

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

FINANCIAL AUDIT
For the Year Ended June 30, 2012

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
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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 (July 1, 2012 – Present)	Mr. Don Daily
Assistant Regional Superintendent (July 1, 2012 – Present)	Mr. Bill Rees
Assistant Regional Superintendent (July 1, 2012 – Present)	Ms. Sue McKee
Assistant Regional Superintendent (July 1, 2011 – June 30, 2012)	Mr. Robert Gound

Offices are located at:

ROE Main Office
200 West Broadway
Monmouth, IL 61462
(July 2011 – July 2012)

ROE Main Office
105 North E Street, Suite 1
Monmouth, IL 61462
(August 2012 – Present)

PASS/Adult Education
1291 N. 6th Street, Suite 100
Monmouth, IL 61462
(July 2011 – July 2012)

PASS/Adult Education
105 North E Street, Suite 1
Monmouth, IL 61462
(August 2012 – Present)

Early Childhood
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

21st Century Community Learning Centers
Monmouth-Roseville High School
Monmouth, IL 61462

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	2	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	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>			
12-1	10	Controls over financial statement preparation	Material Weakness
12-2	12	Inadequate internal controls	Significant Deficiency

Prior Audit Findings Not Repeated (Government Auditing Standards)

None

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 correspondence dated February 5, 2013. Responses to the recommendations were provided by the ROE management in correspondence received February 4, 2013.

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, 2012, 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.

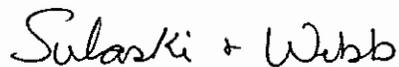
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Mercer and Warren Counties Regional Office of Education #27, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 28, 2013 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 17 through 22 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Sulaski and Webb
Certified Public Accountants

February 28, 2013

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, 2012, 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 February 28, 2013. 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 and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 12-1 in the accompanying Schedule of Findings and Responses to be a material weakness.

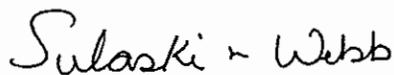
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 12-2 in the accompanying Schedule of Findings and Responses to be a significant deficiency.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the entity and 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

February 28, 2013

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

Section I – Summary of the Auditor’s Results

Financial Statements

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

Internal Control Over Financial Reporting:

- (2) One material weakness and one significant deficiency disclosed during the audit of the financial statements are reported in the *Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
- (3) No instances of noncompliance material to the financial statements were disclosed during the audit.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

Section II – Financial Statement Findings

Finding No. 12-1
Repeated from 11-1, 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, 2012

Section II – Financial Statement Findings - Continued

Finding No. 12-1
Repeated from 11-1, 10-1,
09-1, 08-1 and 07-1

Controls Over Financial Statement Preparation - Continued

Auditor's Recommendation:

As part of 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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

Section II – Financial Statement Findings - Continued

Finding No. 12-2

Inadequate Internal Controls

Criteria/Specific Requirement:

The Regional Superintendent is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud. Additionally good internal control procedures dictate the Regional Office of Education adequately segregate duties, thereby ensuring proper safeguarding of revenues and resources.

Condition:

The Henderson, Mercer and Warren Counties Regional Office of Education #27 (ROE) had inadequate segregation of duties and internal controls over some areas of its operations. For example, auditors noted the following:

- Bank reconciliations are not reviewed and approved by an independent party after preparation by the bookkeeper.
- A cash receipts list is not prepared for over-the-counter checks and checks received through the mail.
- Backups of the accounting software are only performed twice a month.

Effect:

Failure to maintain segregation of duties could lead to losses from errors or irregularities that could occur and not be discovered in the normal course of employees carrying out their assigned duties. In addition, failure to timely backup the accounting software could result in the loss of accounting data.

Cause:

ROE personnel stated that bank reconciliations were previously reviewed and approved by the Regional Superintendent, but that process had stopped. In addition, ROE personnel felt that the carbon copies in the receipt book and the software backups twice a month were sufficient.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

Section II – Financial Statement Findings - Continued

Finding No. 12-2

Inadequate Internal Controls - Continued

Auditor's Recommendation:

The Henderson, Mercer and Warren Counties Regional Office of Education #27 should put in place a procedure where an independent party reviews and approves the bank reconciliations after preparation by the bookkeeper. Both the preparer and the reviewer/approver should initial and date the reconciliation to document this procedure. Further, a cash receipts list should be prepared by an individual with no access to the general ledger records for all checks and/or cash received directly in the mail or over-the-counter. The list should then be given to the individual preparing the deposit slip. At the end of the month, this list should be included with the reconciliation packet and given to the individual reviewing and approving the bank reconciliation to ensure all receipts were deposited. In addition, we recommend that the ROE backup the accounting program at least weekly to ensure safe storage of accounting data.

Management's Response:

The bank reconciliations are now reviewed and approved by the Regional Superintendent after preparation by the bookkeeper.

Cash receipts are now recorded on a ledger sheet at the front desk upon receipt, either by mail or over the counter transactions.

A log of software backups is now being maintained to indicate a new weekly backup policy.

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

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2012

Corrective Action Plan

Finding No. 12-1

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 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.

Completion Date: As soon as possible

Contact Person: Jodi Scott, Regional Superintendent

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

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2012

Corrective Action Plan

Finding No. 12-2

Condition: The Henderson, Mercer and Warren Counties Regional Office of Education #27 (ROE) had inadequate segregation of duties and internal controls over some areas of its operations. For example, auditors noted the following:

- Bank reconciliations are not reviewed and approved by an independent party after preparation by the bookkeeper.
- A cash receipts list is not prepared for over-the-counter checks and checks received through the mail.
- Backups of the accounting software are only performed twice a month.

Plan: The bank reconciliations are now reviewed and approved by the Regional Superintendent after preparation by the bookkeeper.

Cash receipts are now recorded on a ledger sheet at the front desk upon receipt, either by mail or over the counter transactions.

A log of software backups is now being maintained to indicate a new weekly backup policy.

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, 2012

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
11-1	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 12-1.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

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, 2012 with comparative information for the year ended June 30, 2011. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2012 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$168,002 (17%) from \$969,961 in fiscal year 2011 to \$801,959 in fiscal year 2012. General Fund expenditures increased by \$55,202 (9%) from \$640,698 in fiscal year 2011 to \$695,900 in fiscal year 2012.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$53,198 (4%) from \$1,333,925 in fiscal year 2011 to \$1,387,123 in fiscal year 2012. The Special Revenue Fund expenditures increased by \$685,503 (98%) from \$696,389 in fiscal year 2011 to \$1,381,892 in fiscal year 2012.
- The Enterprise Fund revenue decreased by \$16,042 (37%) from \$43,115 in fiscal year 2011 to \$27,073 in fiscal year 2012. The Enterprise Fund expenditures increased by \$21,735 (126%) from \$17,200 in fiscal year 2011 to \$38,935 in fiscal year 2012.
- 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 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 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Fund Financial Statements

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

The Office has three kinds of funds:

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Fund Financial Statements (continued)

- 3) Fiduciary funds are used to account for assets held by the Regional Office in a custodial nature and do not involve measurement of results of operations.

The fiduciary fund required financial statement is a Statement of Fiduciary Net Assets.

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 2012 totaled \$956,509. At the end of fiscal year 2011, the net assets were \$885,295. The analysis that follows provides a summary of the Regional Office's net assets as of June 30, 2012 and June 30, 2011, 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 1,037,727	\$ 817,350	\$ 61,083	\$ 72,945	\$ 1,098,810	\$ 890,295
Total assets	<u>1,037,727</u>	<u>817,350</u>	<u>61,083</u>	<u>72,945</u>	<u>1,098,810</u>	<u>890,295</u>
Current liabilities	142,301	5,000	-	-	142,301	5,000
Total liabilities	<u>142,301</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>142,301</u>	<u>5,000</u>
Net assets:						
Unrestricted	738,848	609,928	61,083	72,945	799,931	682,873
Restricted for educational purposes	156,578	202,422	-	-	156,578	202,422
Total net assets	<u>\$ 895,426</u>	<u>\$ 812,350</u>	<u>\$ 61,083</u>	<u>\$ 72,945</u>	<u>\$ 956,509</u>	<u>\$ 885,295</u>

The Regional Office's governmental activities net assets increased by \$83,076 from fiscal year 2011. This increase is primarily due to increased Early Childhood Block Grant funding.

The Regional Office's business-type activities net assets decreased by \$11,862 from fiscal year 2011. This decrease is primarily due to less funding available in fiscal year 2012 which led to teachers trying to attend workshops with no cost. There was also an increase in purchased services in fiscal year 2012 for electronic purchases from Apple, Inc.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Government-Wide Financial Analysis (Continued)

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 27,073	\$ 43,115	\$ 27,073	\$ 43,115
Operating grants and contributions	1,492,324	1,198,799	-	-	1,492,324	1,198,799
General revenues						
Local sources	340,094	493,634	-	-	340,094	493,634
State sources	637	637	-	-	637	637
Investment earnings	2,148	1,667	-	-	2,148	1,667
On behalf payments	325,665	304,720	-	-	325,665	304,720
Total revenues	<u>2,160,868</u>	<u>1,999,457</u>	<u>27,073</u>	<u>43,115</u>	<u>2,187,941</u>	<u>2,042,572</u>
Expenses:						
Program expenses						
Salaries and benefits	856,443	699,419	4,919	-	861,362	699,419
Purchased services	261,339	189,834	33,144	15,028	294,483	204,862
Supplies and materials	118,806	111,293	872	2,172	119,678	113,465
Payments to other governments	515,539	30,101	-	-	515,539	30,101
Capital outlay	-	1,720	-	-	-	1,720
Administrative expenses						
On-behalf payments - State	325,665	304,720	-	-	325,665	304,720
Total expenses	<u>2,077,792</u>	<u>1,337,087</u>	<u>38,935</u>	<u>17,200</u>	<u>2,116,727</u>	<u>1,354,287</u>
Excess (deficiency) of revenues over expenditures	<u>83,076</u>	<u>662,370</u>	<u>(11,862)</u>	<u>25,915</u>	<u>71,214</u>	<u>688,285</u>
Transfers:						
Transfers in	-	67,580	-	18,791	-	86,371
Transfers out	-	(47,580)	-	(38,791)	-	(86,371)
Total transfers	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	83,076	682,370	(11,862)	5,915	71,214	688,285
Net assets beginning 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>
Net assets end of year	<u>\$ 895,426</u>	<u>\$ 812,350</u>	<u>\$ 61,083</u>	<u>\$ 72,945</u>	<u>\$ 956,509</u>	<u>\$ 885,295</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Governmental Activities

Revenues for governmental activities were \$2,160,868 and expenses were \$2,077,792 for the year ended June 30, 2012. Revenues for governmental activities were \$1,999,457 and expenses were \$1,337,087 for the year ended June 30, 2011. The increase in revenues for governmental activities is primarily due to the Regional Office accepting the Early Childhood Block Grant for fiscal year 2012 after declining it for fiscal year 2011. The increase in expenditures for governmental activities is also due primarily to the accepting of the Early Childhood Block Grant for fiscal year 2012.

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 \$895,426 at June 30, 2012 compared to fiscal year 2011's ending fund balance of \$784,136. This increase in combined fund balances is due to the above mentioned changes with the Early Childhood Block Grant.

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, 2012, 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, 2012

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:

- Both the 3-5 Early Childhood Grant and the 0-3 Early Childhood Grant are continuing for FY13, as well as both of the 21st Century Community Learning Centers grants for Monmouth-Roseville High School and West Central CUSD.
- ROE #27 also received an additional 21st Century Community Learning Centers grant for United High School in the amount of \$150,000 for FY13.
- State and Federal funding for the Alternative and Safe School continues to maintain, but at a slightly reduced amount each year. This puts more burden on the necessity of using the State Aid funds generated by the school, which also continue to decrease every year.
- We moved our main office, the Early Childhood Block administrative offices, PASS/Alternative School and the ESL classroom all to one building in July 2012. This reduces rent and maintenance costs that now can be used for other services within all our grants.

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 105 North E Street, Suite 1, Monmouth, Illinois 61462.

FINANCIAL STATEMENTS

HENDERSON, MERCER AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #27
STATEMENT OF NET ASSETS
June 30, 2012

		Primary Government		
		Governmental Activities	Business-Type Activities	Total
ASSETS				
Current Assets:				
	Cash and cash equivalents	\$ 783,892	\$ 60,759	\$ 844,651
	Due from other governmental units	253,835	324	254,159
	Total Current Assets	1,037,727	61,083	1,098,810
TOTAL ASSETS		1,037,727	61,083	1,098,810
LIABILITIES				
Current Liabilities:				
	Due to other governmental units	142,301	-	142,301
TOTAL LIABILITIES		142,301	-	142,301
NET ASSETS				
	Unrestricted	738,848	61,083	799,931
	Restricted for educational purposes	156,578	-	156,578
TOTAL NET ASSETS		\$ 895,426	\$ 61,083	\$ 956,509

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, 2012

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses)/Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries and benefits	\$ 856,443	\$ -	\$ 657,373	\$ (199,070)	\$ -	\$ (199,070)
Purchased services	261,339	-	118,681	(142,658)	-	(142,658)
Supplies and materials	118,806	-	95,218	(23,588)	-	(23,588)
Payments to other governments	515,539	-	547,439	31,900	-	31,900
Administrative:						
On-behalf payments-State	325,665	-	73,613	(252,052)	-	(252,052)
Total governmental activities	<u>2,077,792</u>	<u>-</u>	<u>1,492,324</u>	<u>(585,468)</u>	<u>-</u>	<u>(585,468)</u>
Business-type activities:						
Staff Development	38,935	27,073	-	-	(11,862)	(11,862)
Total business-type activities	<u>38,935</u>	<u>27,073</u>	<u>-</u>	<u>-</u>	<u>(11,862)</u>	<u>(11,862)</u>
Total primary government	<u>\$ 2,116,727</u>	<u>\$ 27,073</u>	<u>\$ 1,492,324</u>	<u>(585,468)</u>	<u>(11,862)</u>	<u>(597,330)</u>
General revenues:						
Local sources				340,094	-	340,094
State sources				637	-	637
Investments earnings				2,148	-	2,148
On-behalf payments				325,665	-	325,665
Total general revenues				<u>668,544</u>	<u>-</u>	<u>668,544</u>
Change in net assets				83,076	(11,862)	71,214
Net assets - beginning				<u>812,350</u>	<u>72,945</u>	<u>885,295</u>
Net assets - ending				<u>\$ 895,426</u>	<u>\$ 61,083</u>	<u>\$ 956,509</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, 2012

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 650,735	\$ 97,393	\$ 35,764	\$ 783,892
Due from other funds	66,876	-	-	66,876
Due from other governmental units	31,711	222,124	-	253,835
TOTAL ASSETS	\$ 749,322	\$ 319,517	\$ 35,764	\$ 1,104,603
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ 10,474	\$ 48,904	\$ 7,498	\$ 66,876
Due to other governmental units	-	142,301	-	142,301
Total liabilities	10,474	191,205	7,498	209,177
FUND BALANCES				
Restricted	-	155,283	35,764	191,047
Assigned	74,836	-	-	74,836
Unassigned	664,012	(26,971)	(7,498)	629,543
Total fund balances	738,848	128,312	28,266	895,426
TOTAL LIABILITIES AND FUND BALANCES	\$ 749,322	\$ 319,517	\$ 35,764	\$ 1,104,603

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

HENDERSON, MERCER AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #27
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances - governmental funds	\$ 895,426
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	-
	<hr/>
Net assets of governmental activities	<u><u>\$ 895,426</u></u>

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

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 318,491	\$ -	\$ 21,603	\$ 340,094
State sources	155,673	941,492	637	1,097,802
Federal sources	-	423,373	-	423,373
Interest	2,130	-	18	2,148
On-behalf payments from State	325,665	-	-	325,665
Total revenues	801,959	1,364,865	22,258	2,189,082
Expenditures:				
Instructional services:				
Salaries and benefits	191,727	664,553	163	856,443
Purchased services	150,951	89,552	20,836	261,339
Supplies and materials	27,557	85,452	5,797	118,806
Payments to other governments	-	515,539	-	515,539
On-behalf payments to TRS and State	325,665	-	-	325,665
Total expenditures	695,900	1,355,096	26,796	2,077,792
Excess (deficiency) of revenues over expenditures	106,059	9,769	(4,538)	111,290
Other financing sources (uses):				
Transfers in	-	28,168	-	28,168
Transfers out	(28,168)	-	-	(28,168)
Net other sources and uses of financing resources	(28,168)	28,168	-	-
Net change in fund balances	77,891	37,937	(4,538)	111,290
Fund balances - beginning	609,927	141,405	32,804	784,136
Prior Period Adjustment (See Note 12)	51,030	(51,030)	-	-
Fund balances - beginning, as restated	660,957	90,375	32,804	784,136
Fund balances - ending	\$ 738,848	\$ 128,312	\$ 28,266	\$ 895,426

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, 2012

Net change in fund balances \$ 111,290

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			-

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. (28,214)

		-
Changes in net assets of governmental activities	\$	<u>83,076</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 NET ASSETS
 PROPRIETARY FUND
 June 30, 2012

		Enterprise Fund
		Staff Development
ASSETS		
Current assets:		
Cash and cash equivalents	\$	60,759
Due from other governmental units and agencies		324
TOTAL ASSETS	\$	61,083
NET ASSETS		
Unrestricted	\$	61,083

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, 2012

	Enterprise Fund <hr/> Staff Development <hr/>
OPERATING REVENUES:	
Charges for services	\$ 27,073
Total operating revenues	<hr/> 27,073
 OPERATING EXPENSES:	
Salaries and benefits	4,919
Purchased services	33,144
Supplies and materials	872
Total operating expenses	<hr/> 38,935
Change in net assets	(11,862)
TOTAL NET ASSETS - BEGINNING OF YEAR	<hr/> 72,945
TOTAL NET ASSETS - END OF YEAR	<hr/> <hr/> \$ 61,083

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, 2012

	<u>Enterprise Fund Staff Development</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds for goods and services provided	\$ 53,468
Payments to suppliers and providers of goods and services	(34,016)
Payments to employees	<u>(4,919)</u>
Net cash provided by (used for) operating activities	<u>14,533</u>
Net increase (decrease) in cash and cash equivalents	14,533
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>46,226</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 60,759</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income (loss)	\$ (11,862)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Decrease in due from other governmental units and agencies	<u>26,395</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ 14,533</u></u>

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

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 STATEMENT OF FIDUCIARY NET ASSETS
 June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ -</u>
Total Assets	<u><u>\$ -</u></u>
LIABILITIES	
Due to others	<u>\$ -</u>
Total Liabilities	<u><u>\$ -</u></u>

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012, 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, 2012

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, 2012

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 and reported 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, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

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.

ROE/ISC Operations – To account for grant monies received for, and payment of, expenditures incurred to conduct professional development programs.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

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

Fiduciary Fund Types

Agency Fund – Used to account for assets held by the ROE in a trustee capacity or as an agent for individuals and private or governmental organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE has the following Agency Funds:

County Sales Facility Tax - To account for a retailers' occupation tax and a service occupation tax at a rate of 1% to be used exclusively for school facility purposes. Funds are passed through the ROE to the local school districts.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. There are no accounts presenting a nonspendable fund balance.

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 I Grant to Local Educational Agency Part A, Title II Teacher Quality Leadership, Adult Education and Family Literacy – State Performance, Adult Education and Family Literacy – Public Assistance, Regional Safe Schools, Title II Teacher Quality, State Free Lunch and Breakfast, and National School Lunch 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, Incoming Freshman Academy, American College Test Class, and Criminal Background Investigation.

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 High Roads Youth Program, ROE/ISC Operations, Title IV 21st Century Community Learning Centers, ARRA – Education Jobs, Adult Education and Family Literacy – State Basic, Federal Adult Education – Basic, and General Education Development.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Educational Grants:

- McDonough/Hancock ROE Homeless Grant
- ROE/ISC Operations
- Early Childhood - Block Grant
- Workforce Investment
- Title IV 21st Century Community Learning Centers
- Adult Education and Family Literacy – State Basic
- Adult Education and Family Literacy – State Performance
- Adult Education and Family Literacy – Public Assistance
- Regional Safe Schools
- Federal Adult Education - Basic

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a 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, 2012, there were no items costing \$5,000 or more.

DEFERRED REVENUES

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

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 obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NEW ACCOUNTING STANDARDS

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

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012, the carrying amount of the ROE's various bank deposits totaled \$844,651 and the bank balances totaled \$906,014. Included in the bank balance is \$27,113 deposited in the Illinois Funds. The Illinois Funds portfolio includes: certificates of deposit issued by Illinois financial institutions, repurchase agreements backed by direct treasury obligations from primary government securities dealers, direct treasury obligations of the U.S. Government, and money market funds backed by full faith and credit obligations of the U.S. Government. The ROE owns no identifiable investment securities in the Illinois Funds; therefore, credit risk cannot be assessed for the Illinois Funds.

Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$385,051 of the deposits made by the ROE were covered by the Federal Depository Insurance Corporation (FDIC), and the remaining \$520,963 were collateralized by the respective financial institution.

4. RECEIVABLES/PAYABLES

Receivables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2012, are as follows:

	<u>Due from Other Governmental Units</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General	\$ 31,711	\$ -	\$ 31,711
Education	222,124	-	222,124
Business-type activities:			
Staff Development	<u>324</u>	<u>-</u>	<u>324</u>
Total	<u>\$ 254,159</u>	<u>\$ -</u>	<u>\$ 254,159</u>

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

RECEIVABLES/PAYABLES (Continued)

Payables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2012, are as follows:

	<u>Due to Other Governmental Units</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
Education	\$ 142,301	\$ -	\$ 142,301
Total governmental activities	<u>\$ 142,301</u>	<u>\$ -</u>	<u>\$ 142,301</u>

5. DUE TO/FROM OTHER GOVERNMENTS

The Henderson, Mercer and Warren Counties Regional Office of Education #27's governmental and business-type 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	\$192,798
Illinois Community College Board	17,826
Other Regional Office of Education	42,711
Other Governments	<u>824</u>
Total	<u>\$254,159</u>

Due To Other Governmental Units:

Other School Districts	<u>\$ 142,301</u>
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HENDERSON, MERCER AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #27

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012 due to the State of Illinois being slow in paying funds for a couple of the ROE's programs:

	Due from	Due to
General Fund		
ROE #27 Fund	\$ 47,096	\$ -
General State Aid	19,780	-
High Roads Youth Program	-	10,474
Education Fund		
ROE/ISC Operations	-	22,862
Workforce Investment	-	4,038
Title IV 21st Century	-	2,224
ARRA - Education Jobs	-	1,580
Adult Ed - State Basic	-	8,785
Adult Ed - State Performance	-	4,978
Adult Ed - Public Assistance	-	3,640
Regional Safe Schools	-	700
Federal Adult Education - Basic	-	97
Non-Major Fund		
General Education Development	-	7,498
Total	\$ 66,876	\$ 66,876

INTERFUND TRANSFERS

During the year ended June 30, 2012, the ROE made transfers between funds to help cover costs of other 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, 2012 is as follows:

	Transfers in	Transfers out
General Fund		
ROE #27 Fund	\$ -	\$ 28,168
Education Fund		
ROE/ISC Operations	28,168	-
Total	\$ 28,168	\$ 28,168

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

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, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$104,148 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$84,557) and 23.38 percent (\$73,693), 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, 2012 were \$1,385. Contributions for the years ended June 30, 2011 and June 30, 2010, were \$1,094 and \$827, respectively.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$75,392 were paid from federal and special trust funds that required employer contributions of \$18,780. For the years ended June 30, 2011 and June 30, 2010, required ROE contributions were \$13,503 and \$1,165, 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, 2012, the ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2011 and June 30, 2010, 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, 2012, the ROE paid \$5,755 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and June 30, 2010, 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 rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

For the year ended June 30, 2012, the ROE paid \$-0- to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2011 and June 30, 2010, 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, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, 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 2011 used by the ROE was 11.44 percent of annual covered payroll. The ROE annual required contribution rate for calendar year 2011 was 12.96 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, 2011, the ROE's actual contributions for pension cost for the Regular were \$36,247. Its required contribution for calendar year 2011 was \$41,063.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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
12/31/2011	\$ 41,063	88%	\$ 4,816
12/31/2010	36,532	86%	4,976
12/31/2009	28,988	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% 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, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 82.55 percent funded. The actuarial accrued liability for benefits was \$765,624 and the actuarial value of assets was \$632,018, resulting in an underfunded actuarial accrued liability (UAAL) of \$133,606. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$316,841 and the ratio of the UAAL to the covered payroll was 42 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, 2012

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 retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

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

- On behalf contributions to THIS Fund. The state of Illinois makes employer retiree health insurance contributions on behalf of the 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, 2012. State of Illinois contributions were \$2,102, and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay respectively. State contributions on behalf of ROE employees were \$1,702 and \$1,197, respectively.

- Employer contributions to THIS Fund. The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the ROE paid \$1,576 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the ROE paid \$1,276 and \$898 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, 2012

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 Superintendent are paid by the State of Illinois. The following salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

TRS pension contributions	\$ 104,148
THIS contributions	2,102
Regional Superintendent – salary	94,344
Regional Superintendent – benefits (includes State paid insurance)	20,885
Assistant Regional Superintendent – salary	84,912
Assistant Regional Superintendent – benefits (includes State paid insurance)	<u>19,274</u>
Total	<u>\$325,665</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, 2012.

<u>Fund/Account</u>	<u>Amount</u>
High Roads Youth Program	\$ 6,418
ROE/ISC Operations	22,862
Title IV 21 st Century Community Learning Centers	2,224
ARRA – Education Jobs	1,580
Adult Education and Family Literacy – State Basic	208
Federal Adult Education – Basic	97
General Education Development	7,498

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

OTHER DISCLOSURES (Continued)

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2012.

<u>Fund</u>	<u>Budget Amount</u>	<u>Expenditures</u>	<u>Unfavorable Variance</u>
Workforce Investment	\$ 11,000	\$ 13,421	\$ 2,421
Adult Education & Family Literacy - State Basic	34,307	34,541	234
Regional Safe Schools	49,229	49,366	137
Federal Adult Education - Basic	33,367	33,467	100

11. OPERATING LEASES

Progressive Alternative Secondary School (PASS) leases their office and classroom space on a month by month lease at a monthly rent of \$1,000.

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, 2011 to June 30, 2012 and may be extended for additional terms upon the mutual agreement of both parties. The rent paid for this term was \$2,400.

The ROE entered into a lease with 1st Street Armory in Monmouth for use of four rooms for the Early Childhood Block Grant program. The lease term is from August 31, 2011 to August 31, 2012 and may be extended for additional terms upon the mutual agreement of both parties. The rent paid for this term was \$3,900.

The ROE rents storage space for its Homeless grant. The rent paid was \$205.

During the year ended June 30, 2012, rentals under lease obligations were \$24,465.

Subsequent to June 30, 2012, the ROE's main office, PASS, and Early Childhood Block Grant operations moved to a new location. A lease has been entered into with Monmouth-Roseville district #238 for office and classroom space. The lease started in July 2012, with monthly rent of \$2,000.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

12. PRIOR PERIOD ADJUSTMENT

A certain error resulting in an understatement of previously reported fund balance for the General Fund and an overstatement of previously reported fund balance for the Education Fund was discovered during the current year. The ROE/ISC Operations fund, previously included in the ROE #27 Fund within the General Fund, was determined to be an Education Fund account as there is a grant agreement or contract for the purpose of the funds. Accordingly, the fund balance for the ROE/ISC Operations fund has been reclassified from the General Fund to the Education Fund. The effect of the reclassification on the General Fund fund balance for the fiscal year ended June 30, 2011 is an increase in beginning fund balance of \$51,030 and the effect on the Education Fund fund balance for the year ended June 30, 2011 is a decrease in beginning fund balance of \$51,030.

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, 2012

(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)
12/31/2011	\$ 632,018	\$ 765,624	\$ 133,606	82.55%	\$ 316,841	42.17%
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%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$607,567. On a market basis, the funded ratio would be 79.36%.

SUPPLEMENTARY INFORMATION

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUNDS
 June 30, 2012

	ROE #27 Fund	General State Aid	Even Start Local	High Roads Youth Program
ASSETS				
Cash and cash equivalents	\$ 141,634	\$ 439,265	\$ 10,672	\$ -
Due from other funds	47,096	19,780	-	-
Due from other governmental units	22,655	-	-	4,056
TOTAL ASSETS	\$ 211,385	\$ 459,045	\$ 10,672	\$ 4,056
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 10,474
Total Liabilities	-	-	-	10,474
 FUND BALANCE (DEFICIT)				
Assigned	-	-	10,672	-
Unassigned	211,385	459,045	-	(6,418)
Total Fund Balance (Deficit)	211,385	459,045	10,672	(6,418)
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 211,385	 \$ 459,045	 \$ 10,672	 \$ 4,056

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUNDS
 June 30, 2012

	Incoming Freshman Academy	American College Test (ACT) Class	Criminal Background Investigation	Total
ASSETS				
Cash and cash equivalents	\$ 46,285	\$ 12,511	\$ 368	\$ 650,735
Due from other funds	-	-	-	66,876
Due from other governmental units	5,000	-	-	31,711
TOTAL ASSETS	\$ 51,285	\$ 12,511	\$ 368	\$ 749,322
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 10,474
Total Liabilities	-	-	-	10,474
FUND BALANCE (DEFICIT)				
Assigned	51,285	12,511	368	74,836
Unassigned	-	-	-	664,012
Total Fund Balance (Deficit)	51,285	12,511	368	738,848
TOTAL LIABILITIES AND FUND BALANCE	\$ 51,285	\$ 12,511	\$ 368	\$ 749,322

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, 2012

	ROE #27 Fund	General State Aid	Even Start Local	High Roads Youth Program
REVENUES				
Local sources	\$ 130,470	\$ 30,684	\$ 28,036	\$ 103,767
State sources	-	155,673	-	-
Interest	2,126	-	-	-
On-behalf payments from State	264,068	61,597	-	-
	<u>396,664</u>	<u>247,954</u>	<u>28,036</u>	<u>103,767</u>
Total revenues				
EXPENDITURES				
Salaries and benefits	72,335	25,935	11,146	79,124
Purchased services	62,587	27,843	11,197	37,579
Supplies and materials	2,266	14,888	1,494	979
On-behalf payment to TRS and State	264,068	61,597	-	-
	<u>401,256</u>	<u>130,263</u>	<u>23,837</u>	<u>117,682</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(4,592)</u>	<u>117,691</u>	<u>4,199</u>	<u>(13,915)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(28,168)</u>	-	-	-
Total other financing sources and uses	<u>(28,168)</u>	-	-	-
Net change in fund balances	<u>(32,760)</u>	<u>117,691</u>	<u>4,199</u>	<u>(13,915)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR				
	193,115	341,354	6,473	7,497
PRIOR PERIOD ADJUSTMENT (See Note 12)				
	<u>51,030</u>	-	-	-
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated)				
	<u>244,145</u>	<u>341,354</u>	<u>6,473</u>	<u>7,497</u>
FUND BALANCE (DEFICIT) AT END OF YEAR				
	<u>\$ 211,385</u>	<u>\$ 459,045</u>	<u>\$ 10,672</u>	<u>\$ (6,418)</u>

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, 2012

	Incoming Freshman Academy	American College Test (ACT) Class	Criminal Background Investigation	Total
REVENUES				
Local sources	\$ 10,134	\$ 10,700	\$ 4,700	\$ 318,491
State sources	-	-	-	155,673
Interest	4	-	-	2,130
On-behalf payments from State	-	-	-	325,665
	<u>10,138</u>	<u>10,700</u>	<u>4,700</u>	<u>801,959</u>
EXPENDITURES				
Salaries and benefits	3,187	-	-	191,727
Purchased services	8,276	2,198	1,271	150,951
Supplies and materials	98	7,832	-	27,557
On-behalf payment to TRS and State	-	-	-	325,665
	<u>11,561</u>	<u>10,030</u>	<u>1,271</u>	<u>695,900</u>
Excess (deficiency) of revenues over expenditures	<u>(1,423)</u>	<u>670</u>	<u>3,429</u>	<u>106,059</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	(28,168)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,168)</u>
Net change in fund balances	<u>(1,423)</u>	<u>670</u>	<u>3,429</u>	<u>77,891</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR				
	52,708	11,841	(3,061)	609,927
PRIOR PERIOD ADJUSTMENT (See Note 12)				
	-	-	-	51,030
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated)				
	<u>52,708</u>	<u>11,841</u>	<u>(3,061)</u>	<u>660,957</u>
FUND BALANCE (DEFICIT) AT END OF YEAR				
	<u>\$ 51,285</u>	<u>\$ 12,511</u>	<u>\$ 368</u>	<u>\$ 738,848</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2012

ASSETS	McDonough/ Hancock ROE Homeless Grant	ROE/ISC Operations	Early Childhood - Block Grant	Early Childhood - Monitoring	Gifted Education
ASSETS					
Cash and cash equivalents	\$ 1,968	\$ -	\$ 19,295	\$ 49,138	\$ 85
Due from other governmental units and agencies	500	-	186,552	-	-
TOTAL ASSETS	\$ 2,468	\$ -	\$ 205,847	\$ 49,138	\$ 85
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ -	\$ 22,862	\$ -	\$ -	\$ -
Due to other governmental units	-	-	142,301	-	-
Total Liabilities	-	22,862	142,301	-	-
FUND BALANCE (DEFICIT)					
Restricted	2,468	-	63,546	49,138	85
Unassigned	-	(22,862)	-	-	-
Total Fund Balance (Deficit)	2,468	(22,862)	63,546	49,138	85
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,468	\$ -	\$ 205,847	\$ 49,138	\$ 85

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2012

ASSETS	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	\$ -	\$ -	\$ 13,464	\$ 1,526	\$ 11,917	\$ 97,393
Due from other governmental units and agencies	11,000	-	-	-	24,072	222,124
TOTAL ASSETS	\$ 11,000	\$ -	\$ 13,464	\$ 1,526	\$ 35,989	\$ 319,517
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to other funds	\$ 4,038	\$ 2,224	\$ -	\$ -	\$ 19,780	\$ 48,904
Due to other governmental units	-	-	-	-	-	142,301
Total Liabilities	4,038	2,224	-	-	19,780	191,205
FUND BALANCE (DEFICIT)						
Restricted	6,962	-	13,464	1,526	18,094	155,283
Unassigned	-	(2,224)	-	-	(1,885)	(26,971)
Total Fund Balance (Deficit)	6,962	(2,224)	13,464	1,526	16,209	128,312
TOTAL LIABILITIES AND FUND BALANCE	\$ 11,000	\$ -	\$ 13,464	\$ 1,526	\$ 35,989	\$ 319,517

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, 2012

	McDonough/ Hancock ROE Homeless Grant	ROE/ISC Operations	Early Childhood - Block Grant	Early Childhood - Monitoring	Gifted Education
REVENUES					
State sources	\$ -	\$ 22,952	\$ 769,408	\$ -	\$ -
Federal sources	6,714	-	-	-	-
Total revenues	<u>6,714</u>	<u>22,952</u>	<u>769,408</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Salaries and benefits	4,749	14,756	179,358	2,337	-
Purchased services	657	-	26,474	-	-
Supplies and materials	-	-	15,775	-	-
Payments to other governments	-	8,196	500,093	-	-
Total expenditures	<u>5,406</u>	<u>22,952</u>	<u>721,700</u>	<u>2,337</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,308</u>	<u>-</u>	<u>47,708</u>	<u>(2,337)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	28,168	-	-	-
Total other financing sources and uses	<u>-</u>	<u>28,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>1,308</u>	<u>28,168</u>	<u>47,708</u>	<u>(2,337)</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR					
	1,160	-	15,838	51,475	85
PRIOR PERIOD ADJUSTMENT (See Note 12)					
	-	(51,030)	-	-	-
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated)					
	<u>1,160</u>	<u>(51,030)</u>	<u>15,838</u>	<u>51,475</u>	<u>85</u>
FUND BALANCE (DEFICIT) AT END OF YEAR					
	<u>\$ 2,468</u>	<u>\$ (22,862)</u>	<u>\$ 63,546</u>	<u>\$ 49,138</u>	<u>\$ 85</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, 2012

	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	\$ -	\$ -	\$ -	\$ -	\$ 149,132	\$ 941,492
Federal sources	11,000	311,744	17,500	32,771	43,644	423,373
Total revenues	11,000	311,744	17,500	32,771	192,776	1,364,865
EXPENDITURES						
Salaries and benefits	13,138	278,278	13,772	15,007	143,158	664,553
Purchased services	283	37,597	2,060	15,033	7,448	89,552
Supplies and materials	-	47,758	-	5,526	16,393	85,452
Payments to other governments	-	7,250	-	-	-	515,539
Total expenditures	13,421	370,883	15,832	35,566	166,999	1,355,096
Excess (deficiency) of revenues over expenditures	(2,421)	(59,139)	1,668	(2,795)	25,777	9,769
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	28,168
Total other financing sources and uses	-	-	-	-	-	28,168
Net change in fund balances	(2,421)	(59,139)	1,668	(2,795)	25,777	37,937
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	9,383	56,915	11,796	4,321	(9,568)	141,405
PRIOR PERIOD ADJUSTMENT (See Note 12)	-	-	-	-	-	(51,030)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated)	9,383	56,915	11,796	4,321	(9,568)	90,375
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 6,962	\$ (2,224)	\$ 13,464	\$ 1,526	\$ 16,209	\$ 128,312

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 6,214	\$ 6,714	\$ 6,714	\$ -
Total revenues	<u>6,214</u>	<u>6,714</u>	<u>6,714</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	5,487	5,436	4,749	687
Purchased services	556	807	657	150
Supplies and materials	171	471	-	471
Total expenditures	<u>6,214</u>	<u>6,714</u>	<u>5,406</u>	<u>1,308</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	1,308	<u>\$ 1,308</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>1,160</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 2,468</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 ROE/ISC OPERATIONS
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 22,952	\$ 22,952	\$ 22,952	\$ -
Total revenues	<u>22,952</u>	<u>22,952</u>	<u>22,952</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	8,300	14,756	14,756	-
Payments to other governments	14,652	8,196	8,196	-
Total expenditures	<u>22,952</u>	<u>22,952</u>	<u>22,952</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	28,168	28,168
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>28,168</u>	<u>28,168</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	28,168	<u>\$ 28,168</u>
FUND BALANCE AT BEGINNING OF YEAR				
			-	
PRIOR PERIOD ADJUSTMENT (See Note 12)			<u>(51,030)</u>	
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated)			<u>(51,030)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR			<u>\$ (22,862)</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD-BLOCK GRANT
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 879,408	\$ 879,408	\$ 769,408	\$ (110,000)
Total revenues	879,408	879,408	769,408	(110,000)
EXPENDITURES				
Salaries and benefits	251,609	251,609	179,358	72,251
Purchased services	36,296	36,296	26,474	9,822
Supplies and materials	32,323	32,323	15,775	16,548
Capital Outlay	1,800	1,800	-	1,800
Payments to other governments	557,380	557,380	500,093	57,287
Total expenditures	879,408	879,408	721,700	157,708
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	47,708	\$ 47,708
FUND BALANCE AT BEGINNING OF YEAR			15,838	
FUND BALANCE AT END OF YEAR			\$ 63,546	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 WORKFORCE INVESTMENT
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 11,000	\$ 11,000	\$ 11,000	\$ -
Total revenues	11,000	11,000	11,000	-
 EXPENDITURES				
Salaries and benefits	9,211	9,211	13,138	(3,927)
Purchased services	1,539	1,539	283	1,256
Supplies and materials	250	250	-	250
Total expenditures	11,000	11,000	13,421	(2,421)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(2,421)	\$ (2,421)
 FUND BALANCE AT BEGINNING OF YEAR			 9,383	
 FUND BALANCE AT END OF YEAR			 \$ 6,962	

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 448,682	\$ 448,682	\$ 311,744	\$ (136,938)
Total revenues	448,682	448,682	311,744	(136,938)
EXPENDITURES				
Salaries and benefits	334,126	330,126	278,278	51,848
Purchased services	73,388	63,488	37,597	25,891
Supplies and materials	29,668	43,568	47,758	(4,190)
Payments to other governments	11,500	11,500	7,250	4,250
Total expenditures	448,682	448,682	370,883	77,799
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(59,139)	\$ (59,139)
FUND BALANCE AT BEGINNING OF YEAR			56,915	
FUND BALANCE (DEFICIT) AT END OF YEAR			\$ (2,224)	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 P.A.S.S. ACCOUNTS
 June 30, 2012

	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						
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governmental units and agencies	-	8,577	4,980	4,269	6,179	-
TOTAL ASSETS	\$ -	\$ 8,577	\$ 4,980	\$ 4,269	\$ 6,179	\$ -
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to other funds	\$ 1,580	\$ 8,785	\$ 4,978	\$ 3,640	\$ 700	\$ 97
Total Liabilities	1,580	8,785	4,978	3,640	700	97
FUND BALANCE (DEFICIT)						
Restricted	-	-	2	629	5,479	-
Unassigned	(1,580)	(208)	-	-	-	(97)
Total Fund Balance (Deficit)	(1,580)	(208)	2	629	5,479	(97)
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 8,577	\$ 4,980	\$ 4,269	\$ 6,179	\$ -

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 P.A.S.S. ACCOUNTS
 June 30, 2012

ASSETS	Title II Teacher Quality	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	Total
ASSETS					
Cash and cash equivalents	\$ 171	\$ -	\$ 11,746	\$ -	\$ 11,917
Due from other governmental units and agencies	-	67	-	-	24,072
TOTAL ASSETS	\$ 171	\$ 67	\$ 11,746	\$ -	\$ 35,989
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 19,780
Total Liabilities	-	-	-	-	19,780
FUND BALANCE (DEFICIT)					
Restricted	171	67	11,746	-	18,094
Unassigned	-	-	-	-	(1,885)
Total Fund Balance (Deficit)	171	67	11,746	-	16,209
TOTAL LIABILITIES AND FUND BALANCE	\$ 171	\$ 67	\$ 11,746	\$ -	\$ 35,989

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, 2012

	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	\$ -	\$ 49,671	\$ 27,114	\$ 22,732	\$ 49,229	\$ -
Federal sources	-	-	-	-	-	33,367
Total revenues	<u>-</u>	<u>49,671</u>	<u>27,114</u>	<u>22,732</u>	<u>49,229</u>	<u>33,367</u>
EXPENDITURES						
Salaries and benefits	1,580	33,058	18,223	14,820	47,834	27,643
Purchased services	-	1,483	1,687	1,649	1,532	1,097
Supplies and materials	-	-	-	-	-	4,727
Total expenditures	<u>1,580</u>	<u>34,541</u>	<u>19,910</u>	<u>16,469</u>	<u>49,366</u>	<u>33,467</u>
Excess (deficiency) of revenues over expenditures	<u>(1,580)</u>	<u>15,130</u>	<u>7,204</u>	<u>6,263</u>	<u>(137)</u>	<u>(100)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR						
	<u>-</u>	<u>(15,338)</u>	<u>(7,202)</u>	<u>(5,634)</u>	<u>5,616</u>	<u>3</u>
FUND BALANCE (DEFICIT) AT END OF YEAR						
	<u>\$ (1,580)</u>	<u>\$ (208)</u>	<u>\$ 2</u>	<u>\$ 629</u>	<u>\$ 5,479</u>	<u>\$ (97)</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 P.A.S.S. ACCOUNTS
 For the Year Ended June 30, 2012

	Title II Teacher Quality	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	Total
REVENUES					
State sources	\$ -	\$ 386	\$ -	\$ -	\$ 149,132
Federal sources	-	-	6,796	3,481	43,644
Total revenues	-	386	6,796	3,481	192,776
EXPENDITURES					
Salaries and benefits	-	-	-	-	143,158
Purchased services	-	-	-	-	7,448
Supplies and materials	-	380	7,701	3,585	16,393
Total expenditures	-	380	7,701	3,585	166,999
Excess (deficiency) of revenues over expenditures	-	6	(905)	(104)	25,777
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR					
	171	61	12,651	104	(9,568)
FUND BALANCE (DEFICIT) AT END OF YEAR					
	\$ 171	\$ 67	\$ 11,746	\$ -	\$ 16,209

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 34,307	\$ 34,307	\$ 49,671	\$ 15,364
Total revenues	34,307	34,307	49,671	15,364
EXPENDITURES				
Salaries and benefits	32,113	32,113	33,058	(945)
Purchased services	2,194	2,194	1,483	711
Total expenditures	34,307	34,307	34,541	(234)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	15,130	\$ 15,130
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(15,338)	
FUND BALANCE (DEFICIT) AT END OF YEAR			\$ (208)	

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 19,920	\$ 19,920	\$ 27,114	\$ 7,194
Total revenues	19,920	19,920	27,114	7,194
EXPENDITURES				
Salaries and benefits	17,042	17,042	18,223	(1,181)
Purchased services	2,878	2,878	1,687	1,191
Total expenditures	19,920	19,920	19,910	10
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	7,204	\$ 7,204
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(7,202)	
FUND BALANCE AT END OF YEAR			\$ 2	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 17,076	\$ 17,076	\$ 22,732	\$ 5,656
Total revenues	17,076	17,076	22,732	5,656
EXPENDITURES				
Salaries and benefits	14,275	14,275	14,820	(545)
Purchased services	2,801	2,801	1,649	1,152
Total expenditures	17,076	17,076	16,469	607
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	6,263	\$ 6,263
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(5,634)	
FUND BALANCE AT END OF YEAR			\$ 629	

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 49,229	\$ 49,229	\$ 49,229	\$ -
Total revenues	49,229	49,229	49,229	-
EXPENDITURES				
Salaries and benefits	47,966	47,966	47,834	132
Purchased services	1,263	1,263	1,532	(269)
Total expenditures	49,229	49,229	49,366	(137)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(137)	\$ (137)
FUND BALANCE AT BEGINNING OF YEAR			5,616	
FUND BALANCE AT END OF YEAR			\$ 5,479	

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 33,367	\$ 33,367	\$ 33,367	\$ -
Total revenues	33,367	33,367	33,367	-
EXPENDITURES				
Salaries and benefits	32,834	32,834	27,643	5,191
Purchased services	533	533	1,097	(564)
Supplies and materials	-	-	4,727	(4,727)
Total expenditures	33,367	33,367	33,467	(100)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(100)	\$ (100)
FUND BALANCE AT BEGINNING OF YEAR			3	
FUND BALANCE (DEFICIT) AT END OF YEAR			\$ (97)	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2012

	General Education Development	Bus Driver Training	Supervisory Expense	Institute	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 9,799	\$ 194	\$ 25,771	\$ 35,764
TOTAL ASSETS	\$ -	\$ 9,799	\$ 194	\$ 25,771	\$ 35,764
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ 7,498	\$ -	\$ -	\$ -	\$ 7,498
Total Liabilities	7,498	-	-	-	7,498
FUND BALANCE (DEFICIT)					
Restricted	-	9,799	194	25,771	35,764
Unassigned	(7,498)	-	-	-	(7,498)
Total Fund Balance (Deficit)	(7,498)	9,799	194	25,771	28,266
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 9,799	\$ 194	\$ 25,771	\$ 35,764

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, 2012

	General Education Development	Bus Driver Training	Supervisory Expense	Institute	Total
REVENUES					
Local sources	\$ 2,047	\$ 974	\$ -	\$ 18,582	\$ 21,603
State sources	-	637	-	-	637
Interest	-	-	-	18	18
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,047	1,611	-	18,600	22,258
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES					
Salaries and benefits	163	-	-	-	163
Purchased services	336	662	599	19,239	20,836
Supplies and materials	1,141	131	-	4,525	5,797
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Total expenditures	1,640	793	599	23,764	26,796
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	407	818	(599)	(5,164)	(4,538)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(7,905)	8,981	793	30,935	32,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (7,498)	\$ 9,799	\$ 194	\$ 25,771	\$ 28,266
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HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2012

	Balance 7/1/2011	Additions	Deductions	Balance 6/30/2012
COUNTY SALES FACILITY TAX				
ASSETS				
Cash and cash equivalents	\$ -	\$ 736,901	\$ 736,901	\$ -
LIABILITIES				
Due to other agencies	\$ -	\$ 736,901	\$ 736,901	\$ -