

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

FINANCIAL AUDIT
For the Year Ended June 30, 2011

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

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. 6th Street, Suite 100
Monmouth, IL 61462

Various Education Programs
215 South 1st Street Road
Monmouth, IL 61462

High Roads Advantage
2004 SE 3rd Street
Aledo, IL 61231

21st Century Community Learning Centers
West Central Community Unit School District #235
Biggsville, IL 61418

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

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports 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	1	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	1

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>Findings (Government Auditing Standards)</u>			
11-1	10	Controls over financial statement preparation	Material Weakness
<u>Prior Audit Findings Not Repeated (Government Auditing Standards)</u>			
10-2	13	Failure to fully insure and collateralize cash balances	Significant Deficiency

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

FINANCIAL REPORT SUMMARY - CONTINUED

EXIT CONFERENCE

Henderson, Mercer and Warren Counties Regional Office of Education #27 waived having an exit conference in a letter dated February 6, 2012. Responses to the recommendations were provided by the ROE management in correspondence received February 8, 2012.

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, 2011, 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 opinion.

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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Regional Office of Education #27 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Regional Office of Education #27's governmental funds' assets or liabilities, nor was there any effect to the total amount of any of the Regional Office of Education #27's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 2012 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 14 through 19 and 51 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 combining and individual non-major fund financial statements and budgetary comparison schedules 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 and Webb
Certified Public Accountants

March 20, 2012

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, 2011, 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 March 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Henderson, Mercer and Warren Counties Regional Office of Education #27 is responsible for establishing and maintaining effective 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 Responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

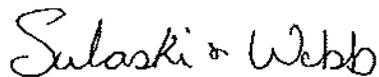
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 11-1 in the accompanying Schedule of Findings and Responses to be a material weakness.

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*.

The Henderson, Mercer and Warren Counties Regional Office of Education #27's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Henderson, Mercer and Warren Counties Regional Office of Education #27's response and, accordingly, we express no opinion on it.

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



Sulaski and Webb
Certified Public Accountants

March 20, 2012

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011

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 disclosed during the audit of the financial statements is 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.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011

Section II – Financial Statement Findings

Finding No. 11-1
Repeated from 10-1, 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 complete 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 RESPONSES
For the Year Ended June 30, 2011

Section II – Financial Statement Findings - Continued

Finding No. 11-1
Repeated from 10-1, 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 education services for the schools in the region.

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

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011

Corrective Action Plan

Finding No. 11-1

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 complete 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 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 education 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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
10-1	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 11-1.
10-2	The ROE did not have depository insurance or collateral for \$88,281.	Not repeated.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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, 2011 with comparative information for the year ended June 30, 2010. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2011 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$467,165 (93%) from \$502,796 in fiscal year 2010 to \$969,961 in fiscal year 2011. General Fund expenditures increased by \$127,156 (25%) from \$513,542 in fiscal year 2010 to \$640,698 in fiscal year 2011. These changes are primarily due to GASB 54 reclassifications. See the Governmental Activities section for further information on the year to year comparisons.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$352,373 (21%) from \$1,686,298 in fiscal year 2010 to \$1,333,925 in fiscal year 2011. The Special Revenue Fund expenditures decreased by \$1,246,472 (64%) from \$1,942,861 in fiscal year 2010 to \$696,389 in fiscal year 2011. These changes are primarily due to GASB 54 reclassifications.
- The Enterprise Fund revenue decreased by \$10,656 (20%) from \$53,771 in fiscal year 2010 to \$43,115 in fiscal year 2011. The Enterprise Fund expenditures decreased by \$9,880 (36%) from \$27,080 in fiscal year 2010 to \$17,200 in fiscal year 2011.
- 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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 two 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, 2011

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 2011 totaled \$885,295. At the end of fiscal year 2010, the net assets were \$197,010. The analysis that follows provides a summary of the Regional Office's net assets as of June 30, 2011 and June 30, 2010, 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current assets	\$ 817,350	\$ 952,248	\$ 72,945	\$ 67,030	\$ 890,295	\$ 1,019,278
Total assets	<u>817,350</u>	<u>952,248</u>	<u>72,945</u>	<u>67,030</u>	<u>890,295</u>	<u>1,019,278</u>
Current liabilities	5,000	822,268	-	-	5,000	822,268
Total liabilities	<u>5,000</u>	<u>822,268</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>822,268</u>
Net assets:						
Unrestricted	609,928	104,177	72,945	67,030	682,873	171,207
Restricted for educational purposes	202,422	25,803	-	-	202,422	25,803
Total net assets	<u>\$ 812,350</u>	<u>\$ 129,980</u>	<u>\$ 72,945</u>	<u>\$ 67,030</u>	<u>\$ 885,295</u>	<u>\$ 197,010</u>

The Regional Office's net assets increased by \$688,285 from fiscal year 2010. This increase is primarily due to the Monitoring program recognizing revenue in fiscal year 2011. However, the corresponding expenses were recorded in fiscal year 2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Government-Wide Financial Analysis (Continued)

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 43,115	\$ 53,771	\$ 43,115	\$ 53,771
Operating grants and contributions	1,198,799	1,745,254	-	-	1,198,799	1,745,254
General revenues						
Local sources	493,634	470,529	-	-	493,634	470,529
State sources	637	3,637	-	-	637	3,637
Investment earnings	1,667	4,724	-	-	1,667	4,724
Contributions not restricted	-	8,486	-	-	-	8,486
On behalf payments	304,720	289,107	-	-	304,720	289,107
Total revenues	<u>\$ 1,999,457</u>	<u>\$ 2,521,737</u>	<u>\$ 43,115</u>	<u>\$ 53,771</u>	<u>\$ 2,042,572</u>	<u>\$ 2,575,508</u>
Expenses:						
Program expenses						
Salaries and benefits	\$ 699,419	\$ 1,079,665	\$ -	\$ 5,300	\$ 699,419	\$ 1,084,965
Purchased services	189,834	416,554	15,028	18,393	204,862	434,947
Supplies and materials	111,293	98,977	2,172	3,387	113,465	102,364
Payments to other governments	30,101	561,064	-	-	30,101	561,064
Capital outlay	1,720	11,036	-	-	1,720	11,036
Administrative expenses						
On-behalf payments - State	304,720	289,107	-	-	304,720	289,107
Total expenses	<u>\$ 1,337,087</u>	<u>\$ 2,456,403</u>	<u>\$ 17,200</u>	<u>\$ 27,080</u>	<u>\$ 1,354,287</u>	<u>\$ 2,483,483</u>
Transfers:						
Transfers in	\$ 67,580	\$ -	\$ 18,791	\$ -	\$ 86,371	\$ -
Transfers out	(47,580)	-	(38,791)	-	(86,371)	-
Total transfers	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	\$ 682,370	\$ 65,334	\$ 5,915	\$ 26,691	\$ 688,285	\$ 92,025
Net assets beginning of year, as restated	<u>129,980</u>	<u>64,646</u>	<u>67,030</u>	<u>40,339</u>	<u>197,010</u>	<u>104,985</u>
Net assets end of year	<u>\$ 812,350</u>	<u>\$ 129,980</u>	<u>\$ 72,945</u>	<u>\$ 67,030</u>	<u>\$ 885,295</u>	<u>\$ 197,010</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Governmental Activities

Revenues for governmental activities were \$1,999,457 and expenses were \$1,337,087 for the year ended June 30, 2011. Revenues for governmental activities were \$2,521,737 and expenses were \$2,456,403 for the year ended June 30, 2010. The decrease in revenues for governmental activities is primarily due to the ROE declining the Early Childhood Block Grant for fiscal year 2011. The decrease in expenditures for governmental activities is due primarily to the declining of the Early Childhood Block Grant for fiscal year 2011, as well as ROE #27 opting not to continue as the fiscal agent for the Monitoring program as it had been in fiscal year 2010.

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 of \$784,136 at June 30, 2011 compared to fiscal year 2010's ending fund balance (deficit) of (\$202,663). This increase in combined fund balances is due to the above mentioned changes with the Early Childhood Block Grant and Monitoring programs.

During fiscal year 2011 the Regional Office of Education #27 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which required certain programs and funds to be reclassified and restatement of beginning fund balances as detailed in Note 13 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

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, 2011, 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, 2011

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:

- ROE #27 received two new state grants for FY12, the 0-3 Early Childhood grant for \$87,600 and the 3-5 Early Childhood grant for \$791,808. These grants required the hiring of several new employees.
- ROE #27 also received an additional federal 21st Century Community Learning grant for \$150,000 for the Monmouth-Roseville CUSD. This is in addition to the continuation of a 21st Century grant for \$298,682 for the West Central CUSD.

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, 2011

		Primary Government		
		Governmental Activities	Business-Type Activities	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$	682,396	\$ 46,226	\$ 728,622
Due from other governmental units		134,913	26,719	161,632
Prepaid items		41	-	41
Total Current Assets		817,350	72,945	890,295
TOTAL ASSETS		817,350	72,945	890,295
LIABILITIES				
Current Liabilities:				
Due to other governmental units		5,000	-	5,000
TOTAL LIABILITIES		5,000	-	5,000
NET ASSETS				
Unrestricted		609,928	72,945	682,873
Restricted for educational purposes		202,422	-	202,422
TOTAL NET ASSETS	\$	812,350	\$ 72,945	\$ 885,295

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, 2011

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses)/Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries and benefits	\$ 699,419	\$ -	\$ 597,775	\$ (101,644)	\$ -	\$ (101,644)
Purchased services	189,834	-	334,402	144,568	-	144,568
Supplies and materials	111,293	-	161,800	50,507	-	50,507
Payments to other governments	30,101	-	14,359	(15,742)	-	(15,742)
Capital outlay	1,720	-	2,030	310	-	310
Administrative:						
On-behalf payments-State	304,720	-	88,433	(216,287)	-	(216,287)
Total governmental activities	<u>1,337,087</u>	<u>-</u>	<u>1,198,799</u>	<u>(138,288)</u>	<u>-</u>	<u>(138,288)</u>
Business-type activities:						
Staff Development	17,200	43,115	-	-	25,915	25,915
Total business-type activities	<u>17,200</u>	<u>43,115</u>	<u>-</u>	<u>-</u>	<u>25,915</u>	<u>25,915</u>
Total primary government	<u>\$ 1,354,287</u>	<u>\$ 43,115</u>	<u>\$ 1,198,799</u>	<u>(138,288)</u>	<u>25,915</u>	<u>(112,373)</u>
General revenues:						
Local sources				493,634	-	493,634
State sources				637	-	637
Investments earnings				1,667	-	1,667
On-behalf payments				304,720	-	304,720
Transfers				20,000	(20,000)	-
Total general revenues and transfers				<u>820,658</u>	<u>(20,000)</u>	<u>800,658</u>
Change in net assets				682,370	5,915	688,285
Net assets - beginning				<u>129,980</u>	<u>67,030</u>	<u>197,010</u>
Net assets - ending				<u>\$ 812,350</u>	<u>\$ 72,945</u>	<u>\$ 885,295</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, 2011

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 497,579	\$ 144,108	\$ 40,709	\$ 682,396
Due from other funds	84,573	-	-	84,573
Due from other governmental units	35,826	99,087	-	134,913
Prepaid items	10	31	-	41
TOTAL ASSETS	\$ 617,988	\$ 243,226	\$ 40,709	\$ 901,923
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ 3,061	\$ 73,607	\$ 7,905	\$ 84,573
Due to other governmental units	5,000	-	-	5,000
Deferred revenue	-	28,214	-	28,214
Total liabilities	8,061	101,821	7,905	117,787
 FUND BALANCES				
Nonspendable	10	31	-	41
Restricted	-	169,548	40,709	210,257
Assigned	78,514	-	-	78,514
Unassigned	531,403	(28,174)	(7,905)	495,324
Total fund balances	609,927	141,405	32,804	784,136
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 617,988	 \$ 243,226	 \$ 40,709	 \$ 901,923

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

Total fund balances - governmental funds	\$	784,136
<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.		28,214
		28,214
Net assets of governmental activities	\$	812,350

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, 2011

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 481,143	\$ -	\$ 12,491	\$ 493,634
State sources	182,458	780,067	637	963,162
Federal sources	-	540,703	-	540,703
Interest	1,640	-	27	1,667
On-behalf payments from State	304,720	-	-	304,720
Total revenues	969,961	1,320,770	13,155	2,303,886
Expenditures:				
Instructional services:				
Salaries and benefits	220,913	478,423	83	699,419
Purchased services	96,980	84,680	8,174	189,834
Supplies and materials	18,085	92,079	1,129	111,293
Payments to other governments	-	30,101	-	30,101
On-behalf payments to TRS and State	304,720	-	-	304,720
Capital outlay	-	1,720	-	1,720
Total expenditures	640,698	687,003	9,386	1,337,087
Excess of revenues over expenditures	329,263	633,767	3,769	966,799
Other financing sources (uses):				
Transfers in	67,291	289	-	67,580
Transfers out	(38,258)	(9,322)	-	(47,580)
Net other sources and uses of financial resources	29,033	(9,033)	-	20,000
Net change in fund balances	358,296	624,734	3,769	986,799
Fund balances - beginning (restated - see Note 13)	251,631	(483,329)	29,035	(202,663)
Fund balances - ending	\$ 609,927	\$ 141,405	\$ 32,804	\$ 784,136

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, 2011

Net change in fund balances \$ 986,799

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			-	
 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. 28,214

Prior year revenues that were deferred in the governmental funds because they were not considered "available" have now been recognized as revenue in the governmental funds. (332,643)

Changes in net assets of governmental activities \$ 682,370

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, 2011

	Enterprise Fund
	Staff Development
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 46,226
Due from other governmental units and agencies	26,719
TOTAL ASSETS	\$ 72,945
NET ASSETS	
Unrestricted	\$ 72,945

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, 2011

		<u>Enterprise Fund</u>	<u>Staff Development</u>
OPERATING REVENUES:			
Charges for services	\$	43,115	
Total operating revenues		<u>43,115</u>	
 OPERATING EXPENSES:			
Purchased services		15,028	
Supplies and materials		<u>2,172</u>	
Total operating expenses		<u>17,200</u>	
Operating income (loss) before transfers		<u>25,915</u>	
 OTHER FINANCING SOURCES (USES)			
Transfer in		18,791	
Transfer out		<u>(38,791)</u>	
Total other financing sources and uses		<u>(20,000)</u>	
Change in net assets		5,915	
TOTAL NET ASSETS - BEGINNING OF YEAR		<u>67,030</u>	
TOTAL NET ASSETS - END OF YEAR	\$	<u>72,945</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 CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended June 30, 2011

	Enterprise Fund
	Staff Development
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds for goods and services provided	\$ 41,596
Payments to suppliers and providers of goods and services	(17,200)
Payments made to other funds for operating expenses	(20,000)
Net cash provided by (used for) operating activities	4,396
Net increase (decrease) in cash and cash equivalents	4,396
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	41,830
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 46,226
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income (loss)	\$ 5,915
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase in due from other governmental units and agencies	(1,519)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 4,396

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, 2011

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, 2011, 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, 2011

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, 2011

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. General Funds include the following:

ROE #27 Fund – This fund accounts for monies received for and in payment of expenditures in connection with general administrative activities.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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.

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.

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

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title IV 21st 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 II Teacher Quality Leadership – To account for the monies received for, and payment of, expenditures incurred for the Title II Teacher Quality Leadership Program.

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

ARRA – Education Jobs - To account for grant monies received for and in payment of expenditures for activities to save or create education jobs during the 2010-2011 school year.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for and report 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.

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.

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:

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 restricted funds, then unrestricted. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned if any.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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.

GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – the portion of a Governmental Fund's net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. The nonspendable fund balance reported is for prepaid expenses from ROE #27 Fund, Even Start Local, Early Childhood – Block Grant, and Title IV 21st Century Community Learning Centers.

Restricted Fund Balance – the portion of a Governmental Fund's net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: McDonough/Hancock ROE Homeless Grant, Early Childhood – Block Grant, Early Childhood – Monitoring, Gifted Education, Workforce Investment, Title IV 21st Century Community Learning Centers, Title I Grant to Local Educational Agency Part A, Title II Teacher Quality Leadership, Regional Safe Schools, Federal Adult Education – Basic, Title II Teacher Quality, State Free Lunch and Breakfast, National School Lunch Program, and School Breakfast Program. The following funds are restricted by Illinois Statute: Bus Driver Training, Supervisory Expense, and Institute.

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

Assigned Fund Balance – the portion of a Governmental Fund's net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The accounts presenting an assigned fund balance are Even Start Local, High Roads Youth Program, Incoming Freshman Academy, and American College Test Class.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of ROE #27 Fund and General State Aid, and the negative fund balances for Criminal Background Investigation, Adult Education and Family Literacy – State Basic, Adult Education and Family Literacy – State Performance, Adult Education and Family Literacy – Public Assistance, and General Education Development.

NET ASSETS

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

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.

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

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

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:

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS (Continued)

Educational Grants:

- Title I – Reading First Part B SEA
- McDonough/Hancock ROE Homeless Grant
- Title IV – 21st Century Community Learning Centers
- Title II Teacher Quality Leadership
- Adult Education and Family Literacy – State Basic
- Adult Education and Family Literacy – State Performance
- Adult Education and Family Literacy – Public Assistance
- Regional Safe Schools
- 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, 2011, there were no items costing \$5,000 or more.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING STANDARDS

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

2. 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.

At June 30, 2011, the carrying amount of the ROE's various bank deposits totaled \$728,622 and the bank balances totaled \$747,477. Included in the bank balance is \$24,999 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, 2011, \$357,562 of the deposits made by the ROE were covered by the Federal Depository Insurance Corporation (FDIC), and the remaining \$389,915 were collateralized by the respective financial institution.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

4. RECEIVABLES/PAYABLES

Receivables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2011, are as follows:

	Due from Other Governmental Units	Other	Total
Governmental activities:			
General	\$ 35,826	\$ -	\$ 35,826
Education	99,087	-	99,087
Business-type activities:			
Staff Development	26,719	-	26,719
Total	\$ 161,632	\$ -	\$ 161,632

Payables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2011, are as follows:

	Due to Other Governmental Units	Other	Total
Governmental activities:			
General	\$ 5,000	\$ -	\$ 5,000
Total governmental activities	\$ 5,000	\$ -	\$ 5,000

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	\$ 32,229
Illinois Community College Board	47,068
Other Regional Office of Education	42,759
Other Governments	39,576
Total	\$161,632

Due To Other Governmental Units:

Other School Districts	\$ 5,000
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HENDERSON, MERCER AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011 due to the State of Illinois being slow in paying funds for a couple of the ROE's programs:

	<u>Due from</u>	<u>Due to</u>
General Fund		
ROE #27 Fund	\$ 10,966	\$ -
General State Aid	73,607	-
Criminal Background Investigation	-	3,061
Education Fund		
ARRA - Education Jobs	-	7,410
Adult Ed - State Basic	-	24,556
Adult Ed - State Performance	-	12,597
Adult Ed - Public Assistance	-	9,875
Regional Safe Schools	-	19,169
Non-Major Fund		
General Education Development	-	7,905
Total	<u>\$ 84,573</u>	<u>\$ 84,573</u>

INTERFUND TRANSFERS

During the year ended June 30, 2011, the ROE made transfers between funds to help cover costs of other funds and to properly close inactive funds. The amounts transferred between accounts are 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, 2011 is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund		
ROE #27 Fund	\$ 66,991	\$ 289
General State Aid	300	-
Education Administration	-	37,969
Education Fund		
Title I Reading First Part B SEA Funds	289	-
KIDS Standards Aligned Classroom	-	3,100
Illinois Violence Prevention Act Mini-Grant	-	5,922
Health Literacy	-	300
Proprietary Fund		
Staff Development	18,791	38,791
Total	<u>\$ 86,371</u>	<u>\$ 86,371</u>

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the 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, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$84,557 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010, and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$73,693) and 17.08 percent (\$33,375), 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, 2011 were \$1,094. Contributions for the years ended June 30, 2010, and June 30, 2009, were \$827 and \$1,133, respectively.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

- 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, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$58,453 were paid from federal and special trust funds that required employer contributions of \$13,503. For the years ended June 30, 2010 and June 30, 2009, required ROE contributions were \$1,165 and \$1,209, 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.

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

For the year ended June 30, 2011, the ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the ROE made no payments under the ERO.

- Salary Increases Over 6 Percent and Excess Sick Leave. 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, 2011, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2010 and June 30, 2009, 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 (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

For the year ended June 30, 2011, the ROE paid \$-0- to TRS for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2010 and June 30, 2009, 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, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

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

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.

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 2010 used by the ROE was 10.40 percent of annual covered payroll. The ROE annual required contribution rate for calendar year 2010 was 12.04 percent. 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 calendar year ending December 31, 2010, the ROE's actual contributions for pension cost for the Regular were \$31,556. Its required contribution for calendar year 2010 was \$36,532.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	\$ 36,532	86%	\$ 4,976
12/31/2009	28,988	100%	0
12/31/2008	25,892	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% 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 20% corridor between the actuarial and market value of assets. The ROE Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 87.02 percent funded. The actuarial accrued liability for benefits was \$855,225 and the actuarial value of assets was \$744,247, resulting in an underfunded actuarial accrued liability (UAAL) of \$110,978. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$303,425 and the ratio of the UAAL to the covered payroll was 37 percent.

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 Fund.

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

- On behalf contributions to THIS Fund. The state of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$1,702, and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2010 were 0.84 percent of pay. State contributions on behalf of ROE employees were \$1,197. Had the Regional Office of Education #27 recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84 percent of pay or \$1,641.

- Employer contributions to THIS Fund. The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010 and June 30, 2009. For the year ended June 30, 2011, the ROE paid \$1,276 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the ROE paid \$898 and \$1,231 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

OTHER POSTEMPLOYMENT BENEFITS (Continued)

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	\$ 84,557
THIS contributions	1,702
Regional Superintendent – salary	90,871
Regional Superintendent – benefits (includes State paid insurance)	25,018
Assistant Regional Superintendent – salary	81,784
Assistant Regional Superintendent – benefits (includes State paid insurance)	<u>20,788</u>
Total	<u>\$304,720</u>

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, 2011.

<u>Fund/Account</u>	<u>Amount</u>
Criminal Background Investigation	\$ 3,061
Adult Education and Family Literacy – State Basic	15,338
Adult Education and Family Literacy – State Performance	7,202
Adult Education and Family Literacy – Public Assistance	5,634
General Education Development	7,905

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

OTHER DISCLOSURES (Continued)

B. The following fund had an excess of actual expenditures over budget for the year ended June 30, 2011.

Fund	Budget Amount	Expenditures	Unfavorable Variance
McDonough/Hancock ROE Homeless Grant	\$ 7,848	\$ 7,878	\$ 30

11. OPERATING LEASES

Progressive Alternative Secondary School (PASS) leases their office and classroom space at a monthly rent of \$1,000. The lease term is from June 1, 2010 to May 31, 2011 with an option to renew for an additional twelve months. The lease was not renewed, but PASS is now leasing the space on a month by month basis under the same payment terms.

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 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, 2010 to June 30, 2011 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, 2011, rentals under lease obligations were \$20,400.

12. 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

13. RECLASSIFICATIONS

In the fiscal year ending June 30, 2011, the ROE's presentation of fund balances was changed due to the implementation of GASB 54. Implementation of this Statement caused certain accounts to be reclassified to a different major fund category. The beginning fund balance amounts for the year ended June 30, 2011 have been reclassified to conform to the current presentation. The following table summarizes the changes.

	<u>General Fund</u>	<u>Education Fund</u>	<u>Non-Major Fund</u>	<u>Totals</u>
06/30/10 fund balances as previously reported	\$ 88,837	\$ (364,919)	\$ 73,419	\$ (202,663)
Change due to GASB 54 implementation	<u>162,794</u>	<u>(118,410)</u>	<u>(44,384)</u>	<u>-</u>
06/30/10 fund balances as reclassified	<u>\$ 251,631</u>	<u>\$ (483,329)</u>	<u>\$ 29,035</u>	<u>\$ (202,663)</u>

14. SUBSEQUENT EVENTS

The salaries and benefits of the Regional Superintendent and Assistant Regional Superintendents of the ROE are paid by the State of Illinois. Effective July 1, 2011, Governor Pat Quinn eliminated their funding from the State budget, stating that there is not enough money to pay them and that they should be paid on a local level, not state level. Therefore, these individuals worked without a paycheck starting July 1, 2011. Subsequently, on November 14, 2011, Governor Pat Quinn approved legislation passed by State lawmakers to ensure that Regional Offices of Education have the funds needed to operate through the end of the 2012 fiscal year. The legislation also requires a commission be established to determine the future of the Regional Offices of Education.

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
 June 30, 2011

(Unaudited - See Accompanying Independent Auditor's Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ 744,247	\$ 855,225	\$ 110,978	87.02%	\$ 303,425	36.58%
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%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$780,156. On a market basis, the funded ratio would be 91.22%.

SUPPLEMENTARY INFORMATION

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUNDS
 June 30, 2011

	ROE #27 Fund	General State Aid	Even Start Local	High Roads Youth Program
ASSETS				
Cash and cash equivalents	\$ 159,289	\$ 267,747	\$ 6,468	\$ 526
Due from other funds	10,966	73,607	-	-
Due from other governmental units	22,855	-	-	6,971
Prepaid items	5	-	5	-
TOTAL ASSETS	\$ 193,115	\$ 341,354	\$ 6,473	\$ 7,497
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-
Total Liabilities	-	-	-	-
 FUND BALANCE (DEFICIT)				
Nonspendable	5	-	5	-
Assigned	-	-	6,468	7,497
Unassigned	193,110	341,354	-	-
Total Fund Balance (Deficit)	193,115	341,354	6,473	7,497
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 193,115	 \$ 341,354	 \$ 6,473	 \$ 7,497

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUNDS
 June 30, 2011

	Incoming Freshman Academy	American College Test (ACT) Class	Criminal Background Investigation	Education Administration	Total
ASSETS					
Cash and cash equivalents	\$ 51,708	\$ 11,841	\$ -	\$ -	\$ 497,579
Due from other funds	-	-	-	-	84,573
Due from other governmental units	6,000	-	-	-	35,826
Prepaid items	-	-	-	-	10
TOTAL ASSETS	\$ 57,708	\$ 11,841	\$ -	\$ -	\$ 617,988
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 3,061	\$ -	\$ 3,061
Due to other governmental units	5,000	-	-	-	5,000
Total Liabilities	5,000	-	3,061	-	8,061
 FUND BALANCE (DEFICIT)					
Nonspendable	-	-	-	-	10
Assigned	52,708	11,841	-	-	78,514
Unassigned	-	-	(3,061)	-	531,403
Total Fund Balance (Deficit)	52,708	11,841	(3,061)	-	609,927
TOTAL LIABILITIES AND FUND BALANCE	\$ 57,708	\$ 11,841	\$ -	\$ -	\$ 617,988

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 For the Year Ended June 30, 2011

	ROE #27 Fund	General State Aid	Even Start Local	High Roads Youth Program
REVENUES				
Local sources	\$ 160,200	\$ 158,902	\$ 20,366	\$ 112,725
State sources	-	182,458	-	-
Interest	1,625	-	-	-
On-behalf payments from State	258,345	46,375	-	-
Total revenues	420,170	387,735	20,366	112,725
EXPENDITURES				
Salaries and benefits	85,814	23,156	14,738	79,790
Purchased services	35,206	17,100	5,937	31,034
Supplies and materials	3,229	9,051	1,800	1,462
On-behalf payment to TRS and State	258,345	46,375	-	-
Total expenditures	382,594	95,682	22,475	112,286
Excess (deficiency) of revenues over expenditures	37,576	292,053	(2,109)	439
OTHER FINANCING SOURCES (USES):				
Transfers in	66,991	300	-	-
Transfers out	(289)	-	-	-
Total other financing sources and uses	66,702	300	-	-
Net change in fund balances	104,278	292,353	(2,109)	439
FUND BALANCE AT				
BEGINNING OF YEAR (restated - See Note 13)	88,837	49,001	8,582	7,058
FUND BALANCE (DEFICIT) AT				
END OF YEAR	\$ 193,115	\$ 341,354	\$ 6,473	\$ 7,497

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 For the Year Ended June 30, 2011

	Incoming Freshman Academy	American College Test (ACT) Class	Criminal Background Investigation	Education Administration	Total
REVENUES					
Local sources	\$ 20,300	\$ 8,250	\$ 400	\$ -	\$ 481,143
State sources	-	-	-	-	182,458
Interest	15	-	-	-	1,640
On-behalf payments from State	-	-	-	-	304,720
Total revenues	20,315	8,250	400	-	969,961
EXPENDITURES					
Salaries and benefits	17,415	-	-	-	220,913
Purchased services	3,790	78	3,835	-	96,980
Supplies and materials	171	2,372	-	-	18,085
On-behalf payment to TRS and State	-	-	-	-	304,720
Total expenditures	21,376	2,450	3,835	-	640,698
Excess (deficiency) of revenues over expenditures	(1,061)	5,800	(3,435)	-	329,263
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	67,291
Transfers out	-	-	-	(37,969)	(38,258)
Total other financing sources and uses	-	-	-	(37,969)	29,033
Net change in fund balances	(1,061)	5,800	(3,435)	(37,969)	358,296
FUND BALANCE AT					
BEGINNING OF YEAR (restated - See Note 13)	53,769	6,041	374	37,969	251,631
FUND BALANCE (DEFICIT) AT					
END OF YEAR	\$ 52,708	\$ 11,841	\$ (3,061)	\$ -	\$ 609,927

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2011

	Title I Reading First Part B SEA Funds	McDonough/ Hancock ROE Homeless Grant	KIDS Standards Aligned Classroom	Illinois Violence Prevention Act Mini-Grant	Early Childhood - Block Grant	Early Childhood - Monitoring
ASSETS						
Cash and cash equivalents	\$ -	\$ 1,160	\$ -	\$ -	\$ 15,811	\$ 31,685
Due from other governmental units and agencies	-	-	-	-	-	19,790
Prepaid Items	-	-	-	-	27	-
TOTAL ASSETS	\$ -	\$ 1,160	\$ -	\$ -	\$ 15,838	\$ 51,475
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
FUND BALANCE						
Nonspendable	-	-	-	-	27	-
Restricted	-	1,160	-	-	15,811	51,475
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	-	1,160	-	-	15,838	51,475
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 1,160	\$ -	\$ -	\$ 15,838	\$ 51,475

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2011

ASSETS	Gifted Education	Workforce Investment	Title IV 21st Century Community Learning Centers	Title I Grant to Local Educational Agency Part A	Title II Teacher Quality Leadership	Progressive Alternative Secondary School (P.A.S.S.)	Total
ASSETS							
Cash and cash equivalents	\$ 85	\$ 9,383	\$ 56,911	\$ 11,796	\$ 4,321	\$ 12,956	\$ 144,108
Due from other governmental units and agencies	-	-	-	-	-	79,297	99,087
Prepaid Items	-	-	4	-	-	-	31
TOTAL ASSETS	\$ 85	\$ 9,383	\$ 56,915	\$ 11,796	\$ 4,321	\$ 92,253	\$ 243,226
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Due to other funds	-	-	-	-	-	73,607	73,607
Deferred revenue	-	-	-	-	-	28,214	28,214
Total Liabilities	-	-	-	-	-	101,821	101,821
FUND BALANCE							
Nonspendable	-	-	4	-	-	-	31
Restricted	85	9,383	56,911	11,796	4,321	18,606	169,548
Unassigned	-	-	-	-	-	(28,174)	(28,174)
Total Fund Balance (Deficit)	85	9,383	56,915	11,796	4,321	(9,568)	141,405
TOTAL LIABILITIES AND FUND BALANCE	\$ 85	\$ 9,383	\$ 56,915	\$ 11,796	\$ 4,321	\$ 92,253	\$ 243,226

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, 2011

	Title I Reading First Part B SEA Funds	McDonough/ Hancock ROE Homeless Grant	KIDS Standards Aligned Classroom	Illinois Violence Prevention Act Mini-Grant	Early Childhood - Block Grant	Early Childhood - Monitoring
REVENUES						
State sources	-	\$ -	\$ -	\$ -	\$ 73,378	\$ 562,740
Federal sources	2,984	9,038	-	-	-	-
Total revenues	<u>2,984</u>	<u>9,038</u>	<u>-</u>	<u>-</u>	<u>73,378</u>	<u>562,740</u>
EXPENDITURES						
Salaries and benefits	-	5,663	-	-	9,268	4,687
Purchased services	2,343	1,444	-	-	12,209	14,780
Supplies and materials	930	771	-	-	28,627	1,516
Capital outlay	-	-	-	-	1,720	-
Payments to other governments	-	-	-	-	5,716	10,907
Total expenditures	<u>3,273</u>	<u>7,878</u>	<u>-</u>	<u>-</u>	<u>57,540</u>	<u>31,890</u>
Excess (deficiency) of revenues over expenditures	<u>(289)</u>	<u>1,160</u>	<u>-</u>	<u>-</u>	<u>15,838</u>	<u>530,850</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	289	-	-	-	-	-
Transfers out	-	-	(3,100)	(5,922)	-	-
Total other financing sources and uses	<u>289</u>	<u>-</u>	<u>(3,100)</u>	<u>(5,922)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	1,160	(3,100)	(5,922)	15,838	530,850
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated - See Note 13)						
	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>5,922</u>	<u>-</u>	<u>(479,375)</u>
FUND BALANCE (DEFICIT) AT END OF YEAR						
	<u>\$ -</u>	<u>\$ 1,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,838</u>	<u>\$ 51,475</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, 2011

	Gifted Education	Workforce Investment	Title IV 21st Century Community Learning Centers	Title I Grant to Local Educational Agency Part A	Title II Teacher Quality Leadership	Progressive Alternative Secondary School (P.A.S.S.)	Total
REVENUES							
State sources	\$ 17,435	\$ -	\$ -	\$ -	\$ -	\$ 126,514	\$ 780,067
Federal sources	-	-	338,543	49,341	67,229	73,568	540,703
Total revenues	17,435	-	338,543	49,341	67,229	200,082	1,320,770
EXPENDITURES							
Salaries and benefits	17,183	-	188,807	35,999	46,822	169,994	478,423
Purchased services	50	109	32,040	1,546	13,598	6,561	84,680
Supplies and materials	117	403	47,303	-	2,488	9,924	92,079
Capital outlay	-	-	-	-	-	-	1,720
Payments to other governments	-	-	13,478	-	-	-	30,101
Total expenditures	17,350	512	281,628	37,545	62,908	186,479	687,003
Excess (deficiency) of revenues over expenditures	85	(512)	56,915	11,796	4,321	13,603	633,767
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	289
Transfers out	-	-	-	-	-	(300)	(9,322)
Total other financing sources and uses	-	-	-	-	-	(300)	(9,033)
Net change in fund balances	85	(512)	56,915	11,796	4,321	13,303	624,734
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated - See Note 13)							
	-	9,895	-	-	-	(22,871)	(483,329)
FUND BALANCE (DEFICIT) AT END OF YEAR							
	\$ 85	\$ 9,383	\$ 56,915	\$ 11,796	\$ 4,321	\$ (9,568)	\$ 141,405

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 3,696	\$ 3,696	\$ 2,984	\$ (712)
Total revenues	<u>3,696</u>	<u>3,696</u>	<u>2,984</u>	<u>(712)</u>
EXPENDITURES				
Purchased services	2,290	2,290	2,343	(53)
Supplies and materials	<u>1,406</u>	<u>1,406</u>	<u>930</u>	<u>476</u>
Total expenditures	<u>3,696</u>	<u>3,696</u>	<u>3,273</u>	<u>423</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>(289)</u>	<u>(289)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>289</u>	<u>289</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>289</u>	<u>289</u>
Net Change	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE AT BEGINNING 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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 6,844	\$ 7,848	\$ 9,038	\$ 1,190
Total revenues	6,844	7,848	9,038	1,190
 EXPENDITURES				
Salaries and benefits	5,715	5,715	5,663	52
Purchased services	690	1,094	1,444	(350)
Supplies and materials	439	639	771	(132)
Payments to other governments	-	400	-	400
Total expenditures	6,844	7,848	7,878	(30)
Excess of revenue over expenditures	\$ -	\$ -	1,160	\$ 1,160
 FUND BALANCE AT BEGINNING OF YEAR				
			-	
 FUND BALANCE AT END OF YEAR				
			\$ 1,160	

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 298,682	\$ 298,682	\$ 338,543	\$ 39,861
Total revenues	<u>298,682</u>	<u>298,682</u>	<u>338,543</u>	<u>39,861</u>
EXPENDITURES				
Salaries and benefits	221,846	208,221	188,807	19,414
Purchased services	54,673	55,923	32,040	23,883
Supplies and materials	22,163	34,538	47,303	(12,765)
Payments to other governments	<u>-</u>	<u>-</u>	<u>13,478</u>	<u>(13,478)</u>
Total expenditures	<u>298,682</u>	<u>298,682</u>	<u>281,628</u>	<u>17,054</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	56,915	<u>\$ 56,915</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 56,915</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE II - TEACHER QUALITY LEADERSHIP
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 100,000	\$ 100,000	\$ 67,229	\$ (32,771)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>67,229</u>	<u>(32,771)</u>
EXPENDITURES				
Salaries and benefits	34,748	60,716	46,822	13,894
Purchased services	55,175	29,207	13,598	15,609
Supplies and materials	<u>10,077</u>	<u>10,077</u>	<u>2,488</u>	<u>7,589</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>62,908</u>	<u>37,092</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	4,321	<u>\$ 4,321</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 4,321</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 P.A.S.S.
 June 30, 2011

	ARRA - Education Jobs	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance	Regional Safe Schools	Federal Adult Education - Basic
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
Due from other governmental units and agencies	7,410	24,582	12,589	9,897	24,785	-
TOTAL ASSETS	<u>\$ 7,410</u>	<u>\$ 24,582</u>	<u>\$ 12,589</u>	<u>\$ 9,897</u>	<u>\$ 24,785</u>	<u>\$ 3</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to other funds	\$ 7,410	\$ 24,556	\$ 12,597	\$ 9,875	\$ 19,169	\$ -
Deferred revenue	-	15,364	7,194	5,656	-	-
Total Liabilities	<u>7,410</u>	<u>39,920</u>	<u>19,791</u>	<u>15,531</u>	<u>19,169</u>	<u>-</u>
FUND BALANCE						
Restricted	-	-	-	-	5,616	3
Unassigned	-	(15,338)	(7,202)	(5,634)	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>(15,338)</u>	<u>(7,202)</u>	<u>(5,634)</u>	<u>5,616</u>	<u>3</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,410</u>	<u>\$ 24,582</u>	<u>\$ 12,589</u>	<u>\$ 9,897</u>	<u>\$ 24,785</u>	<u>\$ 3</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 P.A.S.S.
 June 30, 2011

	Title II Teacher Quality	Health Literacy	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	Total
ASSETS						
Cash and cash equivalents	\$ 171	\$ -	\$ 27	\$ 12,651	\$ 104	\$ 12,956
Due from other governmental units and agencies	-	-	34	-	-	79,297
TOTAL ASSETS	\$ 171	\$ -	\$ 61	\$ 12,651	\$ 104	\$ 92,253
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,607
Deferred revenue	-	-	-	-	-	28,214
Total Liabilities	-	-	-	-	-	101,821
FUND BALANCE						
Restricted	171	-	61	12,651	104	18,606
Unassigned	-	-	-	-	-	(28,174)
Total Fund Balance (Deficit)	171	-	61	12,651	104	(9,568)
TOTAL LIABILITIES AND FUND BALANCE	\$ 171	\$ -	\$ 61	\$ 12,651	\$ 104	\$ 92,253

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, 2011

	ARRA - Education Jobs	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance	Regional Safe Schools	Federal Adult Education - Basic
REVENUES						
State sources	\$ -	\$ 29,961	\$ 21,267	\$ 19,811	\$ 55,180	\$ -
Federal sources	16,593	-	-	-	-	35,406
Total revenues	16,593	29,961	21,267	19,811	55,180	35,406
EXPENDITURES						
Salaries and benefits	16,593	35,733	20,544	16,648	46,501	33,975
Purchased services	-	1,135	1,036	315	3,063	684
Supplies and materials	-	-	-	-	-	744
Total expenditures	16,593	36,868	21,580	16,963	49,564	35,403
Excess (deficiency) of revenues over expenditures	-	(6,907)	(313)	2,848	5,616	3
OTHER FINANCING SOURCES (USES):						
Transfer out	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	-	(6,907)	(313)	2,848	5,616	3
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated - see Note 13)						
	-	(8,431)	(6,889)	(8,482)	-	-
FUND BALANCE (DEFICIT) AT END OF YEAR						
	\$ -	\$ (15,338)	\$ (7,202)	\$ (5,634)	\$ 5,616	\$ 3

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, 2011

	Title II Teacher Quality	Health Literacy	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	Total
REVENUES						
State sources	\$ -	\$ -	\$ 295	\$ -	\$ -	\$ 126,514
Federal sources	499	-	-	18,379	2,691	73,568
Total revenues	499	-	295	18,379	2,691	200,082
EXPENDITURES						
Salaries and benefits	-	-	-	-	-	169,994
Purchased services	328	-	-	-	-	6,561
Supplies and materials	-	-	261	6,405	2,514	9,924
Total expenditures	328	-	261	6,405	2,514	186,479
Excess (deficiency) of revenues over expenditures	171	-	34	11,974	177	13,603
OTHER FINANCING SOURCES (USES):						
Transfer out	-	(300)	-	-	-	(300)
Total other financing sources and uses	-	(300)	-	-	-	(300)
Net change in fund balances	171	(300)	34	11,974	177	13,303
FUND BALANCE (DEFICIT) AT						
BEGINNING OF YEAR (restated - see Note 13)	-	300	27	677	(73)	(22,871)
FUND BALANCE (DEFICIT) AT						
END OF YEAR	\$ 171	\$ -	\$ 61	\$ 12,651	\$ 104	\$ (9,568)

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 36,873	\$ 36,873	\$ 29,961	\$ (6,912)
Total revenues	<u>36,873</u>	<u>36,873</u>	<u>29,961</u>	<u>(6,912)</u>
EXPENDITURES				
Salaries and benefits	35,799	35,799	35,733	66
Purchased services	<u>1,074</u>	<u>1,074</u>	<u>1,135</u>	<u>(61)</u>
Total expenditures	<u>36,873</u>	<u>36,873</u>	<u>36,868</u>	<u>5</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(6,907)	<u>\$ (6,907)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(8,431)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR			<u>\$ (15,338)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 21,851	\$ 21,581	\$ 21,267	\$ (314)
Total revenues	<u>21,851</u>	<u>21,581</u>	<u>21,267</u>	<u>(314)</u>
EXPENDITURES				
Salaries and benefits	20,699	20,699	20,544	155
Purchased services	<u>1,152</u>	<u>882</u>	<u>1,036</u>	<u>(154)</u>
Total expenditures	<u>21,851</u>	<u>21,581</u>	<u>21,580</u>	<u>1</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(313)	<u>\$ (313)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(6,889)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR			<u>\$ (7,202)</u>	

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	<u>\$ 16,967</u>	<u>\$ 16,967</u>	<u>\$ 19,811</u>	<u>\$ 2,844</u>
Total revenues	<u>16,967</u>	<u>16,967</u>	<u>19,811</u>	<u>2,844</u>
EXPENDITURES				
Salaries and benefits	16,668	16,668	16,648	20
Purchased services	<u>299</u>	<u>299</u>	<u>315</u>	<u>(16)</u>
Total expenditures	<u>16,967</u>	<u>16,967</u>	<u>16,963</u>	<u>4</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	2,848	<u>\$ 2,848</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(8,482)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR			<u>\$ (5,634)</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 49,565	\$ 49,565	\$ 55,180	\$ 5,615
Total revenues	49,565	49,565	55,180	5,615
EXPENDITURES				
Salaries and benefits	46,502	46,502	46,501	1
Purchased services	3,063	3,063	3,063	-
Total expenditures	49,565	49,565	49,564	1
Excess of revenue over expenditures	\$ -	\$ -	5,616	\$ 5,616
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ 5,616	

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 35,406	\$ 35,406	\$ 35,406	\$ -
Total revenues	<u>35,406</u>	<u>35,406</u>	<u>35,406</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	34,172	34,172	33,975	197
Purchased services	684	684	684	-
Supplies and materials	550	550	744	(194)
Total expenditures	<u>35,406</u>	<u>35,406</u>	<u>35,403</u>	<u>3</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	3	<u>\$ 3</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 3</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 329	\$ 329	\$ 499	\$ 170
Total revenues	329	329	499	170
EXPENDITURES				
Purchased services	329	329	328	1
Total expenditures	329	329	328	1
Excess of revenue over expenditures	\$ -	\$ -	171	\$ 171
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ 171	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2011

	General Education Development	Bus Driver Training	Supervisory Expense	Institute	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 8,981	\$ 793	\$ 30,935	\$ 40,709
TOTAL ASSETS	\$ -	\$ 8,981	\$ 793	\$ 30,935	\$ 40,709
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ 7,905	\$ -	\$ -	\$ -	\$ 7,905
Total Liabilities	7,905	-	-	-	7,905
 FUND BALANCE (DEFICIT)					
Restricted	-	8,981	793	30,935	40,709
Unassigned	(7,905)	-	-	-	(7,905)
Total Fund Balance (Deficit)	(7,905)	8,981	793	30,935	32,804
 TOTAL LIABILITIES AND FUND BALANCE	 \$ -	 \$ 8,981	 \$ 793	 \$ 30,935	 \$ 40,709

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, 2011

	General Education Development	Bus Driver Training	Supervisory Expense	Institute	Total
REVENUES					
Local sources	\$ 1,552	\$ 882	\$ 154	\$ 9,903	\$ 12,491
State sources	-	637	-	-	637
Interest	-	-	-	27	27
	<u>1,552</u>	<u>1,519</u>	<u>154</u>	<u>9,930</u>	<u>13,155</u>
Total revenues					
EXPENDITURES					
Salaries and benefits	83	-	-	-	83
Purchased services	211	1,051	2,386	4,526	8,174
Supplies and materials	817	40	-	272	1,129
	<u>1,111</u>	<u>1,091</u>	<u>2,386</u>	<u>4,798</u>	<u>9,386</u>
Total expenditures					
Net change in fund balances	441	428	(2,232)	5,132	3,769
FUND BALANCE (DEFICIT) AT					
BEGINNING OF YEAR (restated - see Note 13)	<u>(8,346)</u>	<u>8,553</u>	<u>3,025</u>	<u>25,803</u>	<u>29,035</u>
FUND BALANCE (DEFICIT) AT					
END OF YEAR	<u>\$ (7,905)</u>	<u>\$ 8,981</u>	<u>\$ 793</u>	<u>\$ 30,935</u>	<u>\$ 32,804</u>