   | \$ 331  | \$ 10,719   | \$ 28,316                   | \$ -  | \$ -                                     |
| Deferred revenue  | -                    | 8,452   | 12,584  | 8,500   | 5,616                       | -   | -  |
| Total Liabilities                                       | <u>-</u>             | <u>27,282</u>   | <u>12,915</u>   | <u>19,219</u>   | <u>33,932</u>               | <u>-</u>  | <u>-</u>                                 |
| <b>FUND BALANCE</b>                                     |                      |   |   |   |                             |   |  |
| Unreserved  | <u>49,001</u>        | <u>(8,431)</u>  | <u>(6,889)</u>  | <u>(8,482)</u>  | <u>-</u>                    | <u>-</u>  | <u>-</u>                                 |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCE (DEFICIT)</b> | <u>\$ 49,001</u>     | <u>\$ 18,851</u>  | <u>\$ 6,026</u>   | <u>\$ 10,737</u>  | <u>\$ 33,932</u>            | <u>\$ -</u>   | <u>\$ -</u>                              |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 P.A.S.S.  
 June 30, 2010

|   | Title II<br>Teacher<br>Quality | Health<br>Literacy | State<br>Free Lunch<br>and<br>Breakfast | National<br>School<br>Lunch<br>Program | School<br>Breakfast<br>Program | School<br>Breakfast<br>Incentive | Total             |
|---|--------------------------------|--------------------|---|--|--------------------------------|----------------------------------|-------------------|
| <b>ASSETS</b>   |                                |                    |   |  |                                |                                  |                   |
| Cash and cash equivalents                               | \$ 170                         | \$ 300             | \$ 27                                   | \$ 4,450                               | \$ 104                         | \$ -                             | \$ 5,051          |
| Due from other funds                                    | -                              | -                  | -                                       | 9,195                                  | -                              | -                                | 58,196            |
| Due from other governmental<br>units and agencies       | -                              | -                  | -                                       | 196                                    | 45                             | -                                | 69,787            |
| <b>TOTAL ASSETS</b>                                     | <b>\$ 170</b>                  | <b>\$ 300</b>      | <b>\$ 27</b>                            | <b>\$ 13,841</b>                       | <b>\$ 149</b>                  | <b>\$ -</b>                      | <b>\$ 133,034</b> |
| <b>LIABILITIES AND FUND BALANCE</b>                     |                                |                    |   |  |                                |                                  |                   |
| <b>LIABILITIES</b>                                      |                                |                    |   |  |                                |                                  |                   |
| Due to other funds                                      | \$ -                           | \$ -               | \$ -                                    | \$ -                                   | \$ -                           | \$ -                             | \$ 58,196         |
| Deferred revenue  | 170                            | -                  | -                                       | 13,164                                 | 222                            | -                                | 48,708            |
| Total Liabilities                                       | 170                            | -                  | -                                       | 13,164                                 | 222                            | -                                | 106,904           |
| <b>FUND BALANCE</b>                                     |                                |                    |   |  |                                |                                  |                   |
| Unreserved  | -                              | 300                | 27                                      | 677                                    | (73)                           | -                                | 26,130            |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCE (DEFICIT)</b> | <b>\$ 170</b>                  | <b>\$ 300</b>      | <b>\$ 27</b>                            | <b>\$ 13,841</b>                       | <b>\$ 149</b>                  | <b>\$ -</b>                      | <b>\$ 133,034</b> |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 P.A.S.S. ACCOUNTS  
 For the Year Ended June 30, 2010

|   | General<br>State Aid | Adult Education<br>and Family<br>Literacy -<br>State<br>Basic | Adult Education<br>and Family<br>Literacy -<br>State<br>Performance | Adult Education<br>and Family<br>Literacy -<br>Public<br>Assistance | Regional<br>Safe<br>Schools | Title IV -<br>Safe and<br>Drug Free<br>Schools<br>Formula | Federal<br>Adult<br>Education -<br>Basic |
|---|----------------------|---|---|---|-----------------------------|---|--|
| <b>REVENUES</b>   |                      |   |   |   |                             |   |  |
| Local sources   | \$ 31,359            | \$ -  | \$ -  | \$ -  | \$ -                        | \$ -  | \$ -                                     |
| State sources   | 135,175              | 37,702  | 24,104  | 21,473  | 67,865                      | -   | -  |
| Federal sources   | 30,039               | -   | -   | -   | -                           | 91  | 34,448                                   |
| On-behalf payments from State                                       | 34,523               | -   | -   | -   | -                           | -   | -  |
| <b>Total revenues</b>   | <b>231,096</b>       | <b>37,702</b>   | <b>24,104</b>   | <b>21,473</b>   | <b>67,865</b>               | <b>91</b>   | <b>34,448</b>                            |
| <b>EXPENDITURES</b>   |                      |   |   |   |                             |   |  |
| Salaries and benefits   | 223,948              | 36,048  | 23,734  | 21,350  | 65,854                      | -   | 34,060                                   |
| Purchased services  | 38,109               | 1,654   | 370   | 123   | 2,011                       | -   | 388                                      |
| Supplies and materials  | 220                  | -   | -   | -   | -                           | 91  | -  |
| On-behalf payment to TRS and State                                  | 34,523               | -   | -   | -   | -                           | -   | -  |
| <b>Total expenditures</b>   | <b>296,800</b>       | <b>37,702</b>   | <b>24,104</b>   | <b>21,473</b>   | <b>67,865</b>               | <b>91</b>   | <b>34,448</b>                            |
| Excess (deficiency) of revenues<br>over expenditures                | (65,704)             | -   | -   | -   | -                           | -   | -  |
| <b>FUND BALANCE (DEFICIT) AT<br/>BEGINNING OF YEAR</b>              |                      |   |   |   |                             |   |  |
|   | 114,705              | (5)   | (9)   | 18  | -                           | -   | -  |
| Cumulative effect of change in accounting principles                | -                    | (8,426)   | (6,880)   | (8,500)   | -                           | -   | -  |
| <b>FUND BALANCE (DEFICIT) AT<br/>BEGINNING OF YEAR, AS RESTATED</b> |                      |   |   |   |                             |   |  |
|   | 114,705              | (8,431)   | (6,889)   | (8,482)   | -                           | -   | -  |
| <b>FUND BALANCE (DEFICIT) AT<br/>END OF YEAR</b>                    |                      |   |   |   |                             |   |  |
|   | <u>\$ 49,001</u>     | <u>\$ (8,431)</u>   | <u>\$ (6,889)</u>   | <u>\$ (8,482)</u>   | <u>\$ -</u>                 | <u>\$ -</u>   | <u>\$ -</u>                              |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 P.A.S.S. ACCOUNTS  
 For the Year Ended June 30, 2010

|   | Title II<br>Teacher<br>Quality | Health<br>Literacy | State<br>Free Lunch<br>and<br>Breakfast | National<br>School<br>Lunch<br>Program | School<br>Breakfast<br>Program | School<br>Breakfast<br>Incentive | Total          |
|---|--------------------------------|--------------------|---|--|--------------------------------|----------------------------------|----------------|
| <b>REVENUES</b>   |                                |                    |   |  |                                |                                  |                |
| Local sources   | \$ -                           | \$ -               | \$ -                                    | \$ -                                   | \$ -                           | \$ -                             | \$ 31,359      |
| State sources   | -                              | -                  | 338                                     | -                                      | -                              | -                                | 286,657        |
| Federal sources   | 400                            | -                  | -                                       | 2,396                                  | 1,246                          | -                                | 68,620         |
| On-behalf payments from State                                       | -                              | -                  | -                                       | -                                      | -                              | -                                | 34,523         |
| <b>Total revenues</b>   | <b>400</b>                     | <b>-</b>           | <b>338</b>                              | <b>2,396</b>                           | <b>1,246</b>                   | <b>-</b>                         | <b>421,159</b> |
| <b>EXPENDITURES</b>   |                                |                    |   |  |                                |                                  |                |
| Salaries and benefits   | 400                            | -                  | -                                       | -                                      | -                              | -                                | 405,394        |
| Purchased services  | -                              | -                  | -                                       | -                                      | -                              | -                                | 42,655         |
| Supplies and materials  | -                              | -                  | 338                                     | 2,396                                  | 1,246                          | -                                | 4,291          |
| On-behalf payment to TRS and State                                  | -                              | -                  | -                                       | -                                      | -                              | -                                | 34,523         |
| <b>Total expenditures</b>   | <b>400</b>                     | <b>-</b>           | <b>338</b>                              | <b>2,396</b>                           | <b>1,246</b>                   | <b>-</b>                         | <b>486,863</b> |
| Excess (deficiency) of revenues<br>over expenditures                | -                              | -                  | -                                       | -                                      | -                              | -                                | (65,704)       |
| <b>FUND BALANCE (DEFICIT) AT<br/>BEGINNING OF YEAR</b>              |                                |                    |   |  |                                |                                  |                |
|   | -                              | 300                | 27                                      | 1,498                                  | 149                            | -                                | 116,683        |
| Cumulative effect of change in accounting principles                | -                              | -                  | -                                       | (821)                                  | (222)                          | -                                | (24,849)       |
| <b>FUND BALANCE (DEFICIT) AT<br/>BEGINNING OF YEAR, AS RESTATED</b> |                                |                    |   |  |                                |                                  |                |
|   | -                              | 300                | 27                                      | 677                                    | (73)                           | -                                | 91,834         |
| <b>FUND BALANCE (DEFICIT) AT<br/>END OF YEAR</b>                    |                                |                    |   |  |                                |                                  |                |
|   | \$ -                           | \$ 300             | \$ 27                                   | \$ 677                                 | \$ (73)                        | \$ -                             | \$ 26,130      |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 ADULT EDUCATION AND FAMILY LITERACY - STATE BASIC  
 For the Year Ended June 30, 2010

|  | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>  |                           |                                       |
| REVENUES   |                         |               |                           |                                       |
| State sources  | \$ 37,448               | \$ 37,702     | \$ 37,702                 | \$ -                                  |
| Total revenues   | <u>37,448</u>           | <u>37,702</u> | <u>37,702</u>             | <u>-</u>                              |
| EXPENDITURES   |                         |               |                           |                                       |
| Salaries and benefits  | 36,048                  | 36,048        | 36,048                    | -                                     |
| Purchased services   | <u>1,400</u>            | <u>1,654</u>  | <u>1,654</u>              | <u>-</u>                              |
| Total expenditures   | <u>37,448</u>           | <u>37,702</u> | <u>37,702</u>             | <u>-</u>                              |
| Excess of revenue over expenditures                                    | <u>\$ -</u>             | <u>\$ -</u>   | <u>-</u>                  | <u>\$ -</u>                           |
| FUND BALANCE (DEFICIT) AT BEGINNING OF<br>YEAR, AS ORIGINALLY REPORTED |                         |               | (5)                       |                                       |
| Cumulative effect of change in accounting principle                    |                         |               | <u>(8,426)</u>            |                                       |
| FUND BALANCE AT BEGINNING<br>OF YEAR, AS RESTATED                      |                         |               | <u>(8,431)</u>            |                                       |
| FUND BALANCE (DEFICIT) AT<br>END OF YEAR                               |                         |               | <u>\$ (8,431)</u>         |                                       |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE  
 For the Year Ended June 30, 2010

|  | Budgeted Amounts |           | Actual     | Variance with |
|--|------------------|-----------|------------|---------------|
|  | Original         | Final     | Amounts    | Final Budget  |
| <b>REVENUES</b>                                      |                  |           |            |               |
| State sources  | \$ 30,576        | \$ 24,104 | \$ 24,104  | \$ -          |
| Total revenues                                       | 30,576           | 24,104    | 24,104     | -             |
| <b>EXPENDITURES</b>                                  |                  |           |            |               |
| Salaries and benefits                                | 30,576           | 23,734    | 23,734     | -             |
| Purchased services                                   | -                | 370       | 370        | -             |
| Total expenditures                                   | 30,576           | 24,104    | 24,104     | -             |
| Excess of revenue over expenditures                  | \$ -             | \$ -      | -          | \$ -          |
| <b>FUND BALANCE (DEFICIT) AT BEGINNING OF</b>        |                  |           |            |               |
| <b>YEAR, AS ORIGINALLY REPORTED</b>                  |                  |           |            |               |
| Cumulative effect of change in accounting principles |                  |           | (9)        |               |
| <b>FUND BALANCE AT BEGINNING</b>                     |                  |           |            |               |
| <b>OF YEAR, AS RESTATED</b>                          |                  |           |            |               |
|  |                  |           | (6,889)    |               |
| <b>FUND BALANCE (DEFICIT) AT</b>                     |                  |           |            |               |
| <b>END OF YEAR</b>                                   |                  |           |            |               |
|  |                  |           | \$ (6,889) |               |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 ADULT EDUCATION AND FAMILY LITERACY - PUBLIC ASSISTANCE  
 For the Year Ended June 30, 2010

|  | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>       |                           |                                       |
| REVENUES   |                         |                    |                           |                                       |
| State sources  | \$ 34,000               | \$ 21,473          | \$ 21,473                 | \$ -                                  |
| Total revenues   | <u>34,000</u>           | <u>21,473</u>      | <u>21,473</u>             | <u>-</u>                              |
| EXPENDITURES   |                         |                    |                           |                                       |
| Salaries and benefits  | 32,800                  | 21,350             | 21,350                    | -                                     |
| Purchased services   | <u>1,200</u>            | <u>123</u>         | <u>123</u>                | <u>-</u>                              |
| Total expenditures   | <u>34,000</u>           | <u>21,473</u>      | <u>21,473</u>             | <u>-</u>                              |
| Excess of revenue over expenditures                          | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u> | <u>-</u>                  | <u><u>\$ -</u></u>                    |
| FUND BALANCE AT BEGINNING OF<br>YEAR, AS ORIGINALLY REPORTED |                         |                    | 18                        |                                       |
| Cumulative effect of change in accounting principles         |                         |                    | <u>(8,500)</u>            |                                       |
| FUND BALANCE AT BEGINNING<br>OF YEAR, AS RESTATED            |                         |                    | <u>(8,482)</u>            |                                       |
| FUND BALANCE AT END OF YEAR                                  |                         |                    | <u><u>\$ (8,482)</u></u>  |                                       |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 REGIONAL SAFE SCHOOLS  
 For the Year Ended June 30, 2010

|                                      | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--------------------------------------|-------------------------|---------------|---------------------------|---------------------------------------|
|                                      | <u>Original</u>         | <u>Final</u>  |                           |                                       |
| REVENUES                             |                         |               |                           |                                       |
| State sources                        | \$ 67,865               | \$ 67,865     | \$ 67,865                 | \$ -                                  |
| Total revenues                       | <u>67,865</u>           | <u>67,865</u> | <u>67,865</u>             | <u>-</u>                              |
| EXPENDITURES                         |                         |               |                           |                                       |
| Salaries and benefits                | 65,854                  | 65,854        | 65,854                    | -                                     |
| Purchased services                   | <u>2,011</u>            | <u>2,011</u>  | <u>2,011</u>              | <u>-</u>                              |
| Total expenditures                   | <u>67,865</u>           | <u>67,865</u> | <u>67,865</u>             | <u>-</u>                              |
| Excess of revenue over expenditures  | <u>\$ -</u>             | <u>\$ -</u>   | -                         | <u>\$ -</u>                           |
| FUND BALANCE AT BEGINNING<br>OF YEAR |                         |               | <u>-</u>                  |                                       |
| FUND BALANCE AT END OF YEAR          |                         |               | <u>\$ -</u>               |                                       |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 TITLE IV - SAFE AND DRUG FREE SCHOOLS FORMULA  
 For the Year Ended June 30, 2010

|                                      | Budgeted Amounts |       | Actual  | Variance with |
|--------------------------------------|------------------|-------|---------|---------------|
|                                      | Original         | Final | Amounts | Final Budget  |
| REVENUES                             |                  |       |         |               |
| Federal sources                      | \$ 91            | \$ 91 | \$ 91   | \$ -          |
| Total revenues                       | 91               | 91    | 91      | -             |
| EXPENDITURES                         |                  |       |         |               |
| Salaries and benefits                | -                | -     | -       | -             |
| Supplies and materials               | 91               | 91    | 91      | -             |
| Total expenditures                   | 91               | 91    | 91      | -             |
| Excess of revenue over expenditures  | \$ -             | \$ -  | -       | \$ -          |
| FUND BALANCE AT BEGINNING<br>OF YEAR |                  |       | -       |               |
| FUND BALANCE AT END OF YEAR          |                  |       | \$ -    |               |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 FEDERAL ADULT EDUCATION - BASIC  
 For the Year Ended June 30, 2010

|                                      | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--------------------------------------|-------------------------|---------------|---------------------------|---------------------------------------|
|                                      | <u>Original</u>         | <u>Final</u>  |                           |                                       |
| REVENUES                             |                         |               |                           |                                       |
| Federal sources                      | \$ 37,150               | \$ 34,448     | \$ 34,448                 | \$ -                                  |
| Total revenues                       | <u>37,150</u>           | <u>34,448</u> | <u>34,448</u>             | <u>-</u>                              |
| EXPENDITURES                         |                         |               |                           |                                       |
| Salaries and benefits                | 36,150                  | 34,060        | 34,060                    | -                                     |
| Purchased services                   | <u>1,000</u>            | <u>388</u>    | <u>388</u>                | <u>-</u>                              |
| Total expenditures                   | <u>37,150</u>           | <u>34,448</u> | <u>34,448</u>             | <u>-</u>                              |
| Excess of revenue over expenditures  | <u>\$ -</u>             | <u>\$ -</u>   | -                         | <u>\$ -</u>                           |
| FUND BALANCE AT BEGINNING<br>OF YEAR |                         |               | <u>-</u>                  |                                       |
| FUND BALANCE AT END OF YEAR          |                         |               | <u>\$ -</u>               |                                       |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 TITLE II - TEACHER QUALITY  
 For the Year Ended June 30, 2010

|  | Budgeted Amounts |        | Actual  | Variance with |
|--|------------------|--------|---------|---------------|
|  | Original         | Final  | Amounts | Final Budget  |
| REVENUES                                 |                  |        |         |               |
| Federal sources                          | \$ 390           | \$ 390 | \$ 400  | \$ 10         |
| Total revenues                           | 390              | 390    | 400     | 10            |
| <br>EXPENDITURES                         |                  |        |         |               |
| Salaries and benefits                    | -                | -      | 400     | (400)         |
| Purchased services                       | 390              | 390    | -       | 390           |
| Total expenditures                       | 390              | 390    | 400     | (10)          |
| Excess of revenue over expenditures      | \$ -             | \$ -   | -       | \$ -          |
| <br>FUND BALANCE AT BEGINNING<br>OF YEAR |                  |        | -       |               |
| <br>FUND BALANCE AT END OF YEAR          |                  |        | \$ -    |               |

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 June 30, 2010

|   | General<br>Education<br>Development | Bus<br>Driver<br>Training | American College<br>Test (ACT)<br>Class | Criminal<br>Background<br>Investigation | Supervisory<br>Expense | Institute        | Education<br>Administration | Total            |
|---|-------------------------------------|---------------------------|---|---|------------------------|------------------|-----------------------------|------------------|
| <b>ASSETS</b>   |                                     |                           |   |   |                        |                  |                             |                  |
| Cash and cash equivalents                               | \$ -                                | \$ 207                    | \$ 6,041                                | \$ 374                                  | \$ 3,025               | \$ 25,803        | \$ 37,969                   | \$ 73,419        |
| Due from other funds                                    | -                                   | 8,346                     | -                                       | -                                       | -                      | -                | -                           | 8,346            |
| <b>TOTAL ASSETS</b>                                     | <b>\$ -</b>                         | <b>\$ 8,553</b>           | <b>\$ 6,041</b>                         | <b>\$ 374</b>                           | <b>\$ 3,025</b>        | <b>\$ 25,803</b> | <b>\$ 37,969</b>            | <b>\$ 81,765</b> |
| <br><b>LIABILITIES AND<br/>FUND BALANCE</b>             |                                     |                           |   |   |                        |                  |                             |                  |
| <b>LIABILITIES</b>                                      |                                     |                           |   |   |                        |                  |                             |                  |
| Due to other funds                                      | \$ 8,346                            | \$ -                      | \$ -                                    | \$ -                                    | \$ -                   | \$ -             | \$ -                        | \$ 8,346         |
| Total Liabilities                                       | 8,346                               | -                         | -                                       | -                                       | -                      | -                | -                           | 8,346            |
| <b>FUND BALANCE (DEFICIT)</b>                           |                                     |                           |   |   |                        |                  |                             |                  |
| Unreserved  | (8,346)                             | 8,553                     | 6,041                                   | 374                                     | 3,025                  | 25,803           | 37,969                      | 73,419           |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCE (DEFICIT)</b> | <b>\$ -</b>                         | <b>\$ 8,553</b>           | <b>\$ 6,041</b>                         | <b>\$ 374</b>                           | <b>\$ 3,025</b>        | <b>\$ 25,803</b> | <b>\$ 37,969</b>            | <b>\$ 81,765</b> |

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2010

|  | General<br>Education<br>Development | Bus<br>Driver<br>Training | American College<br>Test (ACT)<br>Class | Criminal<br>Background<br>Investigation | Supervisory<br>Expense | Institute        | Education<br>Administration | Total            |
|--|-------------------------------------|---------------------------|---|---|------------------------|------------------|-----------------------------|------------------|
| <b>REVENUES</b>  |                                     |                           |   |   |                        |                  |                             |                  |
| Local sources  | \$ 1,584                            | \$ 540                    | \$ 4,200                                | \$ 2,718                                | \$ -                   | \$ 17,081        | \$ -                        | \$ 26,123        |
| State sources  | -                                   | 637                       | -                                       | -                                       | 3,000                  | -                | -                           | 3,637            |
| Interest   | -                                   | -                         | -                                       | -                                       | -                      | 29               | -                           | 29               |
| <b>Total revenues</b>                                  | <b>1,584</b>                        | <b>1,177</b>              | <b>4,200</b>                            | <b>2,718</b>                            | <b>3,000</b>           | <b>17,110</b>    | <b>-</b>                    | <b>29,789</b>    |
| <b>EXPENDITURES</b>                                    |                                     |                           |   |   |                        |                  |                             |                  |
| Salaries and benefits                                  | 691                                 | -                         | -                                       | -                                       | -                      | -                | -                           | 691              |
| Purchased services                                     | 401                                 | 606                       | 37                                      | 2,718                                   | 1,263                  | 17,585           | -                           | 22,610           |
| Supplies and materials                                 | 13                                  | -                         | 170                                     | -                                       | -                      | 252              | -                           | 435              |
| <b>Total expenditures</b>                              | <b>1,105</b>                        | <b>606</b>                | <b>207</b>                              | <b>2,718</b>                            | <b>1,263</b>           | <b>17,837</b>    | <b>-</b>                    | <b>23,736</b>    |
| Excess (deficiency) of revenues<br>over expenditures   | 479                                 | 571                       | 3,993                                   | -                                       | 1,737                  | (727)            | -                           | 6,053            |
| <b>OTHER FINANCING SOURCES (USES):</b>                 |                                     |                           |   |   |                        |                  |                             |                  |
| Transfers in   | -                                   | -                         | -                                       | -                                       | 2,400                  | -                | -                           | 2,400            |
| <b>Total other financing sources and uses</b>          | <b>-</b>                            | <b>-</b>                  | <b>-</b>                                | <b>-</b>                                | <b>2,400</b>           | <b>-</b>         | <b>-</b>                    | <b>2,400</b>     |
| <b>Net change in fund balances</b>                     | <b>479</b>                          | <b>571</b>                | <b>3,993</b>                            | <b>-</b>                                | <b>4,137</b>           | <b>(727)</b>     | <b>-</b>                    | <b>8,453</b>     |
| <b>FUND BALANCE (DEFICIT) AT<br/>BEGINNING OF YEAR</b> | <b>(8,825)</b>                      | <b>7,982</b>              | <b>2,048</b>                            | <b>374</b>                              | <b>(1,112)</b>         | <b>26,530</b>    | <b>37,969</b>               | <b>64,966</b>    |
| <b>FUND BALANCE (DEFICIT) AT<br/>END OF YEAR</b>       | <b>\$ (8,346)</b>                   | <b>\$ 8,553</b>           | <b>\$ 6,041</b>                         | <b>\$ 374</b>                           | <b>\$ 3,025</b>        | <b>\$ 25,803</b> | <b>\$ 37,969</b>            | <b>\$ 73,419</b> |

FEDERAL COMPLIANCE SECTION

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010

| Federal Grantor/Pass-through Grantor/<br>Program or Cluster Title             | CFDA<br>Number | Project #<br>(1st Eight<br>Digits) or<br>Contract # | Federal<br>Expenditures |
|---|----------------|---|-------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>   |                |   |                         |
| <b>Passed through the Illinois Community College Board:</b>                   |                |   |                         |
| Adult Education - Basic Grants to States                                      |                |   |                         |
| Federal Adult Education - Basic   | 84.002A        | 518AB   | \$ 34,448               |
| <b>Passed through Illinois State Board of Education:</b>                      |                |   |                         |
| Safe and Drug Free Schools and Communities State Grants                       |                |   |                         |
| Title IV - Safe and Drug Free School Formula                                  | 84.186A        | 2010-4400-00  | 91                      |
| Twenty-First Century Community Learning Centers                               |                |   |                         |
| Title IV - 21st Century Community Learning Centers                            | * 84.287C      | 2010-4421-10  | 219,100                 |
| Reading First State Grants  |                |   |                         |
| Title I - Reading First Part B SEA Funds                                      | 84.357A        | 2010-4337-00  | 712                     |
| State Fiscal Stabilization Funds Cluster                                      |                |   |                         |
| State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act |                |   |                         |
| ARRA - General State Aid - Education SFSF                                     | 84.394A        | 2010-4850-92  | 18,432                  |
| ARRA - General State Aid - Education SFSF                                     | 84.394A        | 2010-4850-93  | 4,097                   |
| State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act    |                |   |                         |
| ARRA - General State Aid - Government SFSF                                    | 84.397A        | 2010-4870-92  | 6,144                   |
| ARRA - General State Aid - Government SFSF                                    | 84.397A        | 2010-4870-93  | 1,366                   |
| Total State Fiscal Stabilization Funds Cluster                                |                |   | 30,039                  |
| Improving Teacher Quality State Grants  |                |   |                         |
| Title II - Teacher Quality  | 84.367A        | 2010-4932-00  | 400                     |
| <b>Passed through Regional Office of Education #49:</b>                       |                |   |                         |
| Title II Teacher Quality  | 84.367A        | 2010-4935-SS  | 1,053                   |
| Total Improving Teacher Quality State Grants                                  |                |   | 1,453                   |
| <b>Passed through Regional Office of Education #49:</b>                       |                |   |                         |
| Title I Grants to Local Educational Agencies                                  |                |   |                         |
| Title I School Improvement  | 84.010A        | 2010-4331-SS  | 7,308                   |

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010

| Federal Grantor/Pass-through Grantor/<br>Program or Cluster Title  | CFDA<br>Number | Project #<br>(1st Eight<br>Digits) or<br>Contract # | Federal<br>Expenditures |
|--|----------------|---|-------------------------|
| <b>Passed through Regional Office of Education #26:</b>  |                |   |                         |
| Education for Homeless Children and Youth Cluster  |                |   |                         |
| Education for Homeless Children and Youth<br>McKinney Education for Homeless Children                      | 84.196A        | 2010-4920-00  | \$ 16,497               |
| Education for Homeless Children and Youth, Recovery Act<br>ARRA - McKinney Education for Homeless Children | 84.387A        | 2010-4862-00  | <u>1,502</u>            |
| Total Education for Homeless Children and Youth Cluster  |                |   | <u>17,999</u>           |
| Title I Grants to Local Educational Agencies, Recovery Act   |                |   |                         |
| <b>Passed through Community Unit School District #235:</b>   |                |   |                         |
| ARRA - Title I Grant to Local Educational Agency Part A  | 84.389A        | 2010-4350-00  | 3,553                   |
| <b>Passed through Community Unit School District #304:</b>   |                |   |                         |
| ARRA - Title I Grant to Local Educational Agency Part A  | 84.389A        | 2010-4350-00  | 3,553                   |
| <b>Passed through Community Unit School District #404:</b>   |                |   |                         |
| ARRA - Title I Grant to Local Educational Agency Part A  | 84.389A        | 2010-4350-00  | <u>3,553</u>            |
| Total Title I Grants to Local Educational Agencies, Recovery Act   |                |   | <u>10,659</u>           |
| TOTAL U.S. DEPARTMENT OF EDUCATION   |                |   | <u>321,809</u>          |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>  |                |   |                         |
| <b>Passed through Illinois State Board of Education:</b>   |                |   |                         |
| National School Lunch Program  | 10.555         | 2010-4210-00  | 2,396                   |
| School Breakfast Program   | 10.553         | 2010-4220-00  | <u>1,246</u>            |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE   |                |   | <u>3,642</u>            |
| <b>U.S. DEPARTMENT OF LABOR</b>  |                |   |                         |
| <b>Passed through Workforce Investment Office of Western Illinois:</b>                                     |                |   |                         |
| Workforce Investment Act Youth Activities<br>Workforce Investment  | 17.259         | 2010-30992-00                                       | <u>15,474</u>           |
| TOTAL U.S. DEPARTMENT OF LABOR   |                |   | <u>15,474</u>           |
| TOTAL EXPENDITURES OF FEDERAL AWARDS   |                |   | <u>\$ 340,925</u>       |

(\*) = Major Program

The accompanying notes are an integral part of this schedule.

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27

NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

For the Year Ended June 30, 2010

1. REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Henderson, Mercer and Warren Counties Regional Office of Education #27 (ROE) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. DESCRIPTION OF FEDERAL PROGRAM AUDITED AS A MAJOR PROGRAM

The purpose of the Title IV – 21<sup>st</sup> Century Community Learning Centers Program is to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools, to meet State and local student standards in core academic subjects, to offer students a broad array of enrichment activities that can complement their regular academic programs, and to offer literacy and other educational services to the families of participating children.

3. SUBRECIPIENTS

The Henderson, Mercer and Warren Counties Regional Office of Education #27 did not provide federal awards to subrecipients.

4. NON-CASH ASSISTANCE

The Henderson, Mercer and Warren Counties Regional Office of Education #27 did not receive any Federal awards involving non-cash assistance with continuing compliance requirements.

5. AMOUNT OF INSURANCE

The Henderson, Mercer and Warren Counties Regional Office of Education #27 did not receive any Federal awards involving insurance with continuing compliance requirements.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The Henderson, Mercer and Warren Counties Regional Office of Education #27 did not receive any Federal awards involving loans or loan guarantees with continuing compliance requirements.