

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

FINANCIAL AUDIT
For the Year Ended June 30, 2013

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 (current and during audit period)	Mr. Don Daily
Assistant Regional Superintendent (current and during audit period)	Mr. Bill Rees
Assistant Regional Superintendent (current and during audit period)	Ms. Sue McKee

Offices are located at:

ROE Main Office, PASS/Adult Education & Early Childhood
105 North E Street, Suite 1
Monmouth, IL 61462
(August 2012 – Present)

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

21st Century Community Learning Centers
United 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	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	0

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>			
2013-001	11	Controls over financial statement preparation	Material Weakness
2013-002	13	Inadequate controls over capital assets	Significant Deficiency
<u>Prior Audit Findings Not Repeated (Government Auditing Standards)</u>			
12-2	17	Inadequate internal controls	Significant Deficiency

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

FINANCIAL REPORT SUMMARY - CONTINUED

EXIT CONFERENCE

Henderson, Mercer and Warren Counties Regional Office of Education #27 waived having an exit conference in correspondence dated May 21, 2014. Responses to the recommendations were provided by the ROE management in correspondence received November 19, 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 unmodified 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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 18 through 23 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over financial reporting and compliance.

Sulaski + Webb

Sulaski and Webb
Certified Public Accountants
Bloomington, Illinois

May 21, 2014

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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements, and have issued our report thereon dated May 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control. Accordingly, we do not express an opinion on the effectiveness of Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be a material weakness and 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 the accompanying Schedule of Findings and Responses as item 2013-001 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 the accompanying Schedule of Findings and Responses as item 2013-002 to be a significant deficiency.

Compliance and Other Matters

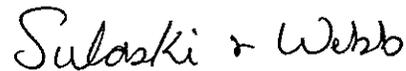
As part of obtaining reasonable assurance about whether Henderson, Mercer and Warren Counties Regional Office of Education #27's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

Regional Office of Education No. 27's Responses to Findings

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. Henderson, Mercer and Warren Counties Regional Office of Education #27's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sulaski and Webb
Certified Public Accountants
Bloomington, Illinois

May 21, 2014

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal Control Over Financial Reporting:

- (2) One material weakness and one significant deficiency identified 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 noted during the audit.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013

Section II – Financial Statement Findings

Finding No. 2013-001
Repeated from 12-1, 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 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #27's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Condition:

The Regional Office of Education #27 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #27 maintains their accounting records on the cash basis of accounting during the fiscal year. While the Regional Office of Education #27 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #27's financial information prepared by the Regional Office of Education #27, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, not all entries were provided to reconcile the Regional Office of Education #27's grant activity, such as posting grant receivables and unearned revenue.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013

Section II – Financial Statement Findings - Continued

Finding No. 2013-001
Repeated from 12-1, 11-1,
10-1, 09-1, 08-1 and 07-1

Controls Over Financial Statement Preparation - Continued

Effect:

The Regional Office of Education #27 management or its 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 the Regional Office of Education #27 management, 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.

Auditor's Recommendation:

As part of internal control over the preparation of financial statements, the Regional Office of Education #27 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #27'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 accounting staff and the preparation of financial information. Additional training will be pursued when it is considered cost beneficial and not detrimental to the funding for services the Regional Office provides.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013

Section II – Financial Statement Findings - Continued

Finding No. 2013-002

Inadequate Controls Over Capital Assets

Criteria/Specific Requirement:

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, states that capital assets should be reported at historical cost. Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operation and that have initial useful lives extending beyond a single reporting period. Capital assets should be depreciated over their estimated useful lives and reported net of accumulated depreciation in the Statement of Net Position. Depreciation expense should be reported in the Statement of Activities.

In addition, the Regional Office of Education (ROE) Accounting Manual requires each ROE to maintain detailed capital asset records for both accounting purposes as well as insurance purposes, for capital assets costing \$500 or more. Generally Accepted Accounting Principles require an inventory of all capital assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained.

Condition:

The Henderson, Mercer and Warren Counties Regional Office of Education #27 had inadequate controls over capital assets. The Regional Office of Education #27’s property listing for the fiscal year ended June 30, 2013 included one addition over its capitalization threshold of \$5,000. Review of the invoice for this item indicated that the item was actually purchased in November 2011, which was during the fiscal year ended June 30, 2012. The item, a fingerprinting machine, was fully expensed during the fiscal year ended June 30, 2012 instead of being set up as a capital asset and depreciated. A material audit adjusting journal entry was needed to properly reflect a capital asset in the financial statements.

Effect:

Failure to adequately track and physically verify capital assets could result in a material misstatement to the Regional Office of Education #27’s financial statements that would not be prevented or detected on a timely basis.

Cause:

According to Regional Office of Education #27 management, this capital asset was inadvertently overlooked when performing their physical inventory count and updating their property listing for the fiscal year ended June 30, 2012.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013

Section II – Financial Statement Findings - Continued

Finding No. 2013-002

Inadequate Controls Over Capital Assets - Continued

Auditor's Recommendation:

As part of internal control over capital assets, the Regional Office of Education #27 should establish a procedure to update the capital asset records for property and equipment at the time an item is received. A physical count of property should then be taken periodically and compared to the items on the detailed capital asset listing, and significant differences investigated. This process will help improve the tracking of assets and help detect the loss or unauthorized use of valuable property.

Management's Response:

The Regional Office of Education #27 staff will be more diligent in updating the inventory list throughout the year as items are purchased. Periodic reviews will also be established to ensure no item is overlooked.

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

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2013

Corrective Action Plan

Finding No. 2013-001

Condition: The Regional Office of Education #27 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #27 maintains their accounting records on the cash basis of accounting during the fiscal year. While the Regional Office of Education #27 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #27's financial information prepared by the Regional Office of Education #27, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, not all entries were provided to reconcile the Regional Office of Education #27's grant activity, such as posting grant receivables and unearned 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 accounting staff and the preparation of financial information. Additional training will be pursued when it is considered cost beneficial and not detrimental to the funding for services the Regional Office provides.

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, 2013

Corrective Action Plan

Finding No. 2013-002

Condition: The Henderson, Mercer and Warren Counties Regional Office of Education #27 had inadequate controls over capital assets. The Regional Office of Education #27's property listing for the fiscal year ended June 30, 2013 included one addition over its capitalization threshold of \$5,000. Review of the invoice for this item indicated that the item was actually purchased in November 2011, which was during the fiscal year ended June 30, 2012. The item, a fingerprinting machine, was fully expensed during the fiscal year ended June 30, 2012 instead of being set up as a capital asset and depreciated. A material audit adjusting journal entry was needed to properly reflect a capital asset in the financial statements.

Plan: The Regional Office of Education #27 staff will be more diligent in updating the inventory list throughout the year as items are purchased. Periodic reviews will also be established to ensure no item is overlooked.

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, 2013

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
12-1	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 2013-001
12-2	The ROE did not have adequate segregation of duties and internal controls over some of its operations.	Not Repeated.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

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, 2013 with comparative information for the year ended June 30, 2012. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2013 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$32,098 (4%) from \$801,959 in fiscal year 2012 to \$834,057 in fiscal year 2013. General Fund expenditures increased by \$20,259 (3%) from \$695,900 in fiscal year 2012 to \$716,159 in fiscal year 2013.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$131,849 (10%) from \$1,387,123 in fiscal year 2012 to \$1,518,972 in fiscal year 2013. The Special Revenue Fund expenditures increased by \$141,714 (10%) from \$1,381,892 in fiscal year 2012 to \$1,523,606 in fiscal year 2013.
- The Enterprise Fund revenue increased by \$10,546 (39%) from \$27,073 in fiscal year 2012 to \$37,619 in fiscal year 2013. The Enterprise Fund expenditures increased by \$3,884 (10%) from \$38,935 in fiscal year 2012 to \$42,819 in fiscal year 2013.
- 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 Position 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.

The Statement of Net Position 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 Position 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

The Statement of Net Position and the Statement of Activities (Continued)

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

- Over time, increases or decreases in the net position 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 Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

- 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 Position.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Fund Financial Statements (Continued)

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

Government-Wide Financial Analysis

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net position at the end of fiscal year 2013 totaled \$1,071,878. At the end of fiscal year 2012, the net position was \$956,509. The analysis that follows provides a summary of the Regional Office's net position as of June 30, 2013 and June 30, 2012, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 1,066,575	\$ 1,037,727	\$ 55,883	\$ 61,083	\$ 1,122,458	\$ 1,098,810
Capital assets	6,807	-	-	-	6,807	-
Total assets	<u>1,073,382</u>	<u>1,037,727</u>	<u>55,883</u>	<u>61,083</u>	<u>1,129,265</u>	<u>1,098,810</u>
Current liabilities	57,387	142,301	-	-	57,387	142,301
Total liabilities	<u>57,387</u>	<u>142,301</u>	<u>-</u>	<u>-</u>	<u>57,387</u>	<u>142,301</u>
Net position:						
Net investment						
in capital assets	6,807	-	-	-	6,807	-
Unrestricted	869,882	738,848	55,883	61,083	925,765	799,931
Restricted for educational purposes	139,306	156,578	-	-	139,306	156,578
Total net position	<u>\$ 1,015,995</u>	<u>\$ 895,426</u>	<u>\$ 55,883</u>	<u>\$ 61,083</u>	<u>\$ 1,071,878</u>	<u>\$ 956,509</u>

The Regional Office's governmental activities net position increased by \$120,569 from fiscal year 2012. This increase is primarily due to a decrease in the Education Fund's Due to other governmental units.

The Regional Office's business-type activities net position decreased by \$5,200 from fiscal year 2012. This decrease is due primarily to an increase in expenses for a Danielson training class held during fiscal year 2013.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Government-Wide Financial Analysis (Continued)

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 37,619	\$ 27,073	\$ 37,619	\$ 27,073
Operating grants	1,665,908	1,492,324	-	-	1,665,908	1,492,324
General revenues						
Local sources	330,852	340,094	-	-	330,852	340,094
State sources	637	637	-	-	637	637
Investment earnings	2,398	2,148	-	-	2,398	2,148
On behalf payments	353,234	325,665	-	-	353,234	325,665
Total revenues	<u>2,353,029</u>	<u>2,160,868</u>	<u>37,619</u>	<u>27,073</u>	<u>2,390,648</u>	<u>2,187,941</u>
Expenses:						
Program expenses						
Salaries and benefits	942,297	856,443	-	4,919	942,297	861,362
Purchased services	234,958	261,339	39,980	33,144	274,938	294,483
Supplies and materials	119,848	118,806	2,839	872	122,687	119,678
Payments to other governments	587,440	515,539	-	-	587,440	515,539
Capital outlay	1,988	-	-	-	1,988	-
Depreciation	1,266	-	-	-	1,266	-
Administrative expenses						
On-behalf payments - State	353,234	325,665	-	-	353,234	325,665
Total expenses	<u>2,241,031</u>	<u>2,077,792</u>	<u>42,819</u>	<u>38,935</u>	<u>2,283,850</u>	<u>2,116,727</u>
Change in net position	<u>111,998</u>	<u>83,076</u>	<u>(5,200)</u>	<u>(11,862)</u>	<u>106,798</u>	<u>71,214</u>
Net position, beginning of year, as originally reported	895,426	812,350	61,083	72,945	956,509	885,295
Prior period adjustment (see Note 13)	8,571	-	-	-	8,571	-
Net position, beginning of year, as restated	<u>903,997</u>	<u>812,350</u>	<u>61,083</u>	<u>72,945</u>	<u>965,080</u>	<u>885,295</u>
Net position, end of year	<u>\$ 1,015,995</u>	<u>\$ 895,426</u>	<u>\$ 55,883</u>	<u>\$ 61,083</u>	<u>\$ 1,071,878</u>	<u>\$ 956,509</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Governmental Activities

Revenues for governmental activities were \$2,353,029 and expenses were \$2,241,031 for the year ended June 30, 2013. Revenues for governmental activities were \$2,160,868 and expenses were \$2,077,792 for the year ended June 30, 2012. The increase in revenues and expenditures for governmental activities are both primarily due to an additional Title IV 21st Century Community Learning Centers grant for a third school district.

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 \$1,009,188 at June 30, 2013 compared to fiscal year 2012's ending fund balance of \$895,426. This increase in combined fund balances is due to the above mentioned changes with the Title IV 21st Century Community Learning Centers grant, as well as revenues in the General State Aid fund significantly exceeding its expenditures.

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

As of June 30, 2013, the Henderson, Mercer and Warren Counties Regional Office of Education #27's total capital assets were \$8,864, comprised of equipment. There were no additions or disposals of capital assets from the previous year. However, there was a prior period adjustment recorded to reflect the above noted capital asset in the financial statements. Total accumulated depreciation as of June 30, 2013 was \$2,057 and total depreciation expense for the year was \$1,266, resulting in total net capital assets of \$6,807.

Additional information on the Regional Office's capital assets and related prior period adjustment can be found in Notes 7 and 13, on pages 47 and 54, respectively, of this report.

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:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Economic Factors and Next Year's Budget (Continued)

- Both the 3-5 Early Childhood Grant and the 0-3 Early Childhood Grant are continuing for FY14, as well as all three 21st Century Community Learning Centers grants for Monmouth-Roseville High School, West Central CUSD, and United High School.
- An Illinois Criminal Justice Information Authority Grant is anticipated in FY14 for approximately \$150,000.
- State and Federal funding for the Alternative and Safe School will have an approximate 1.5% increase in funding for FY14, but will still rely on the State Aid funds generated by the school to supplement salaries and expenses.
- The Workforce Investment grant and High Roads will be reduced by 3% for FY14.
- Collectively, these changes are positive for the financial health of the Regional Office for FY14.

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.

BASIC FINANCIAL STATEMENTS

HENDERSON, MERCER AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #27
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 960,391	\$ 55,883	\$ 1,016,274
Due from other governmental units	106,184	-	106,184
Total Current Assets	1,066,575	55,883	1,122,458
Noncurrent Assets:			
Capital assets, net of depreciation	6,807	-	6,807
Total Noncurrent Assets	6,807	-	6,807
TOTAL ASSETS	1,073,382	55,883	1,129,265
LIABILITIES			
Current Liabilities:			
Accounts payable	8,172	-	8,172
Payroll liabilities	77	-	77
Due to other governmental units	49,138	-	49,138
TOTAL LIABILITIES	57,387	-	57,387
NET POSITION			
Net investment in capital assets	6,807	-	6,807
Unrestricted	869,882	55,883	925,765
Restricted for educational purposes	139,306	-	139,306
TOTAL NET POSITION	\$ 1,015,995	\$ 55,883	\$ 1,071,878

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, 2013

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries and benefits	\$ 942,297	\$ -	\$ 810,015	\$ (132,282)	\$ -	\$ (132,282)
Purchased services	234,958	-	111,521	(123,437)	-	(123,437)
Supplies and materials	119,848	-	106,773	(13,075)	-	(13,075)
Payments to other governments	587,440	-	553,883	(33,557)	-	(33,557)
Capital outlay	1,988	-	2,036	48	-	48
Depreciation	1,266	-	-	(1,266)	-	(1,266)
Administrative:						
On-behalf payments-State	353,234	-	81,680	(271,554)	-	(271,554)
Total governmental activities	<u>2,241,031</u>	<u>-</u>	<u>1,665,908</u>	<u>(575,123)</u>	<u>-</u>	<u>(575,123)</u>
Business-type activities:						
Staff Development	42,819	37,619	-	-	(5,200)	(5,200)
Total business-type activities	<u>42,819</u>	<u>37,619</u>	<u>-</u>	<u>-</u>	<u>(5,200)</u>	<u>(5,200)</u>
Total primary government	<u>\$ 2,283,850</u>	<u>\$ 37,619</u>	<u>\$ 1,665,908</u>	<u>(575,123)</u>	<u>(5,200)</u>	<u>(580,323)</u>
General revenues:						
Local sources				330,852	-	330,852
State sources				637	-	637
Investments earnings				2,398	-	2,398
On-behalf payments				353,234	-	353,234
Total general revenues				<u>687,121</u>	<u>-</u>	<u>687,121</u>
Change in net position				<u>111,998</u>	<u>(5,200)</u>	<u>106,798</u>
Net position - beginning, as originally reported				895,426	61,083	956,509
Prior period adjustment (see Note 13)				8,571	-	8,571
Net position - beginning, as restated				<u>903,997</u>	<u>61,083</u>	<u>965,080</u>
Net position - ending				<u>\$ 1,015,995</u>	<u>\$ 55,883</u>	<u>\$ 1,071,878</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, 2013

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 790,484	\$ 135,458	\$ 34,449	\$ 960,391
Due from other funds	52,042	-	-	52,042
Due from other governmental units	36,543	69,641	-	106,184
TOTAL ASSETS	\$ 879,069	\$ 205,099	\$ 34,449	\$ 1,118,617
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ 8,172	\$ -	\$ 8,172
Payroll liabilities	37	40	-	77
Due to other funds	9,150	35,327	7,565	52,042
Due to other governmental units	-	49,138	-	49,138
Total liabilities	9,187	92,677	7,565	109,429
FUND BALANCES				
Restricted	-	137,862	34,449	172,311
Assigned	76,707	-	-	76,707
Unassigned	793,175	(25,440)	(7,565)	760,170
Total fund balances	869,882	112,422	26,884	1,009,188
TOTAL LIABILITIES AND FUND BALANCES	\$ 879,069	\$ 205,099	\$ 34,449	\$ 1,118,617

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 POSITION
GOVERNMENTAL FUNDS
June 30, 2013

Total fund balances - governmental funds	\$ 1,009,188
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	6,807
	<hr/>
Net position of governmental activities	<u><u>\$ 1,015,995</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, 2013

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 317,688	\$ -	\$ 13,164	\$ 330,852
State sources	160,797	983,973	637	1,145,407
Federal sources	-	521,138	-	521,138
Interest	2,338	-	60	2,398
On-behalf payments from State	353,234	-	-	353,234
Total revenues	<u>834,057</u>	<u>1,505,111</u>	<u>13,861</u>	<u>2,353,029</u>
Expenditures:				
Instructional services:				
Salaries and benefits	192,136	750,161	-	942,297
Purchased services	143,209	78,624	13,125	234,958
Supplies and materials	27,580	90,150	2,118	119,848
Payments to other governments	-	587,440	-	587,440
On-behalf payments	353,234	-	-	353,234
Capital outlay	-	1,988	-	1,988
Total expenditures	<u>716,159</u>	<u>1,508,363</u>	<u>15,243</u>	<u>2,239,765</u>
Excess (deficiency) of revenues over expenditures	<u>117,898</u>	<u>(3,252)</u>	<u>(1,382)</u>	<u>113,264</u>
Fund balances - beginning	738,848	128,312	28,266	895,426
Prior Period Adjustment (See Note 13)	13,136	(12,638)	-	498
Fund balances - beginning, as restated	<u>751,984</u>	<u>115,674</u>	<u>28,266</u>	<u>895,924</u>
Fund balances - ending	<u>\$ 869,882</u>	<u>\$ 112,422</u>	<u>\$ 26,884</u>	<u>\$ 1,009,188</u>

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, 2013

Net change in fund balances \$ 113,264

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, if the cost of those assets exceeds \$5,000, it is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense (1,266)

Change in net position of governmental activities \$ 111,998

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 POSITION
 PROPRIETARY FUND
 June 30, 2013

	Enterprise Fund <hr/> Staff Development <hr/>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 55,883
	55,883
TOTAL ASSETS	\$ 55,883
	55,883
NET POSITION	
Unrestricted	\$ 55,883
	55,883

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 POSITION
 PROPRIETARY FUND
 For the Year Ended June 30, 2013

	<u>Enterprise Fund Staff Development</u>
OPERATING REVENUES:	
Charges for services	<u>\$ 37,619</u>
Total operating revenues	<u>37,619</u>
OPERATING EXPENSES:	
Purchased services	39,980
Supplies and materials	<u>2,839</u>
Total operating expenses	<u>42,819</u>
Change in net position	(5,200)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>61,083</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 55,883</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 CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended June 30, 2013

	Enterprise Fund <u>Staff Development</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds for goods and services provided	\$ 37,943
Payments to suppliers and providers of goods and services	<u>(42,819)</u>
Net cash provided by (used for) operating activities	<u>(4,876)</u>
Net increase (decrease) in cash and cash equivalents	(4,876)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>60,759</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 55,883</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income (loss)	\$ (5,200)
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>324</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ (4,876)</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 POSITION
FIDUCIARY FUND
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 16,931</u>
Total Assets	<u><u>\$ 16,931</u></u>
LIABILITIES	
Due to other agencies	<u>\$ 16,931</u>
Total Liabilities	<u><u>\$ 16,931</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, 2013

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, 2013, 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, 2013

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 Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government.

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

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, 2013

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, 2013

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.

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 payment of, expenditures for activities to save or create education jobs during the 2010-2011 school year.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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) Fund – 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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.

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 position that is 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

Restricted Fund Balance – the portion of a Governmental Fund’s net position that is 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, Gifted Education, Workforce Investment, Title IV 21st Century Community Learning Centers, Title I Grant to Local Educational Agency Part A, Adult Education and Family Literacy – Public Assistance, Regional Safe Schools, Federal Adult Education – Basic, Title II Teacher Quality, State Free Lunch and Breakfast, National School Lunch Program, and School Breakfast Program. The following funds are restricted by Illinois Statute: Bus Driver Training and Institute.

Committed Fund Balance – the portion of a Governmental Fund’s net position with self-imposed constraints or limitations that has 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 position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The accounts presenting an assigned fund balance are Even Start Local, High Roads Youth Program, Incoming Freshman Academy, 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 ROE/ISC Operations, Title II Teacher Quality Leadership, ARRA – Education Jobs, Adult Education and Family Literacy – State Basic, Adult Education and Family Literacy – State Performance, and General Education Development.

NET POSITION

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

Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
- Title IV 21st Century Community Learning Centers
- Title II – Teacher Quality - Leadership
- Adult Education and Family Literacy – State Basic
- Adult Education and Family Literacy – State Performance
- Adult Education and Family Literacy – Public Assistance
- Regional Safe Schools
- Federal Adult Education – Basic
- Title II – Teacher Quality

TEACHER CERTIFICATION

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

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS (Continued)

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 Position. 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. Capital assets are defined as assets with a cost of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The ROE's capital asset is depreciated over its useful life, which is estimated to be 7 years, using the straight-line method.

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.

CASH AND CASH EQUIVALENTS

The ROE considers all investments with a maturity of three months or less when purchased to be cash equivalents.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Position.

NEW ACCOUNTING STANDARDS

In fiscal year 2013, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The ROE implemented these standards during the current year; however, they did not have a material 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.

3. CASH

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

CASH (Continued)

At June 30, 2013, the carrying amount of the ROE's various bank deposits totaled \$1,033,205 and the bank balances totaled \$1,072,755. Included in the bank balance is \$22,553 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, 2013, \$382,129 of the deposits made by the ROE were covered by the Federal Depository Insurance Corporation (FDIC), and the remaining \$690,626 were collateralized by the respective financial institution.

4. RECEIVABLES/PAYABLES

Receivables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2013, are as follows:

	<u>Due from Other Governmental Units</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General	\$ 36,543	\$ -	\$ 36,543
Education	<u>69,641</u>	<u>-</u>	<u>69,641</u>
Total	<u>\$ 106,184</u>	<u>\$ -</u>	<u>\$ 106,184</u>

Payables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2013, are as follows:

	<u>Accounts Payable</u>	<u>Payroll Liabilities</u>	<u>Due to Other Governments</u>	<u>Total</u>
Governmental activities:				
General	\$ -	\$ 37	\$ -	\$ 37
Education	<u>8,172</u>	<u>40</u>	<u>49,138</u>	<u>57,350</u>
Total governmental activities	<u>\$ 8,172</u>	<u>\$ 77</u>	<u>\$ 49,138</u>	<u>\$ 57,387</u>

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

5. DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governmental Units:

Illinois State Board of Education	\$ 61,732
Illinois Community College Board	5,844
Other Regional Office of Education	2,065
Other Governments	<u>36,543</u>
	<u>\$106,184</u>

Due To Other Governmental Units:

Illinois State Board of Education	<u>\$ 49,138</u>
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In addition, the Henderson, Mercer and Warren Counties Regional Office of Education #27's agency fund had the following due to others:

Local School Districts	<u>\$ 16,931</u>
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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, 2013 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	\$ 43,533	\$ -
General State Aid	8,509	-
High Roads Youth Program	-	9,150
Education Fund		
McDonough/ Hancock ROE Homeless Grant	-	922
ROE/ISC Operations	-	24,363
Title II - Teacher Quality - Leadership	-	1,534
ARRA - Education Jobs	-	1,580
Adult Ed - State Basic	-	3,054
Adult Ed - State Performance	-	1,828
Adult Ed - Public Assistance	-	455
Regional Safe Schools	-	1,591
Non-Major Special Revenue Fund		
General Education Development	-	7,565
Total	\$ 52,042	\$ 52,042

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

INTERFUND TRANSACTIONS (Continued)

INTERFUND TRANSFERS

The ROE had no transfers between funds during the year ended June 30, 2013.

7. CAPITAL ASSETS

	Balance				Balance
	07/01/12	Additions	Disposals		06/30/13
Equipment	\$ 8,864	\$ -	\$ -		\$ 8,864
Less accumulated Depreciation	(791)	(1,266)	-		(2,057)
Total	<u>\$ 8,073</u>	<u>\$ (1,266)</u>	<u>\$ -</u>		<u>\$ 6,807</u>

Balance at 7/1/2012 has been restated per the prior period adjustment discussed in Note 13.

All capital assets are reported within the instructional services function of the governmental activities of the ROE. \$1,266 of depreciation expense has been reflected in the Statement of Activities for the year ended June 30, 2013.

8. 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, 2013 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, 2012 and 2011.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

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

- On-behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$126,804 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$104,148) and 23.10 percent (\$84,557), 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, 2013 were \$1,552. Contributions for the years ended June 30, 2012 and June 30, 2011, were \$1,385 and \$1,094, respectively.
- Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$76,423 were paid from federal and special trust funds that required employer contributions of \$21,437. For the years ended June 30, 2012 and June 30, 2011, required ROE contributions were \$18,780 and \$13,503, 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 under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the ROE made no payments under the ERO.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

- 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, 2013, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and June 30, 2011, the ROE paid \$5,755 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 (17.63 percent of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the ROE paid \$-0- to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2012 and June 30, 2011, 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, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

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 2012 used by the ROE was 12.58 percent of annual covered payroll. The ROE annual required contribution rate for calendar year 2012 was 12.67 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, 2012, the ROE's actual contributions for pension cost for the Regular were \$50,557. Its required contribution for calendar year 2012 was \$50,919.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 50,919	99%	\$ 362
12/31/2011	41,063	88%	4,816
12/31/2010	36,532	86%	4,976

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 85.80 percent funded. The actuarial accrued liability for benefits was \$872,422 and the actuarial value of assets was \$748,520, resulting in an underfunded actuarial accrued liability (UAAL) of \$123,902. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$401,887 and the ratio of the UAAL to the covered payroll was 31 percent.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

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.

9. OTHER POST-EMPLOYMENT BENEFITS

THIS Plan Description

The ROE (employer) participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (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 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$2,462, 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, 2012 and June 30, 2011 were 0.88 percent of pay both years. State contributions on behalf of ROE employees were \$2,102 and \$1,702, respectively.

- Employer contributions to THIS Fund. The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the year ended June 30, 2013, and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the ROE paid \$1,846 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the ROE paid \$1,576 and \$1,276 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

OTHER POST-EMPLOYMENT BENEFITS (Continued)

THIS Plan Description (Continued)

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

In addition, the ROE allows IMRF employees, who retire through the ROE’s plan disclosed in Note 8, 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.

10. ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS

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

TRS pension contributions	\$ 126,804
THIS contributions	2,462
Regional Superintendent – salary	97,080
Regional Superintendent – benefits (includes State paid insurance)	38,237
Assistant Regional Superintendents – salary	87,384
Assistant Regional Superintendents – benefits (includes State paid insurance)	<u>1,267</u>
Total	<u>\$353,234</u>

11. 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

OTHER DISCLOSURES (Continued)

A. The following funds/accounts had a deficit fund balance at June 30, 2013.

<u>Fund/Account</u>	<u>Amount</u>
ROE/ISC Operations	\$ 22,418
Title II – Teacher Quality Leadership	1,534
ARRA – Education Jobs	1,330
Adult Education and Family Literacy – State Basic	133
Adult Education and Family Literacy – State Performance	25
General Education Development	7,565

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2013.

<u>Fund</u>	<u>Budget Amount</u>	<u>Expenditures</u>	<u>Unfavorable Variance</u>
McDonough/ Hancock			
ROE Homeless Grant	\$ 3,610	\$ 4,938	\$ 1,328
Early Childhood Block Grant	808,704	825,110	16,406
Title II - Teacher Quality - Leadership	2,100	3,060	960
Adult Education & Family Literacy - State Performance	21,640	21,667	27
Regional Safe Schools	42,409	42,410	1

12. OPERATING LEASES

The ROE entered into a lease with Monmouth-Roseville C.U.S.D. #238 for the use of office and classroom space for its main office, Progressive Alternative Secondary School (PASS), and Early Childhood Block Grant Program. The lease term is from July 1, 2012 to June 30, 2015 at a rate of \$2,000 per month. The rent paid for the year ended June 30, 2013 was \$24,000. Future minimum rental payments for the remainder of this lease are \$24,000 for the year ended June 30, 2014 and \$24,000 for the year ended June 30, 2015.

The ROE entered into a lease with two individuals for the use of commercial business property for the High Roads Youth Program. The lease term is from July 1, 2012 to June 30, 2013 and may be extended for additional terms upon the mutual agreement of both parties. The rent paid for this term was \$6,000.

The ROE rents storage space for its Homeless grant. The rent paid was \$85.

During the year ended June 30, 2013, rentals under lease obligations were \$30,085. However, rent expense for the year ended June 30, 2013 was only \$26,485 due to a regional career and technical education system that rents a portion of the ROE's office space for \$300 a month.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

13. PRIOR PERIOD ADJUSTMENT

A certain error resulting in an understatement of previously reported net position for governmental activities was discovered during the current year. An asset with an historical cost over the ROE's capitalization threshold was purchased during the fiscal year ended June 30, 2012. This asset was properly expensed in the fund financial statements, but was not recorded as a capital asset and depreciated in the government-wide financial statements. The effect of this error on the governmental activities net position for the fiscal year ended June 30, 2012 is an increase in ending net position of \$8,073.

In addition, certain errors 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 were discovered during the current year. The High Roads Youth Program acts as reimbursement type funding. The ROE expends money to provide the services and then requests reimbursement for the amount of expenditures. As of June 30, 2012, the ROE had not received its reimbursement for May or June 2012 expenditures. However, the ROE only recorded revenue for the June 2012 expenditures. This caused revenue for the fiscal year ended June 30, 2012 to be understated. The effect of this error on the General Fund fund balance for the fiscal year ended June 30, 2012 is an increase in ending fund balance of \$13,136.

For the fiscal year ended June 30, 2012, the ROE recorded as revenue the full amount of funding for the Early Childhood – Block Grant. However, due to the lateness of receiving the funding from the Illinois State Board of Education (ISBE), the ROE was unable to utilize the full amount of funding within the grant period and therefore had to return a portion of the funding back to ISBE. The ROE failed to record deferred revenue for this amount, thereby overstating its revenue for the fiscal year ended June 30, 2012. The effect of this error on the Education Fund fund balance for the fiscal year ended June 30, 2012 is a decrease in ending fund balance of \$12,638.

The combination of the above three prior period errors on the governmental activities net position for the fiscal year ended June 30, 2012 is an increase in ending net position of \$8,571.

14. SUBSEQUENT EVENTS

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, the Regional Office of Education #27 will disband and consolidate with Regional Office of Education #33.

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, 2013

(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)
12/31/2012	\$ 748,520	\$ 872,422	123,902	85.80%	\$ 401,887	30.83%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$767,358. On a market basis, the funded ratio would be 87.96%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Henderson, Mercer and Warren ROE #27. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

SUPPLEMENTARY INFORMATION

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUNDS
 June 30, 2013

	ROE #27 Fund	General State Aid	Even Start Local	High Roads Youth Program
ASSETS				
Cash and cash equivalents	\$ 148,362	\$ 571,916	\$ 7,791	\$ -
Due from other funds	43,533	8,509	-	-
Due from other governmental units	20,855	-	-	15,688
TOTAL ASSETS	\$ 212,750	\$ 580,425	\$ 7,791	\$ 15,688
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Payroll liabilities	\$ -	\$ -	\$ 37	\$ -
Due to other funds	-	-	-	9,150
Total Liabilities	-	-	37	9,150
FUND BALANCE				
Assigned	-	-	7,754	6,538
Unassigned	212,750	580,425	-	-
Total Fund Balance	212,750	580,425	7,754	6,538
TOTAL LIABILITIES AND FUND BALANCE	\$ 212,750	\$ 580,425	\$ 7,791	\$ 15,688

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUNDS
 June 30, 2013

	Incoming Freshman Academy	American College Test (ACT) Class	Criminal Background Investigation	Total
ASSETS				
Cash and cash equivalents	\$ 47,578	\$ 9,983	\$ 4,854	\$ 790,484
Due from other funds	-	-	-	52,042
Due from other governmental units	-	-	-	36,543
TOTAL ASSETS	\$ 47,578	\$ 9,983	\$ 4,854	\$ 879,069
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Payroll liabilities	\$ -	\$ -	\$ -	\$ 37
Due to other funds	-	-	-	9,150
Total Liabilities	-	-	-	9,187
FUND BALANCE				
Assigned	47,578	9,983	4,854	76,707
Unassigned	-	-	-	793,175
Total Fund Balance	47,578	9,983	4,854	869,882
TOTAL LIABILITIES AND FUND BALANCE	\$ 47,578	\$ 9,983	\$ 4,854	\$ 879,069

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, 2013

	ROE #27 Fund	General State Aid	Even Start Local	High Roads Youth Program
REVENUES				
Local sources	\$ 137,528	\$ 35,673	\$ 17,160	\$ 111,763
State sources	-	160,797	-	-
Interest	2,338	-	-	-
On-behalf payments from State	275,711	77,523	-	-
Total revenues	415,577	273,993	17,160	111,763
EXPENDITURES				
Salaries and benefits	61,981	31,504	18,281	78,722
Purchased services	71,870	29,485	1,757	31,820
Supplies and materials	4,650	14,101	40	1,401
On-behalf payments	275,711	77,523	-	-
Total expenditures	414,212	152,613	20,078	111,943
Excess (deficiency) of revenues over expenditures	1,365	121,380	(2,918)	(180)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	211,385	459,045	10,672	(6,418)
PRIOR PERIOD ADJUSTMENT (See Note 13)	-	-	-	13,136
FUND BALANCE AT BEGINNING OF YEAR (restated)	211,385	459,045	10,672	6,718
FUND BALANCE AT END OF YEAR	\$ 212,750	\$ 580,425	\$ 7,754	\$ 6,538

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, 2013

	Incoming Freshman Academy	American College Test (ACT) Class	Criminal Background Investigation	Total
REVENUES				
Local sources	\$ 50	\$ 10,528	\$ 4,986	\$ 317,688
State sources	-	-	-	160,797
Interest	-	-	-	2,338
On-behalf payments from State	-	-	-	353,234
	<hr/>			
Total revenues	50	10,528	4,986	834,057
<hr/>				
EXPENDITURES				
Salaries and benefits	1,648	-	-	192,136
Purchased services	1,777	6,000	500	143,209
Supplies and materials	332	7,056	-	27,580
On-behalf payments	-	-	-	353,234
	<hr/>			
Total expenditures	3,757	13,056	500	716,159
	<hr/>			
Excess (deficiency) of revenues over expenditures	(3,707)	(2,528)	4,486	117,898
	<hr/>			
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR				
	51,285	12,511	368	738,848
<hr/>				
PRIOR PERIOD ADJUSTMENT (See Note 13)				
	-	-	-	13,136
	<hr/>			
FUND BALANCE AT BEGINNING OF YEAR (restated)				
	51,285	12,511	368	751,984
	<hr/>			
FUND BALANCE AT END OF YEAR				
	\$ 47,578	\$ 9,983	\$ 4,854	\$ 869,882
	<hr/> <hr/>			

HENDERSON, MERCER AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #27
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2013

ASSETS	McDonough/ Hancock ROE Homeless Grant	ROE/ISC Operations	Early Childhood - Block Grant	Early Childhood - Monitoring	Gifted Education	Workforce Investment
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 21,410	\$ 49,138	\$ 85	\$ 6,962
Due from other governmental units and agencies	2,065	1,945	52,704	-	-	-
TOTAL ASSETS	\$ 2,065	\$ 1,945	\$ 74,114	\$ 49,138	\$ 85	\$ 6,962
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	40	-	-	-
Due to other funds	922	24,363	-	-	-	-
Due to other governmental units	-	-	-	49,138	-	-
Total Liabilities	922	24,363	40	49,138	-	-
FUND BALANCE (DEFICIT)						
Restricted	1,143	-	74,074	-	85	6,962
Unassigned	-	(22,418)	-	-	-	-
Total Fund Balance (Deficit)	1,143	(22,418)	74,074	-	85	6,962
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,065	\$ 1,945	\$ 74,114	\$ 49,138	\$ 85	\$ 6,962

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2013

ASSETS	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	\$ 31,910	\$ 13,464	\$ -	\$ 12,489	\$ 135,458
Due from other governmental units and agencies	-	-	-	12,927	69,641
TOTAL ASSETS	\$ 31,910	\$ 13,464	\$ -	\$ 25,416	\$ 205,099
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 8,172	\$ -	\$ -	\$ -	\$ 8,172
Payroll liabilities	-	-	-	-	40
Due to other funds	-	-	1,534	8,508	35,327
Due to other governmental units	-	-	-	-	49,138
Total Liabilities	8,172	-	1,534	8,508	92,677
FUND BALANCE (DEFICIT)					
Restricted	23,738	13,464	-	18,396	137,862
Unassigned	-	-	(1,534)	(1,488)	(25,440)
Total Fund Balance (Deficit)	23,738	13,464	(1,534)	16,908	112,422
TOTAL LIABILITIES AND FUND BALANCE	\$ 31,910	\$ 13,464	\$ -	\$ 25,416	\$ 205,099

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, 2013

	McDonough/ Hancock ROE Homeless Grant	ROE/ISC Operations	Early Childhood - Block Grant	Early Childhood - Monitoring	Gifted Education	Workforce Investment
REVENUES						
State sources	\$ -	\$ 22,997	\$ 848,276	\$ -	\$ -	\$ -
Federal sources	3,613	-	-	-	-	-
Total revenues	<u>3,613</u>	<u>22,997</u>	<u>848,276</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Salaries and benefits	3,738	13,750	245,062	-	-	-
Purchased services	746	634	35,613	-	-	-
Supplies and materials	454	-	30,363	-	-	-
Capital outlay	-	-	1,988	-	-	-
Payments to other governments	-	8,169	512,084	49,138	-	-
Total expenditures	<u>4,938</u>	<u>22,553</u>	<u>825,110</u>	<u>49,138</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,325)</u>	<u>444</u>	<u>23,166</u>	<u>(49,138)</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR						
	2,468	(22,862)	63,546	49,138	85	6,962
PRIOR PERIOD ADJUSTMENT (See Note 13)						
	-	-	(12,638)	-	-	-
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated)						
	<u>2,468</u>	<u>(22,862)</u>	<u>50,908</u>	<u>49,138</u>	<u>85</u>	<u>6,962</u>
FUND BALANCE (DEFICIT) AT END OF YEAR						
	<u>\$ 1,143</u>	<u>\$ (22,418)</u>	<u>\$ 74,074</u>	<u>\$ -</u>	<u>\$ 85</u>	<u>\$ 6,962</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, 2013

	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	\$ -	\$ -	\$ -	\$ 112,700	\$ 983,973
Federal sources	473,524	-	-	44,001	521,138
Total revenues	473,524	-	-	156,701	1,505,111
EXPENDITURES					
Salaries and benefits	343,261	-	-	144,350	750,161
Purchased services	37,180	-	2,972	1,479	78,624
Supplies and materials	49,072	-	88	10,173	90,150
Capital outlay	-	-	-	-	1,988
Payments to other governments	18,049	-	-	-	587,440
Total expenditures	447,562	-	3,060	156,002	1,508,363
Excess (deficiency) of revenues over expenditures	25,962	-	(3,060)	699	(3,252)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR					
	(2,224)	13,464	1,526	16,209	128,312
PRIOR PERIOD ADJUSTMENT (See Note 13)					
	-	-	-	-	(12,638)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated)					
	(2,224)	13,464	1,526	16,209	115,674
FUND BALANCE (DEFICIT) AT END OF YEAR					
	\$ 23,738	\$ 13,464	\$ (1,534)	\$ 16,908	\$ 112,422

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 3,110	\$ 3,610	\$ 3,613	\$ 3
Total revenues	3,110	3,610	3,613	3
EXPENDITURES				
Salaries and benefits	2,931	2,931	3,738	(807)
Purchased services	179	429	746	(317)
Supplies and materials	-	250	454	(204)
Total expenditures	3,110	3,610	4,938	(1,328)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(1,325)	\$ (1,325)
FUND BALANCE AT BEGINNING OF YEAR			2,468	
FUND BALANCE AT END OF YEAR			\$ 1,143	

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 22,997	\$ 22,997	\$ 22,997	\$ -
Total revenues	22,997	22,997	22,997	-
EXPENDITURES				
Salaries and benefits	14,801	14,801	13,750	1,051
Purchased services	-	-	634	(634)
Payments to other governments	8,196	8,196	8,169	27
Total expenditures	22,997	22,997	22,553	444
Excess (deficiency) of revenue over expenditures	-	-	444	\$ 444
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(22,862)	
FUND BALANCE (DEFICIT) AT END OF YEAR			\$ (22,418)	

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 808,704	\$ 808,704	\$ 848,276	\$ 39,572
Total revenues	808,704	808,704	848,276	39,572
EXPENDITURES				
Salaries and benefits	232,478	232,478	245,062	(12,584)
Purchased services	27,975	27,975	35,613	(7,638)
Supplies and materials	15,048	15,048	30,363	(15,315)
Capital outlay	500	500	1,988	(1,488)
Payments to other governments	532,703	532,703	512,084	20,619
Total expenditures	808,704	808,704	825,110	(16,406)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	23,166	\$ 23,166
FUND BALANCE AT BEGINNING OF YEAR			63,546	
PRIOR PERIOD ADJUSTMENT (See Note 13)			(12,638)	
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED			50,908	
FUND BALANCE AT END OF YEAR			\$ 74,074	

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	<u>\$ 568,814</u>	<u>\$ 568,814</u>	<u>\$ 473,524</u>	<u>\$ (95,290)</u>
Total revenues	<u>568,814</u>	<u>568,814</u>	<u>473,524</u>	<u>(95,290)</u>
 EXPENDITURES				
Salaries and benefits	477,621	437,621	343,261	94,360
Purchased services	38,580	38,580	37,180	1,400
Supplies and materials	23,719	63,719	49,072	14,647
Payments to other governments	<u>28,894</u>	<u>28,894</u>	<u>18,049</u>	<u>10,845</u>
Total expenditures	<u>568,814</u>	<u>568,814</u>	<u>447,562</u>	<u>121,252</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	25,962	<u>\$ 25,962</u>
 FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(2,224)</u>	
 FUND BALANCE AT END OF YEAR			<u>\$ 23,738</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE II - TEACHER QUALITY - LEADERSHIP
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 2,100	\$ 2,100	\$ -	\$ (2,100)
Total revenues	2,100	2,100	-	(2,100)
 EXPENDITURES				
Salaries and benefits	100	100	-	100
Purchased services	2,000	2,000	2,972	(972)
Supplies and materials	-	-	88	(88)
Total expenditures	2,100	2,100	3,060	(960)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(3,060)	\$ (3,060)
 FUND BALANCE AT BEGINNING OF YEAR			1,526	
 FUND BALANCE (DEFICIT) AT END OF YEAR			\$ (1,534)	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 P.A.S.S. ACCOUNTS
 June 30, 2013

ASSETS	ARRA - Education Jobs	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance	Regional Safe Schools	Federal Adult Education - Basic
ASSETS						
Cash and cash equivalents	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 161
Due from other governmental units and agencies	-	2,921	1,803	1,119	7,069	-
TOTAL ASSETS	\$ 250	\$ 2,921	\$ 1,803	\$ 1,119	\$ 7,069	\$ 161
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to other funds	\$ 1,580	\$ 3,054	\$ 1,828	\$ 455	\$ 1,591	\$ -
Total Liabilities	1,580	3,054	1,828	455	1,591	-
FUND BALANCE (DEFICIT)						
Restricted	-	-	-	664	5,478	161
Unassigned	(1,330)	(133)	(25)	-	-	-
Total Fund Balance (Deficit)	(1,330)	(133)	(25)	664	5,478	161
TOTAL LIABILITIES AND FUND BALANCE	\$ 250	\$ 2,921	\$ 1,803	\$ 1,119	\$ 7,069	\$ 161

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 P.A.S.S. ACCOUNTS
 June 30, 2013

ASSETS	Title II Teacher Quality	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	Total
ASSETS					
Cash and cash equivalents	\$ 171	\$ 55	\$ 11,842	\$ 10	\$ 12,489
Due from other governmental units and agencies	-	15	-	-	12,927
TOTAL ASSETS	\$ 171	\$ 70	\$ 11,842	\$ 10	\$ 25,416
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 8,508
Total Liabilities	-	-	-	-	8,508
FUND BALANCE (DEFICIT)					
Restricted	171	70	11,842	10	18,396
Unassigned	-	-	-	-	(1,488)
Total Fund Balance (Deficit)	171	70	11,842	10	16,908
TOTAL LIABILITIES AND FUND BALANCE	\$ 171	\$ 70	\$ 11,842	\$ 10	\$ 25,416

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, 2013

	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	\$ -	\$ 35,053	\$ 21,640	\$ 13,431	\$ 42,409	\$ -
Federal sources	250	-	-	-	-	33,636
Total revenues	<u>250</u>	<u>35,053</u>	<u>21,640</u>	<u>13,431</u>	<u>42,409</u>	<u>33,636</u>
EXPENDITURES						
Salaries and benefits	-	34,803	21,655	13,208	41,306	33,378
Purchased services	-	175	12	188	1,104	-
Supplies and materials	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>34,978</u>	<u>21,667</u>	<u>13,396</u>	<u>42,410</u>	<u>33,378</u>
Excess (deficiency) of revenues over expenditures	<u>250</u>	<u>75</u>	<u>(27)</u>	<u>35</u>	<u>(1)</u>	<u>258</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>(1,580)</u>	<u>(208)</u>	<u>2</u>	<u>629</u>	<u>5,479</u>	<u>(97)</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (1,330)</u>	<u>\$ (133)</u>	<u>\$ (25)</u>	<u>\$ 664</u>	<u>\$ 5,478</u>	<u>\$ 161</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, 2013

	Title II Teacher Quality	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	Total
REVENUES					
State sources	\$ -	\$ 167	\$ -	\$ -	\$ 112,700
Federal sources	512	-	8,221	1,382	44,001
Total revenues	512	167	8,221	1,382	156,701
EXPENDITURES					
Salaries and benefits	-	-	-	-	144,350
Purchased services	-	-	-	-	1,479
Supplies and materials	512	164	8,125	1,372	10,173
Total expenditures	512	164	8,125	1,372	156,002
Excess (deficiency) of revenues over expenditures	-	3	96	10	699
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	171	67	11,746	-	16,209
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 171	\$ 70	\$ 11,842	\$ 10	\$ 16,908

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 35,053	\$ 35,053	\$ 35,053	\$ -
Total revenues	35,053	35,053	35,053	-
EXPENDITURES				
Salaries and benefits	34,872	34,872	34,803	69
Purchased services	181	181	175	6
Total expenditures	35,053	35,053	34,978	75
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	75	\$ 75
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(208)	
FUND BALANCE (DEFICIT) AT END OF YEAR			\$ (133)	

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 21,640	\$ 21,640	\$ 21,640	\$ -
Total revenues	21,640	21,640	21,640	-
EXPENDITURES				
Salaries and benefits	21,628	21,628	21,655	(27)
Purchased services	12	12	12	-
Total expenditures	21,640	21,640	21,667	(27)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(27)	\$ (27)
FUND BALANCE AT BEGINNING OF YEAR			2	
FUND BALANCE (DEFICIT) AT END OF YEAR			\$ (25)	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 13,431	\$ 13,431	\$ 13,431	\$ -
Total revenues	<u>13,431</u>	<u>13,431</u>	<u>13,431</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	13,243	13,243	13,208	35
Purchased services	<u>188</u>	<u>188</u>	<u>188</u>	<u>-</u>
Total expenditures	<u>13,431</u>	<u>13,431</u>	<u>13,396</u>	<u>35</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	35	<u>\$ 35</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>629</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 664</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 P.A.S.S. ACCOUNTS
 REGIONAL SAFE SCHOOLS
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 42,409	\$ 42,409	\$ 42,409	\$ -
Total revenues	42,409	42,409	42,409	-
EXPENDITURES				
Salaries and benefits	41,368	41,368	41,306	62
Purchased services	1,041	1,041	1,104	(63)
Total expenditures	42,409	42,409	42,410	(1)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(1)	\$ (1)
FUND BALANCE AT BEGINNING OF YEAR			5,479	
FUND BALANCE AT END OF YEAR			\$ 5,478	

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 33,636	\$ 33,636	\$ 33,636	\$ -
Total revenues	33,636	33,636	33,636	-
EXPENDITURES				
Salaries and benefits	33,622	33,622	33,378	244
Purchased services	14	14	-	14
Total expenditures	33,636	33,636	33,378	258
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	258	\$ 258
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(97)	
FUND BALANCE AT END OF YEAR			\$ 161	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 P.A.S.S. ACCOUNTS
 TITLE II - TEACHER QUALITY
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 237	\$ 512	\$ 512	\$ -
Total revenues	237	512	512	-
EXPENDITURES				
Supplies and materials	237	512	512	-
Total expenditures	237	512	512	-
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE AT BEGINNING OF YEAR			171	
FUND BALANCE AT END OF YEAR			\$ 171	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2013

	General Education Development	Bus Driver Training	Supervisory Expense	Institute	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 11,101	\$ -	\$ 23,348	\$ 34,449
TOTAL ASSETS	\$ -	\$ 11,101	\$ -	\$ 23,348	\$ 34,449
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ 7,565	\$ -	\$ -	\$ -	\$ 7,565
Total Liabilities	7,565	-	-	-	7,565
 FUND BALANCE (DEFICIT)					
Restricted	-	11,101	-	23,348	34,449
Unassigned	(7,565)	-	-	-	(7,565)
Total Fund Balance (Deficit)	(7,565)	11,101	-	23,348	26,884
 TOTAL LIABILITIES AND FUND BALANCE	 \$ -	 \$ 11,101	 \$ -	 \$ 23,348	 \$ 34,449

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, 2013

	General Education Development	Bus Driver Training	Supervisory Expense	Institute	Total
REVENUES					
Local sources	\$ 1,722	\$ 1,276	\$ -	\$ 10,166	\$ 13,164
State sources	-	637	-	-	637
Interest	-	-	-	60	60
Total revenues	<u>1,722</u>	<u>1,913</u>	<u>-</u>	<u>10,226</u>	<u>13,861</u>
EXPENDITURES					
Purchased services	418	495	194	12,018	13,125
Supplies and materials	1,371	116	-	631	2,118
Total expenditures	<u>1,789</u>	<u>611</u>	<u>194</u>	<u>12,649</u>	<u>15,243</u>
Net change in fund balance	(67)	1,302	(194)	(2,423)	(1,382)
FUND BALANCE (DEFICIT)					
AT BEGINNING OF YEAR	<u>(7,498)</u>	<u>9,799</u>	<u>194</u>	<u>25,771</u>	<u>28,266</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u><u>\$ (7,565)</u></u>	<u><u>\$ 11,101</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,348</u></u>	<u><u>\$ 26,884</u></u>

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, 2013

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
COUNTY SALES FACILITY TAX				
ASSETS				
Cash and cash equivalents	\$ -	\$ 949,465	\$ 932,534	\$ 16,931
LIABILITIES				
Due to other agencies	\$ -	\$ 949,465	\$ 932,534	\$ 16,931