

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

FINANCIAL AUDIT
For the Year Ended June 30, 2015

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

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

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

OFFICIALS

Regional Superintendent
(during audit period)

Ms. Jodi Scott

Assistant Regional Superintendent
(during audit period)

Ms. Lori Loving

Offices are located at:

ROE Main Office, PASS/Adult Education & Early Childhood
105 North E Street, Suite 1
Monmouth, IL 61462

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

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

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

21st Century Community Learning Centers
Monmouth-Roseville Junior High School
Roseville, IL 61473

21st Century Community Learning Centers
Mercer County High School
Aledo, IL 61231

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

Early Childhood Classroom
Mercer County YMCA
Aledo, IL 61231

Early Childhood Classroom
United Elementary School
Alexis, IL 61412

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

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>Findings (Government Auditing Standards)</u>			
2015-001	11	Controls over financial statement preparation	Material Weakness

Prior Audit Findings Not Repeated (Government Auditing Standards)

None

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

FINANCIAL REPORT SUMMARY - CONTINUED

EXIT CONFERENCE

Henderson, Mercer and Warren Counties Regional Office of Education #27 waived having an exit conference in correspondence dated March 14, 2016. Responses to the recommendations were provided by the ROE management in correspondence received September 25, 2015.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Frank J. Mautino
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, 2015, 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.

Auditor's 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 auditor's 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, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Henderson, Mercer and Warren Counties Regional Office of Education #27 adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

As discussed in Note 13, the Regional Office of Education #27 disbanded effective July 1, 2015 and consolidated with Regional Office of Education #33. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability and Schedule of Employer Contributions, and Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability and Related Ratios and Schedule of Employer Contributions on pages 16 through 21 and 64 through 68 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 schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements 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 schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements 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 March 14, 2016 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 and Webb
Certified Public Accountants
Bloomington, Illinois

March 14, 2016

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 Frank J. Mautino
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, 2015, 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 March 14, 2016.

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 a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's

financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2015-001 to be a material weakness.

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 # 27's Response to Finding

Henderson, Mercer and Warren Counties Regional Office of Education #27's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Henderson, Mercer and Warren Counties Regional Office of Education #27's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 & Webb

Sulaski and Webb
Certified Public Accountants
Bloomington, Illinois

March 14, 2016

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2015

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 identified during the audit of the financial statements is reported in the *Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
- (3) No instances of noncompliance material to the financial statements were 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, 2015

Section II – Financial Statement Findings

Finding No. 2015-001
Repeated from 14-001,
13-001, 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.

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

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 its 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.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2015

Section II – Financial Statement Findings - Continued

Finding No. 2015-001
Repeated from 14-001,
13-001, 12-1, 11-1, 10-1,
09-1, 08-1 and 07-1

Controls Over Financial Statement Preparation - Continued

Condition (Continued)

During review of the Regional Office of Education #27's financial information prepared by the Regional Office of Education #27, auditors noted there were not 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.

Through inquiries and discussions with the Regional Office of Education #27's accounting personnel and Regional Superintendent, auditors noted that the Regional Office of Education #27 did not have adequate controls to record and report the Regional Office of Education #27's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

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.

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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2015

Section II – Financial Statement Findings - Continued

Finding No. 2015-001
Repeated from 14-001,
13-001, 12-1, 11-1, 10-1,
09-1, 08-1 and 07-1

Controls Over Financial Statement Preparation - Continued

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 was confident with the accounting staff and preparation of financial information during the fiscal year ended June 30, 2015. Since we are consolidating with Regional Office of Education #33 as of July 1, 2015, management of the new Regional Office of Education #33 will, when fiscally possible, pursue additional training.

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

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2015

Corrective Action Plan

Finding No. 2015-001

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 its 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, auditors noted there were not 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.

Through inquiries and discussions with the Regional Office of Education #27's accounting personnel and Regional Superintendent, auditors noted that the Regional Office of Education #27 did not have adequate controls to record and report the Regional Office of Education #27's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

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 was confident with the accounting staff and preparation of financial information during the fiscal year ended June 30, 2015. Since we are consolidating with Regional Office of Education #33 as of July 1, 2015, management of the new Regional Office of Education #33 will, when fiscally possible, pursue additional training.

Completion Date: As soon as possible

Contact Person: Jodi Scott, Regional Office of Education #33 Regional Superintendent

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 2015-001

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

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, 2015 with comparative information for the year ended June 30, 2014. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2015 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$137,681 (15%) from \$889,781 in fiscal year 2014 to \$752,100 in fiscal year 2015. General Fund expenditures increased by \$689,591 (90%) from \$763,666 in fiscal year 2014 to \$1,453,257 in fiscal year 2015.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$208,282 (13%) from \$1,575,121 in fiscal year 2014 to \$1,366,839 in fiscal year 2015. The Special Revenue Fund expenditures decreased by \$132,831 (8%) from \$1,569,335 in fiscal year 2014 to \$1,436,504 in fiscal year 2015.
- The Enterprise Fund revenue decreased by \$8,081 (49%) from \$16,351 in fiscal year 2014 to \$8,270 in fiscal year 2015. The Enterprise Fund expenditures decreased by \$2,747 (10%) from \$26,922 in fiscal year 2014 to \$24,175 in fiscal year 2015.
- 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, deferred outflows, liabilities, and deferred inflows. 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, 2015

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/deferred outflows and liabilities/deferred inflows - 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, 2015

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 2015 totaled \$16,711. At the end of fiscal year 2014, the net position was \$1,202,832. The analysis that follows provides a summary of the Regional Office's net position as of June 30, 2015 and June 30, 2014, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 394,835	\$ 1,247,965	\$ 42,871	\$ 45,312	\$ 437,706	\$ 1,293,277
Capital assets	4,275	5,541	-	-	4,275	5,541
Total assets	<u>399,110</u>	<u>1,253,506</u>	<u>42,871</u>	<u>45,312</u>	<u>441,981</u>	<u>1,298,818</u>
Total deferred outflows	<u>251,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,706</u>	<u>-</u>
Current liabilities	138	95,986	-	-	138	95,986
Noncurrent liabilities	577,308	-	-	-	577,308	-
Total liabilities	<u>577,446</u>	<u>95,986</u>	<u>-</u>	<u>-</u>	<u>577,446</u>	<u>95,986</u>
Total deferred inflows	<u>99,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,530</u>	<u>-</u>
Net position/ (deficit):						
Net investment						
in capital assets	4,275	5,541	-	-	4,275	5,541
Unrestricted	(138,357)	987,932	42,871	45,312	(95,486)	1,033,244
Restricted - Other	107,922	164,047	-	-	107,922	164,047
Total net position/ (deficit)	<u>\$ (26,160)</u>	<u>\$ 1,157,520</u>	<u>\$ 42,871</u>	<u>\$ 45,312</u>	<u>\$ 16,711</u>	<u>\$ 1,202,832</u>

The Regional Office's governmental activities net position decreased by \$1,183,680 from fiscal year 2014. This decrease is primarily due to a decrease in overall cash related to disbursements out of ROE #27's accounts to start the new ROE #33 account, and the recording of a net pension liability related to implementation of GASB Statement No. 68.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

Government-Wide Financial Analysis (Continued)

The Regional Office's business-type activities net position decreased by \$2,441 from fiscal year 2014. This decrease is due primarily to a decrease in revenues due to fewer training classes held because Districts have become their own staff development "Approved Provider". Also, Districts have limited funds to send teachers to classes out of district and provide substitutes during their absence. In addition, grants often pay for the workshops making them free to teachers to attend.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 8,270	\$ 16,351	\$ 8,270	\$ 16,351
Operating grants	1,538,405	1,769,971	-	-	1,538,405	1,769,971
General revenues						
Local sources	345,338	295,721	-	-	345,338	295,721
State sources	637	637	-	-	637	637
Investment earnings	2,119	2,576	-	-	2,119	2,576
On behalf payments	422,550	406,887	-	-	422,550	406,887
Total revenues	<u>2,309,049</u>	<u>2,475,792</u>	<u>8,270</u>	<u>16,351</u>	<u>2,317,319</u>	<u>2,492,143</u>
Expenses:						
Program expenses						
Salaries and benefits	861,262	1,091,606	370	-	861,632	1,091,606
Purchased services	259,900	243,490	22,041	26,330	281,941	269,820
Supplies and materials	87,404	92,012	1,764	592	89,168	92,604
Payments to other governments	1,352,824	499,006	-	-	1,352,824	499,006
Capital outlay	506	-	-	-	506	-
Depreciation	1,266	1,266	-	-	1,266	1,266
Pension expense	108,726	-	-	-	108,726	-
Administrative expenses						
On-behalf payments - State	422,550	406,887	-	-	422,550	406,887
Total expenses	<u>3,094,438</u>	<u>2,334,267</u>	<u>24,175</u>	<u>26,922</u>	<u>3,118,613</u>	<u>2,361,189</u>
Excess (deficiency) of revenues over expenditures	<u>(785,389)</u>	<u>141,525</u>	<u>(15,905)</u>	<u>(10,571)</u>	<u>(801,294)</u>	<u>130,954</u>
Transfers:						
Transfers in	-	-	13,464	-	13,464	-
Transfers out	(13,464)	-	-	-	(13,464)	-
Total transfers	<u>(13,464)</u>	<u>-</u>	<u>13,464</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(798,853)</u>	<u>141,525</u>	<u>(2,441)</u>	<u>(10,571)</u>	<u>(801,294)</u>	<u>130,954</u>
Net position, beginning of year, as originally reported	1,157,520	1,015,995	45,312	55,883	1,202,832	1,071,878
Prior period adjustment	(384,827)	-	-	-	(384,827)	-
Net position, beginning of year, as restated	<u>772,693</u>	<u>1,015,995</u>	<u>45,312</u>	<u>55,883</u>	<u>818,005</u>	<u>1,071,878</u>
Net position (deficit), end of year	<u>\$ (26,160)</u>	<u>\$ 1,157,520</u>	<u>\$ 42,871</u>	<u>\$ 45,312</u>	<u>\$ 16,711</u>	<u>\$ 1,202,832</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

Governmental Activities

Revenues for governmental activities were \$2,309,049 and expenses were \$3,094,438 for the year ended June 30, 2015. Revenues for governmental activities were \$2,475,792 and expenses were \$2,334,267 for the year ended June 30, 2014. The decrease in revenues for governmental activities is due to less funding for Title IV 21st Century Community Learning Centers, and the increase in expenditures for governmental activities is due to payments to other governments to start an account for the new ROE #33, as well as additional expense related to implementation of GASB Statement No. 68.

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 \$356,803 at June 30, 2015 compared to fiscal year 2014's ending fund balance of \$1,141,089. This decrease in combined fund balances is due to the above mentioned payments to other governments.

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, 2015, 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. Total accumulated depreciation as of June 30, 2015 was \$4,589 and total depreciation expense for the year was \$1,266, resulting in total net capital assets of \$4,275.

Additional information on the Regional Office's capital assets can be found in Note 7 on page 46 of this report.

Economic Factors

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, 2015

Economic Factors (Continued)

- ROE #27 disbanded at the end of FY15. On July 1, 2015, Henderson, Mercer and Warren Counties joined Knox County ROE #33 to become Henderson, Knox, Mercer and Warren Counties ROE #33.
- ROE #27's Alternative School, PASS, is continuing as part of the new ROE #33.

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, Knox, Mercer and Warren Counties Regional Office of Education #33 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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 182,565	\$ 42,871	\$ 225,436
Due from other governments	212,270	-	212,270
Total Current Assets	<u>394,835</u>	<u>42,871</u>	<u>437,706</u>
Noncurrent Assets:			
Capital assets, net of depreciation	4,275	-	4,275
Total Noncurrent Assets	<u>4,275</u>	<u>-</u>	<u>4,275</u>
TOTAL ASSETS	<u>399,110</u>	<u>42,871</u>	<u>441,981</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	251,706	-	251,706
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>251,706</u>	<u>-</u>	<u>251,706</u>
LIABILITIES			
Current Liabilities:			
Due to other governments	138	-	138
Total Current Liabilities	<u>138</u>	<u>-</u>	<u>138</u>
Noncurrent Liabilities:			
Net pension liability	577,308	-	577,308
Total Noncurrent Liabilities	<u>577,308</u>	<u>-</u>	<u>577,308</u>
TOTAL LIABILITIES	<u>577,446</u>	<u>-</u>	<u>577,446</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	99,530	-	99,530
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>99,530</u>	<u>-</u>	<u>99,530</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	4,275	-	4,275
Unrestricted	(138,357)	42,871	(95,486)
Restricted - Other	107,922	-	107,922
TOTAL NET POSITION (DEFICIT)	<u>\$ (26,160)</u>	<u>\$ 42,871</u>	<u>\$ 16,711</u>

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

HENDERSON, MERCER AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #27
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

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	\$ 861,262	\$ -	\$ 702,050	\$ (159,212)	\$ -	\$ (159,212)
Purchased services	259,900	-	86,985	(172,915)	-	(172,915)
Supplies and materials	87,404	-	61,472	(25,932)	-	(25,932)
Payments to other governments	1,352,824	-	649,493	(703,331)	-	(703,331)
Capital outlay	506	-	457	(49)	-	(49)
Depreciation	1,266	-	-	(1,266)	-	(1,266)
Pension expense	108,726	-	-	(108,726)	-	(108,726)
Administrative:						
On-behalf payments-State	422,550	-	37,948	(384,602)	-	(384,602)
Total governmental activities	<u>3,094,438</u>	<u>-</u>	<u>1,538,405</u>	<u>(1,556,033)</u>	<u>-</u>	<u>(1,556,033)</u>
Business-type activities:						
Staff Development	24,175	8,270	-	-	(15,905)	(15,905)
Total business-type activities	<u>24,175</u>	<u>8,270</u>	<u>-</u>	<u>-</u>	<u>(15,905)</u>	<u>(15,905)</u>
Total primary government	<u>\$ 3,118,613</u>	<u>\$ 8,270</u>	<u>\$ 1,538,405</u>	<u>(1,556,033)</u>	<u>(15,905)</u>	<u>(1,571,938)</u>
General revenues:						
Local sources				345,338	-	345,338
State sources				637	-	637
Investments earnings				2,119	-	2,119
On-behalf payments				422,550	-	422,550
Transfers				(13,464)	13,464	-
Total general revenues and transfers				<u>757,180</u>	<u>13,464</u>	<u>770,644</u>
Change in net position				(798,853)	(2,441)	(801,294)
Net position - beginning (restated - See Note 14)				<u>772,693</u>	<u>45,312</u>	<u>818,005</u>
Net position (deficit) - ending				<u>\$ (26,160)</u>	<u>\$ 42,871</u>	<u>\$ 16,711</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, 2015

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 118,705	\$ 26,582	\$ 37,278	\$ 182,565
Due from other funds	154,432	-	-	154,432
Due from other governments	70,619	141,389	262	212,270
Total assets	<u>343,756</u>	<u>167,971</u>	<u>37,540</u>	<u>549,267</u>
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ 343,756</u>	<u>\$ 167,971</u>	<u>\$ 37,540</u>	<u>\$ 549,267</u>
LIABILITIES				
Due to other funds	\$ 19,087	\$ 131,012	\$ 4,333	\$ 154,432
Due to other governments	-	138	-	138
Total liabilities	<u>19,087</u>	<u>131,150</u>	<u>4,333</u>	<u>154,570</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	37,894	-	-	37,894
Total deferred inflows of resources	<u>37,894</u>	<u>-</u>	<u>-</u>	<u>37,894</u>
FUND BALANCES				
Restricted	-	63,175	37,540	100,715
Assigned	38,413	-	-	38,413
Unassigned	248,362	(26,354)	(4,333)	217,675
Total fund balances	<u>286,775</u>	<u>36,821</u>	<u>33,207</u>	<u>356,803</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
	<u>\$ 343,756</u>	<u>\$ 167,971</u>	<u>\$ 37,540</u>	<u>\$ 549,267</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 GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 June 30, 2015

Total fund balances - governmental funds	\$	356,803
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		4,275
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(577,308)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows related to pensions	251,706	
Deferred inflows related to pensions	<u>(99,530)</u>	152,176
Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.		37,894
		<hr/>
Net position of governmental activities	\$	<u><u>(26,160)</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 BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2015

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
Revenues				
Local sources	\$ 328,869	\$ -	\$ 16,469	\$ 345,338
State sources	161,673	967,723	637	1,130,033
Federal sources	-	382,005	-	382,005
Interest	2,114	-	5	2,119
On-behalf payments from State	259,444	-	-	259,444
	<u>752,100</u>	<u>1,349,728</u>	<u>17,111</u>	<u>2,118,939</u>
Expenditures				
Instructional services:				
Salaries and benefits	142,806	718,456	-	861,262
Purchased services	163,829	86,926	9,145	259,900
Supplies and materials	20,772	65,276	1,356	87,404
Payments to other governments	797,985	554,839	-	1,352,824
Pension expense	68,421	-	-	68,421
On-behalf payments	259,444	-	-	259,444
Capital outlay	-	506	-	506
	<u>1,453,257</u>	<u>1,426,003</u>	<u>10,501</u>	<u>2,889,761</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(701,157)</u>	<u>(76,275)</u>	<u>6,610</u>	<u>(770,822)</u>
Other financing sources (uses)				
Transfers in	2,373	-	-	2,373
Transfers out	(2,373)	(13,464)	-	(15,837)
	<u>-</u>	<u>(13,464)</u>	<u>-</u>	<u>(13,464)</u>
Net change in fund balances	<u>(701,157)</u>	<u>(89,739)</u>	<u>6,610</u>	<u>(784,286)</u>
Fund balances, beginning of year	<u>987,932</u>	<u>126,560</u>	<u>26,597</u>	<u>1,141,089</u>
Fund balances, end of year	<u>\$ 286,775</u>	<u>\$ 36,821</u>	<u>\$ 33,207</u>	<u>\$ 356,803</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, 2015

Net change in fund balances		\$ (784,286)
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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)
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Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expense		(40,305)
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Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.

Current year unavailable revenue	37,894		
Prior year unavailable revenue	(10,890)		27,004

Change in net position of governmental activities		<u>\$ (798,853)</u>
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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, 2015

	<u>Enterprise Fund</u> <u>Staff Development</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 42,871
Total Assets	<u>42,871</u>
 NET POSITION	
Unrestricted	<u>42,871</u>
Total Net Position	<u><u>\$ 42,871</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, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 For the Year Ended June 30, 2015

	<u>Enterprise Fund Staff Development</u>
OPERATING REVENUES:	
Charges for services	<u>\$ 8,270</u>
Total operating revenues	<u>8,270</u>
OPERATING EXPENSES:	
Salaries and benefits	370
Purchased services	22,041
Supplies and materials	<u>1,764</u>
Total operating expenses	<u>24,175</u>
Operating income (loss) before transfers	<u>(15,905)</u>
OTHER FINANCING SOURCES	
Transfer in	<u>13,464</u>
Total other financing sources	<u>13,464</u>
Change in net position	(2,441)
 NET POSITION - BEGINNING OF YEAR	 <u>45,312</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 42,871</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, 2015

	Enterprise Fund <hr/> Staff Development <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds for goods and services provided	\$ 9,714
Payments to suppliers and providers of goods and services	(23,805)
Payments to employees	<u>(370)</u>
Net cash provided by (used for) operating activities	<u>(14,461)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:	
Cash transfers from other funds	<u>13,464</u>
Net cash provided by (used for) noncapital financing activities	<u>13,464</u>
Net increase (decrease) in cash and cash equivalents	(997)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>43,868</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 42,871</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income (loss)	\$ (15,905)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase)/decrease in due from other governments	<u>1,444</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ (14,461)</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, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ -
Due from other governments	378,702
Total Assets	\$ 378,702
LIABILITIES	
Due to other agencies	\$ 378,702
Total Liabilities	\$ 378,702

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, 2015

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, 2015, 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, 2015

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 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.

The ROE has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the 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, deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2015

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2015

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.

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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:

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Institute – To account for fees collected for the registration and renewal of teaching licenses. 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

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.

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 II Teacher Quality Leadership, Title I School Improvement and Accountability Part A – SSOS, 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, 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, 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 Incoming Freshman Academy, ROE/ISC Operations, ARRA – Education Jobs, Adult Education and Family Literacy – State Basic, State Free Lunch and Breakfast, and General Education Development.

NET POSITION

Equity is classified as net position. Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION (Continued)

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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
- Title I School Improvement and Accountability Part A – SSOS
- 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 LICENSES

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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

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

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net 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.

UNEARNED REVENUES

The ROE reports unearned revenue in the governmental fund Balance Sheet. 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of grant receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments.

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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING STANDARDS

In fiscal year 2015, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The ROE implemented these standards during the current year; however, GASB Statement No. 69 did not have a material impact on the financial statements. The implementation of GASB Statements No. 68 and 71 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions.

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. Per this agreement, ROE #27 collaborated their ROE/ISC FY2015 School Services Fund with ROE #49. ROE #27 received the entire amount of funding from the Illinois State Board of Education and then forwarded ROE #49's agreed-upon allotment, \$7,352, to that ROE. This is recorded as a payment to other governments within the ROE/ISC Operations fund on ROE #27's Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.

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.

At June 30, 2015, the carrying amount of the ROE's various bank deposits totaled \$225,436 and the bank balances totaled \$1,057,813. Included in the bank balance is \$37,864 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

CASH (Continued)

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, 2015, \$445,762 of the deposits made by the ROE were covered by the Federal Depository Insurance Corporation (FDIC), and the remaining \$612,051 were collateralized by the respective financial institution.

4. RECEIVABLES/PAYABLES

Receivables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2015, are as follows:

	Due from Other Governmental Units	Other	Total
Governmental activities:			
General	\$ 70,619	\$ -	\$ 70,619
Education	141,389	-	141,389
Non-Major	262	-	262
Total gov't activities	\$ 212,270	\$ -	\$ 212,270

Payables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2015, are as follows:

	Payroll Liabilities	Due to Other Governments	Total
Governmental activities:			
Education	\$ -	\$ 138	\$ 138
Total governmental activities	\$ -	\$ 138	\$ 138

5. DUE TO/FROM OTHER GOVERNMENTS

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

DUE TO/FROM OTHER GOVERNMENTS (Continued)

Due From Other Governmental Units:

Illinois State Board of Education	\$ 121,193
Illinois Community College Board	6,218
Other Regional Office of Education	13,977
Other Governments	<u>70,882</u>
	<u>\$ 212,270</u>

Due To Other Governmental Units:

Illinois State Board of Education	<u>\$ 138</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, 2015 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	\$ 142,226	\$ -
General State Aid	12,206	-
High Roads Youth Program	-	19,071
Incoming Freshman Academy	-	16
Education Fund		
McDonough/ Hancock ROE Homeless Grant	-	4,451
ROE/ISC Operations	-	23,221
Early Childhood - Block Grant	-	29,674
Title IV - 21st Century Community Learning Centers	-	57,490
Title I - School Improvement and Accountability	-	3,970
ARRA - Education Jobs	-	1,330
Adult Ed - State Basic	-	3,375
Adult Ed - State Performance	-	1,075
Adult Ed - Public Assistance	-	324
Regional Safe Schools	-	4,417
State Free Lunch and Breakfast	-	1,685
Non-Major Special Revenue Fund		
General Education Development	-	4,333
Total	\$ 154,432	\$ 154,432

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

INTERFUND TRANSACTIONS (Continued)

INTERFUND TRANSFERS

During the year ended June 30, 2015, the ROE made transfers between funds to help cover costs of other funds and to properly close inactive funds. The amounts transferred between accounts are shown as transfers in the Statement of Revenues, Expenditures, and Changes in Fund Balances and Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances. The detail of interfund transfers for the year ended June 30, 2015 is as follows:

	Transfers In	Transfers Out
General Fund		
ROE #27 Fund	\$ 2,373	\$ 40
Even Start Local	-	2,333
Education Fund		
Title I - Grant to Local Educational Agency Part A	-	13,464
Proprietary Fund		
Staff Development	13,464	-
Total	\$ 15,837	\$ 15,837

7. CAPITAL ASSETS

	Balance 7/1/2014	Additions	Disposals	Balance 6/30/2015
Equipment	\$ 8,864	\$ -	\$ -	\$ 8,864
Less accumulated Depreciation	(3,323)	(1,266)	-	(4,589)
Total	\$ 5,541	\$ (1,266)	\$ -	\$ 4,275

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, 2015.

8. RETIREMENT PLANS

All licensed 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).

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois

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. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. 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 TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, P.O. Box 19253, Springfield, Illinois 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the ROE.

- On-behalf Contributions. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2015, State of Illinois contributions recognized by the ROE were based on the State's proportionate share of the collective net pension liability associated with the ROE, and the ROE recognized revenue and expenditures of \$163,106 in pension contributions from the State of Illinois.
- 2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015 were \$1,270, and are deferred because they were paid after the June 30, 2014 measurement date.
- 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 has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$58,241 were paid from federal and special trust funds that required employer contributions of \$19,220, but only \$19,100 of contributions were made. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

HENDERSON, MERCER AND WARREN COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

- Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The ROE is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the ROE paid no employer ERO contributions to TRS.

The ROE is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the ROE made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and made no payments for sick leave days granted in excess of the normal allotment.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the ROE reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability							\$ 565,239
State's proportionate share of the net pension liability associated with the employer							2,025,899
Total							\$ 2,591,138

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The ROE's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the ROE's proportion was 0.0009287799 percent.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The ROE's proportion of the net pension liability as of June 30, 2013, was based on the ROE's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the ROE's proportion was 0.0007464406 percent.

For the year ended June 30, 2015, the ROE recognized pension expense of \$163,106 and revenue of \$163,106 for support provided by the State. For the year ended June 30, 2015, the ROE recognized pension expense of \$66,925. At June 30, 2015, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 299	\$ -
Net difference between projected and actual earnings on pension plan investments	-	28,408
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	91,923	-
Employer contributions subsequent to the measurement date	20,370	-
Total	\$ 112,592	\$ 28,408

HENDERSON, MERCER AND WARREN COUNTIES
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NOTES TO FINANCIAL STATEMENTS
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RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

\$20,370 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2016	\$ 15,282
	2017	15,282
	2018	15,282
	2019	15,282
	2020	2,686

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

HENDERSON, MERCER AND WARREN COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18	8.58
Aggregate bonds	16	2.27
U.S. TIPS	2	3.52
NCREIF	11	5.81
Opportunistic real estate	4	9.79
ARS	8	3.27
Risk parity	8	5.57
Diversified inflation strategy	1	3.96
Private equity	14	13.03
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

HENDERSON, MERCER AND WARREN COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

Sensitivity of the ROE's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the ROE's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the ROE's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 698,043	\$ 565,239	\$ 455,263

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Illinois Municipal Retirement Fund

IMRF 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

HENDERSON, MERCER AND WARREN COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

							IMRF
Retirees and Beneficiaries currently receiving benefits							4
Inactive Plan Members entitled to but not yet receiving benefits							14
Active Plan Members							14
Total							32

HENDERSON, MERCER AND WARREN COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

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 employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE's annual contribution rate for calendar year 2014 was 11.34 percent. For the calendar year ended 2014, the ROE contributed \$46,073 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The ROE's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	Total		
	Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability/ (Asset)
	(A)	(B)	(A) - (B)
Balances at December 31, 2013	\$ 1,193,520	\$ 1,222,203	\$ (28,683)
Changes for the Year:			
Service Cost	50,889	-	50,889
Interest on the Total Pension Liability	90,733	-	90,733
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(93,163)	-	(93,163)
Changes of Assumptions	56,262	-	56,262
Contributions - Employer	-	46,073	(46,073)
Contributions - Employees	-	17,858	(17,858)
Net Investment Income	-	2,624	(2,624)
Benefit Payments, including Refunds			-
of Employee Contributions	(18,385)	(20,936)	2,551
Other (Net Transfer)	-	(35)	35
Net Changes	86,336	45,584	40,752
Balances at December 31, 2014	\$ 1,279,856	\$ 1,267,787	\$ 12,069

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plans' net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower	Current Discount	1% Higher
	(6.50%)	(7.50%)	(8.50%)
Net Pension Liability/ (Asset)	\$ 198,804	\$ 12,069	\$ (141,350)

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the ROE recognized pension expense of \$41,800. At June 30, 2015, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ 71,122
Changes of assumptions	42,951	-
Net difference between projected and actual earnings on pension plan investments	70,645	-
Total Deferred Amounts to be recognized in pension expense in future periods	113,596	71,122
<i>Pension Contributions made subsequent to the Measurement Date</i>	25,519	-
Total Deferred Amounts Related to Pensions	\$ 139,115	\$ 71,122

\$25,519 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	Year Ending December 31	Net Deferred Outflows of Resources
	2015	\$ 8,931
	2016	8,931
	2017	8,931
	2018	15,681
	2019	-
	Thereafter	-
	Total	<u>\$ 42,474</u>

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). Annuity holders not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuity holders who are enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the 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 the 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.

HENDERSON, MERCER AND WARREN COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

OTHER POST-EMPLOYMENT BENEFITS (Continued)

THIS Plan Description (Continued)

- On behalf contributions to the 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 the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$2,191, 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, 2014 and June 30, 2013 were 0.97 and 0.92 percent, respectively. State contributions on behalf of ROE employees were \$3,254 and 2,462, respectively.

- Employer contributions to the THIS Fund. The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015 and 0.72 and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, the ROE paid \$1,632 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and June 30, 2013, the ROE paid \$2,416 and \$1,846, respectively, which was 100 percent of the required contribution.

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 current reports are 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 paid the following salaries, benefits, and contributions on-behalf of the ROE:

THIS contributions	\$ 2,191
Regional Superintendent – salary	100,212
Regional Superintendent – benefits (includes State paid insurance)	36,008
Assistant Regional Superintendent – salary	90,192
Assistant Regional Superintendent – benefits (includes State paid insurance)	30,841
Total	\$ 259,444

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS (Continued)

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The ROE also recorded \$163,106 in revenues and expenses as on-behalf payments from ISBE for the ROE's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the ROE has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 259,444
ROE's share of TRS pension expense	<u>163,106</u>
	<u>\$ 422,550</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.

A. The following funds/accounts had a deficit fund balance at June 30, 2015.

<u>Fund/Account</u>	<u>Amount</u>
Incoming Freshman Academy	\$ 16
ROE/ISC Operations	23,221
ARRA – Education Jobs	1,330
Adult Education and Family Literacy – State Basic	124
State Free Lunch and Breakfast	1,679
General Education Development	4,333

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

OTHER DISCLOSURES

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2015.

<u>Fund</u>	<u>Budget Amount</u>	<u>Expenditures</u>	<u>Unfavorable Variance</u>
McDonough/ Hancock ROE			
Homeless Grant	\$ 5,587	\$ 5,983	\$ 396
ROE/ ISC Operations	51,099	52,876	1,777
Early Childhood Block Grant	793,700	874,810	81,110
Title IV 21st Century Community Learning Centers	221,105	307,702	86,597
Title II Teacher Quality - Leadership	1,278	1,528	250
Adult Education & Family Literacy - Public Assistance	11,688	11,702	14
Regional Safe Schools	40,653	41,017	364

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, 2015 was \$24,000.

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 was from July 1, 2014 to June 30, 2015 at a rate of \$500 per month. 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, 2015, rentals under lease obligations were \$30,085. However, rent expense for the year ended June 30, 2015 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.

13. REGIONAL OFFICE OF EDUCATION CONSOLIDATION

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. Effective July 1, 2015, the Regional Office of Education #27 disbanded and consolidated with Regional Office of Education #33.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

14. PRIOR PERIOD ADJUSTMENT

In the fiscal year ending June 30, 2015, the ROE adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement establishes new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position may include a significant liability for the government’s proportionate share of the employee pension plan. The effect of this change is shown in the table below. The beginning net position for the fiscal year ending June 30, 2015 has been restated for the change.

		Governmental Activities
Beginning net position as previously reported at June 30, 2014		\$ 1,157,520
Prior period adjustment - implementation of GASB 68:		
	Net pension liability (measurement date 2013) - TRS	(467,639)
	Net pension liability/asset (measurement date 2014) - IMRF	26,132
	Deferred outflows - employer contributions subsequent to the 2013 measurement date - TRS	33,138
	Deferred outflows - employer contributions subsequent to the 2014 measurement date - IMRF	23,542
	Total prior period adjustment	(384,827)
Net position as restated, July 1, 2014		\$ 772,693

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

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 Teachers' Retirement System of the State of Illinois
 June 30, 2015*

	2014
Employer's proportion of the net pension liability	0.0009287799%
Employer's proportionate share of the net pension liability	\$ 565,239
State's proportionate share of the net pension liability associated with the employer	2,025,899
Total	\$ 2,591,138
Employer's covered-employee payroll	\$ 348,412
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	162%
Plan fiduciary net position as a percentage of the total pension liability	43.0%

*The amounts presented were determined as of the prior fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Teachers' Retirement System of the State of Illinois
 June 30, 2015

	2015	2014
Contractually required contribution	\$ 20,465	\$ 35,214
Contributions in relation to the contractually-required contribution	20,370	34,691
Contribution deficiency (excess)	\$ 95	\$ 523
Employer's covered-employee payroll	\$ 281,820	\$ 348,412
Contributions as a percentage of covered-employee payroll	7.23%	9.96%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

HENDERSON, MERCER AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #27
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014

Calendar Year Ended December 31,	2014
Total Pension Liability	
Service Cost	\$ 50,889
Interest on the Total Pension Liability	90,733
Changes of Benefit Terms	-
Differences Between Expected and Actual	
Experience of the Total Pension Liability	(93,163)
Changes of Assumptions	56,262
Benefit Payments, including Refunds	
of Employee Contributions	(18,385)
Net Change in Total Pension Liability	86,336
Total Pension Liability - Beginning	1,193,520
Total Pension Liability - Ending (a)	\$ 1,279,856
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 46,073
Contributions - Employees	17,858
Net Investment Income	2,624
Benefit Payments, including Refunds	
of Employee Contributions	(20,936)
Other (Net Transfer)	(35)
Net Change in Plan Fiduciary Net Position	45,584
Plan Fiduciary Net Position - Beginning	1,222,203
Plan Fiduciary Net Position - Ending (b)	\$ 1,267,787
Net Pension Liability/ (Asset) - Ending (a) - (b)	12,069
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.06%
 Covered Valuation Payroll	\$ 406,149
 Net Pension Liability as a Percentage of Covered Valuation Payroll	2.97%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 CALENDAR YEAR 2014

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a percentage of Covered Valuation Payroll
2014	\$ 44,636 *	\$ 46,073	\$ (1,437)	\$ 406,149	11.34%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See accompanying notes to the required supplementary information.

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

NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION
June 30, 2015

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

1. CHANGES OF ASSUMPTIONS

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

ILLINOIS MUNICIPAL RETIREMENT FUND

1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2014 CONTRIBUTION RATE*

<i>Valuation Date:</i>	Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.
<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Health Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.
<i>Other Information:</i>	There were no benefit changes during the year

*Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

SUPPLEMENTARY INFORMATION

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2015

	ROE #27 Fund	General State Aid	Even Start Local	High Roads Youth Program
ASSETS				
Cash and cash equivalents	\$ 2,669	\$ 90,485	\$ 5,956	\$ -
Due from other funds	142,226	12,206	-	-
Due from other governments	38,686	-	-	31,433
Total Assets	<u>183,581</u>	<u>102,691</u>	<u>5,956</u>	<u>31,433</u>
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ 183,581</u>	<u>\$ 102,691</u>	<u>\$ 5,956</u>	<u>\$ 31,433</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 19,071
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,071</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	37,894	-	-	-
Total Deferred Inflows	<u>37,894</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)				
Assigned	-	-	5,956	12,362
Unassigned	145,687	102,691	-	-
Total Fund Balance (Deficit)	<u>145,687</u>	<u>102,691</u>	<u>5,956</u>	<u>12,362</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE				
	<u>\$ 183,581</u>	<u>\$ 102,691</u>	<u>\$ 5,956</u>	<u>\$ 31,433</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2015

	Incoming Freshman Academy	American College Test (ACT) Class	Criminal Background Investigation	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 11,442	\$ 8,153	\$ 118,705
Due from other funds	-	-	-	154,432
Due from other governments	-	-	500	70,619
Total Assets	<u>-</u>	<u>11,442</u>	<u>8,653</u>	<u>343,756</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ -</u>	<u>\$ 11,442</u>	<u>\$ 8,653</u>	<u>\$ 343,756</u>
LIABILITIES				
Due to other funds	\$ 16	\$ -	\$ -	\$ 19,087
Total Liabilities	<u>16</u>	<u>-</u>	<u>-</u>	<u>19,087</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	37,894
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,894</u>
FUND BALANCE (DEFICIT)				
Assigned	-	11,442	8,653	38,413
Unassigned	(16)	-	-	248,362
Total Fund Balance (Deficit)	<u>(16)</u>	<u>11,442</u>	<u>8,653</u>	<u>286,775</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE				
	<u>\$ -</u>	<u>\$ 11,442</u>	<u>\$ 8,653</u>	<u>\$ 343,756</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 For the Year Ended June 30, 2015

	ROE #27 Fund	General State Aid	Even Start Local	High Roads Youth Program
REVENUES				
Local sources	\$ 120,299	\$ 31,988	\$ 35,000	\$ 126,212
State sources	-	161,673	-	-
Interest	2,114	-	-	-
On-behalf payments from State	257,253	2,191	-	-
Total revenues	<u>379,666</u>	<u>195,852</u>	<u>35,000</u>	<u>126,212</u>
EXPENDITURES				
Salaries and benefits	15,820	24,274	24,644	75,890
Purchased services	76,456	21,562	6,846	51,775
Supplies and materials	7,186	9,798	-	1,094
Payments to other governments	40,968	750,000	7,017	-
Pension expense	68,421	-	-	-
On-behalf payments	257,253	2,191	-	-
Total expenditures	<u>466,104</u>	<u>807,825</u>	<u>38,507</u>	<u>128,759</u>
Excess (deficiency) of revenues over expenditures	<u>(86,438)</u>	<u>(611,973)</u>	<u>(3,507)</u>	<u>(2,547)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,373	-	-	-
Transfers out	(40)	-	(2,333)	-
Total other financing sources (uses)	<u>2,333</u>	<u>-</u>	<u>(2,333)</u>	<u>-</u>
Net change in fund balances	(84,105)	(611,973)	(5,840)	(2,547)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR				
	<u>229,792</u>	<u>714,664</u>	<u>11,796</u>	<u>14,909</u>
FUND BALANCE (DEFICIT) AT END OF YEAR				
	<u>\$ 145,687</u>	<u>\$ 102,691</u>	<u>\$ 5,956</u>	<u>\$ 12,362</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 For the Year Ended June 30, 2015

	Incoming Freshman Academy	American College Test (ACT) Class	Criminal Background Investigation	Total
REVENUES				
Local sources	\$ -	\$ 5,700	\$ 9,670	\$ 328,869
State sources	-	-	-	161,673
Interest	-	-	-	2,114
On-behalf payments from State	-	-	-	259,444
Total revenues	-	5,700	9,670	752,100
EXPENDITURES				
Salaries and benefits	-	2,178	-	142,806
Purchased services	-	700	6,490	163,829
Supplies and materials	-	2,694	-	20,772
Payments to other governments	-	-	-	797,985
Pension expense	-	-	-	68,421
On-behalf payments	-	-	-	259,444
Total expenditures	-	5,572	6,490	1,453,257
Excess (deficiency) of revenues over expenditures	-	128	3,180	(701,157)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	2,373
Transfers out	-	-	-	(2,373)
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	128	3,180	(701,157)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(16)	11,314	5,473	987,932
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (16)	\$ 11,442	\$ 8,653	\$ 286,775

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2015

	McDonough/ Hancock ROE Homeless Grant	ROE/ISC Operations	Early Childhood - Block Grant	Early Childhood - Monitoring	Gifted Education	Workforce Investment
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 138	\$ 85	\$ 6,962
Due from other governments	5,587	-	41,491	-	-	-
Total Assets	<u>5,587</u>	<u>-</u>	<u>41,491</u>	<u>138</u>	<u>85</u>	<u>6,962</u>
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	<u>\$ 5,587</u>	<u>\$ -</u>	<u>\$ 41,491</u>	<u>\$ 138</u>	<u>\$ 85</u>	<u>\$ 6,962</u>
LIABILITIES						
Due to other funds	\$ 4,451	\$ 23,221	\$ 29,674	\$ -	\$ -	\$ -
Due to other governments	-	-	-	138	-	-
Total Liabilities	<u>4,451</u>	<u>23,221</u>	<u>29,674</u>	<u>138</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
	-	-	-	-	-	-
FUND BALANCE (DEFICIT)						
Restricted	1,136	-	11,817	-	85	6,962
Unassigned	-	(23,221)	-	-	-	-
Total Fund Balance (Deficit)	<u>1,136</u>	<u>(23,221)</u>	<u>11,817</u>	<u>-</u>	<u>85</u>	<u>6,962</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE						
	<u>\$ 5,587</u>	<u>\$ -</u>	<u>\$ 41,491</u>	<u>\$ 138</u>	<u>\$ 85</u>	<u>\$ 6,962</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2015

	Title IV 21st Century Community Learning Centers	Title I Grant to Local Educational Agency Part A	Title II Teacher Quality Leadership	Title I School Improvement and Accountability Part A - SSOS	Progressive Alternative Secondary School (P.A.S.S.)	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 396	\$ -	\$ 19,001	\$ 26,582
Due from other governments	70,166	-	-	8,390	15,755	141,389
Total Assets	<u>70,166</u>	<u>-</u>	<u>396</u>	<u>8,390</u>	<u>34,756</u>	<u>167,971</u>
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	<u>\$ 70,166</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 8,390</u>	<u>\$ 34,756</u>	<u>\$ 167,971</u>
LIABILITIES						
Due to other funds	\$ 57,490	\$ -	\$ -	\$ 3,970	\$ 12,206	\$ 131,012
Due to other governments	-	-	-	-	-	138
Total Liabilities	<u>57,490</u>	<u>-</u>	<u>-</u>	<u>3,970</u>	<u>12,206</u>	<u>131,150</u>
DEFERRED INFLOWS OF RESOURCES						
	-	-	-	-	-	-
FUND BALANCE (DEFICIT)						
Restricted	12,676	-	396	4,420	25,683	63,175
Unassigned	-	-	-	-	(3,133)	(26,354)
Total Fund Balance (Deficit)	<u>12,676</u>	<u>-</u>	<u>396</u>	<u>4,420</u>	<u>22,550</u>	<u>36,821</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE						
	<u>\$ 70,166</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 8,390</u>	<u>\$ 34,756</u>	<u>\$ 167,971</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, 2015

	McDonough/ Hancock ROE Homeless Grant	ROE/ISC Operations	Early Childhood - Block Grant	Early Childhood - Monitoring	Gifted Education	Workforce Investment
REVENUES						
State sources	\$ -	\$ 51,099	\$ 801,257	\$ -	\$ -	\$ -
Federal sources	5,587	-	-	-	-	-
Total revenues	<u>5,587</u>	<u>51,099</u>	<u>801,257</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Salaries and benefits	3,768	39,312	284,114	-	-	-
Purchased services	1,193	3,150	45,737	-	-	-
Supplies and materials	1,022	3,062	20,188	-	-	-
Payments to other governments	-	7,352	524,265	-	-	-
Capital outlay	-	-	506	-	-	-
Total expenditures	<u>5,983</u>	<u>52,876</u>	<u>874,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(396)</u>	<u>(1,777)</u>	<u>(73,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES:						
Transfers out	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(396)</u>	<u>(1,777)</u>	<u>(73,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR						
	<u>1,532</u>	<u>(21,444)</u>	<u>85,370</u>	<u>-</u>	<u>85</u>	<u>6,962</u>
FUND BALANCE (DEFICIT) AT END OF YEAR						
	<u>\$ 1,136</u>	<u>\$ (23,221)</u>	<u>\$ 11,817</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, 2015

	Title IV 21st Century Community Learning Centers	Title I Grant to Local Educational Agency Part A	Title II Teacher Quality Leadership	Title I School Improvement and Accountability Part A - SSOS	Progressive Alternative Secondary School (P.A.S.S.)	Total
REVENUES						
State sources	\$ -	\$ -	\$ -	\$ -	\$ 115,367	\$ 967,723
Federal sources	293,100	-	2,169	36,107	45,042	382,005
Total revenues	293,100	-	2,169	36,107	160,409	1,349,728
EXPENDITURES						
Salaries and benefits	232,254	-	-	12,459	146,549	718,456
Purchased services	24,380	-	1,528	7,851	3,087	86,926
Supplies and materials	27,846	-	-	487	12,671	65,276
Payments to other governments	23,222	-	-	-	-	554,839
Capital outlay	-	-	-	-	-	506
Total expenditures	307,702	-	1,528	20,797	162,307	1,426,003
Excess (deficiency) of revenues over expenditures	(14,602)	-	641	15,310	(1,898)	(76,275)
OTHER FINANCING USES:						
Transfers out	-	(13,464)	-	-	-	(13,464)
Total other financing uses	-	(13,464)	-	-	-	(13,464)
Net change in fund balances	(14,602)	(13,464)	641	15,310	(1,898)	(89,739)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	27,278	13,464	(245)	(10,890)	24,448	126,560
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 12,676	\$ -	\$ 396	\$ 4,420	\$ 22,550	\$ 36,821

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 4,587	\$ 5,587	\$ 5,587	\$ -
Total revenues	4,587	5,587	5,587	-
EXPENDITURES				
Salaries and benefits	3,015	3,768	3,768	-
Purchased services	1,372	1,519	1,193	326
Supplies and materials	200	300	1,022	(722)
Total expenditures	4,587	5,587	5,983	(396)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(396)	\$ (396)
FUND BALANCE AT BEGINNING OF YEAR			1,532	
FUND BALANCE AT END OF YEAR			\$ 1,136	

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 51,099	\$ 51,099	\$ 51,099	\$ -
Total revenues	<u>51,099</u>	<u>51,099</u>	<u>51,099</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	39,604	39,604	39,312	292
Purchased services	1,709	1,709	3,150	(1,441)
Supplies and materials	1,786	1,786	3,062	(1,276)
Payments to other governments	<u>8,000</u>	<u>8,000</u>	<u>7,352</u>	<u>648</u>
Total expenditures	<u>51,099</u>	<u>51,099</u>	<u>52,876</u>	<u>(1,777)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(1,777)	<u>\$ (1,777)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(21,444)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR			<u>\$ (23,221)</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD-BLOCK GRANT
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 808,704	\$ 793,700	\$ 801,257	\$ 7,557
Total revenues	808,704	793,700	801,257	7,557
EXPENDITURES				
Salaries and benefits	267,805	260,665	284,114	(23,449)
Purchased services	37,478	37,702	45,737	(8,035)
Supplies and materials	13,863	11,915	20,188	(8,273)
Capital outlay	500	-	506	(506)
Payments to other governments	489,058	483,418	524,265	(40,847)
Total expenditures	808,704	793,700	874,810	(81,110)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(73,553)	\$ (73,553)
FUND BALANCE AT BEGINNING OF YEAR			85,370	
FUND BALANCE AT END OF YEAR			\$ 11,817	

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	<u>\$ 375,000</u>	<u>\$ 221,105</u>	<u>\$ 293,100</u>	<u>\$ 71,995</u>
Total revenues	<u>375,000</u>	<u>221,105</u>	<u>293,100</u>	<u>71,995</u>
EXPENDITURES				
Salaries and benefits	312,183	175,944	232,254	(56,310)
Purchased services	25,877	10,988	24,380	(13,392)
Supplies and materials	10,696	12,759	27,846	(15,087)
Payments to other governments	<u>26,244</u>	<u>21,414</u>	<u>23,222</u>	<u>(1,808)</u>
Total expenditures	<u>375,000</u>	<u>221,105</u>	<u>307,702</u>	<u>(86,597)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(14,602)	<u>\$ (14,602)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>27,278</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 12,676</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 1,278	\$ 1,278	\$ 2,169	\$ 891
Total revenues	1,278	1,278	2,169	891
EXPENDITURES				
Purchased services	1,278	1,278	1,528	(250)
Total expenditures	1,278	1,278	1,528	(250)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	641	\$ 641
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(245)	
FUND BALANCE AT END OF YEAR			\$ 396	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY PART A - SSOS
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 29,340	\$ 50,000	\$ 36,107	\$ (13,893)
Total revenues	<u>29,340</u>	<u>50,000</u>	<u>36,107</u>	<u>(13,893)</u>
EXPENDITURES				
Salaries and benefits	1,250	1,250	12,459	(11,209)
Purchased services	27,160	47,550	7,851	39,699
Supplies and materials	930	1,200	487	713
Total expenditures	<u>29,340</u>	<u>50,000</u>	<u>20,797</u>	<u>29,203</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	15,310	<u>\$ 15,310</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(10,890)</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 4,420</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 P.A.S.S. ACCOUNTS
 June 30, 2015

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,733
Due from other governments	-	3,251	1,993	974	9,531	-
Total Assets	<u>-</u>	<u>3,251</u>	<u>1,993</u>	<u>974</u>	<u>9,531</u>	<u>7,733</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	<u>\$ -</u>	<u>\$ 3,251</u>	<u>\$ 1,993</u>	<u>\$ 974</u>	<u>\$ 9,531</u>	<u>\$ 7,733</u>
LIABILITIES						
Due to other funds	\$ 1,330	\$ 3,375	\$ 1,075	\$ 324	\$ 4,417	\$ -
Total Liabilities	<u>1,330</u>	<u>3,375</u>	<u>1,075</u>	<u>324</u>	<u>4,417</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Restricted	-	-	918	650	5,114	7,733
Unassigned	(1,330)	(124)	-	-	-	-
Total Fund Balance (Deficit)	<u>(1,330)</u>	<u>(124)</u>	<u>918</u>	<u>650</u>	<u>5,114</u>	<u>7,733</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE						
	<u>\$ -</u>	<u>\$ 3,251</u>	<u>\$ 1,993</u>	<u>\$ 974</u>	<u>\$ 9,531</u>	<u>\$ 7,733</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 COMBINING SCHEDULE OF ACCOUNTS
 P.A.S.S. ACCOUNTS
 June 30, 2015

	Title II Teacher Quality	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	Total
ASSETS					
Cash and cash equivalents	\$ 171	\$ -	\$ 10,667	\$ 430	\$ 19,001
Due from other governments	-	6	-	-	15,755
Total Assets	<u>171</u>	<u>6</u>	<u>10,667</u>	<u>430</u>	<u>34,756</u>
DEFERRED OUTFLOWS OF RESOURCES					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 171</u>	<u>\$ 6</u>	<u>\$ 10,667</u>	<u>\$ 430</u>	<u>\$ 34,756</u>
LIABILITIES					
Due to other funds	\$ -	\$ 1,685	\$ -	\$ -	\$ 12,206
Total Liabilities	<u>-</u>	<u>1,685</u>	<u>-</u>	<u>-</u>	<u>12,206</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)					
Restricted	171	-	10,667	430	25,683
Unassigned	-	(1,679)	-	-	(3,133)
Total Fund Balance (Deficit)	<u>171</u>	<u>(1,679)</u>	<u>10,667</u>	<u>430</u>	<u>22,550</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE					
	<u>\$ 171</u>	<u>\$ 6</u>	<u>\$ 10,667</u>	<u>\$ 430</u>	<u>\$ 34,756</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, 2015

	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	\$ -	\$ 39,016	\$ 23,918	\$ 11,688	\$ 40,653	\$ -
Federal sources	-	-	-	-	-	34,701
Total revenues	<u>-</u>	<u>39,016</u>	<u>23,918</u>	<u>11,688</u>	<u>40,653</u>	<u>34,701</u>
EXPENDITURES						
Salaries and benefits	-	38,726	22,731	11,109	39,653	34,330
Purchased services	-	281	244	593	1,364	339
Supplies and materials	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>39,007</u>	<u>22,975</u>	<u>11,702</u>	<u>41,017</u>	<u>34,669</u>
Net change in fund balances	<u>-</u>	<u>9</u>	<u>943</u>	<u>(14)</u>	<u>(364)</u>	<u>32</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR						
	<u>(1,330)</u>	<u>(133)</u>	<u>(25)</u>	<u>664</u>	<u>5,478</u>	<u>7,701</u>
FUND BALANCE (DEFICIT) AT END OF YEAR						
	<u>\$ (1,330)</u>	<u>\$ (124)</u>	<u>\$ 918</u>	<u>\$ 650</u>	<u>\$ 5,114</u>	<u>\$ 7,733</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, 2015

	Title II Teacher Quality	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	Total
REVENUES					
State sources	\$ -	\$ 92	\$ -	\$ -	\$ 115,367
Federal sources	266	-	8,691	1,384	45,042
Total revenues	<u>266</u>	<u>92</u>	<u>8,691</u>	<u>1,384</u>	<u>160,409</u>
EXPENDITURES					
Salaries and benefits	-	-	-	-	146,549
Purchased services	266	-	-	-	3,087
Supplies and materials	-	1,841	9,866	964	12,671
Total expenditures	<u>266</u>	<u>1,841</u>	<u>9,866</u>	<u>964</u>	<u>162,307</u>
Net change in fund balances	<u>-</u>	<u>(1,749)</u>	<u>(1,175)</u>	<u>420</u>	<u>(1,898)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR					
	<u>171</u>	<u>70</u>	<u>11,842</u>	<u>10</u>	<u>24,448</u>
FUND BALANCE (DEFICIT) AT END OF YEAR					
	<u>\$ 171</u>	<u>\$ (1,679)</u>	<u>\$ 10,667</u>	<u>\$ 430</u>	<u>\$ 22,550</u>

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 P.A.S.S. ACCOUNTS
 ADULT EDUCATION AND FAMILY LITERACY - STATE BASIC
 For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	<u>\$ 39,015</u>	<u>\$ 39,015</u>	<u>\$ 39,016</u>	<u>\$ 1</u>
Total revenues	<u>39,015</u>	<u>39,015</u>	<u>39,016</u>	<u>1</u>
EXPENDITURES				
Salaries and benefits	38,734	38,734	38,726	8
Purchased services	<u>281</u>	<u>281</u>	<u>281</u>	<u>-</u>
Total expenditures	<u>39,015</u>	<u>39,015</u>	<u>39,007</u>	<u>8</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	9	<u>\$ 9</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(133)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR			<u>\$ (124)</u>	

HENDERSON, MERCER AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #27
 BUDGETARY COMPARISON SCHEDULE
 P.A.S.S. ACCOUNTS
 ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 23,918	\$ 23,918	\$ 23,918	\$ -
Total revenues	23,918	23,918	23,918	-
EXPENDITURES				
Salaries and benefits	23,674	23,674	22,731	943
Purchased services	244	244	244	-
Total expenditures	23,918	23,918	22,975	943
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	943	\$ 943
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(25)	
FUND BALANCE AT END OF YEAR			\$ 918	

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 11,688	\$ 11,688	\$ 11,688	\$ -
Total revenues	<u>11,688</u>	<u>11,688</u>	<u>11,688</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	11,688	11,688	11,109	579
Purchased services	<u>-</u>	<u>-</u>	<u>593</u>	<u>(593)</u>
Total expenditures	<u>11,688</u>	<u>11,688</u>	<u>11,702</u>	<u>(14)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(14)	<u>\$ (14)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>664</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 650</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 41,589	\$ 40,653	\$ 40,653	\$ -
Total revenues	41,589	40,653	40,653	-
EXPENDITURES				
Salaries and benefits	40,378	39,442	39,653	(211)
Purchased services	1,211	1,211	1,364	(153)
Total expenditures	41,589	40,653	41,017	(364)
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(364)	\$ (364)
FUND BALANCE AT BEGINNING OF YEAR			5,478	
FUND BALANCE AT END OF YEAR			\$ 5,114	

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 34,701	\$ 34,701	\$ 34,701	\$ -
Total revenues	34,701	34,701	34,701	-
EXPENDITURES				
Salaries and benefits	33,962	33,962	34,330	(368)
Purchased services	339	339	339	-
Supplies and materials	400	400	-	400
Total expenditures	34,701	34,701	34,669	32
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	32	\$ 32
FUND BALANCE AT BEGINNING OF YEAR			7,701	
FUND BALANCE AT END OF YEAR			\$ 7,733	

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 266	\$ 266	\$ 266	\$ -
Total revenues	266	266	266	-
EXPENDITURES				
Purchased Services	266	266	266	-
Total expenditures	266	266	266	-
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, 2015

	General Education Development	Bus Driver Training	Institute	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 10,509	\$ 26,769	\$ 37,278
Due from other governmental units and agencies	-	-	262	262
Total Assets	<u>-</u>	<u>10,509</u>	<u>27,031</u>	<u>37,540</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ -</u>	<u>\$ 10,509</u>	<u>\$ 27,031</u>	<u>\$ 37,540</u>
LIABILITIES				
Due to other funds	\$ 4,333	\$ -	\$ -	\$ 4,333
Total Liabilities	<u>4,333</u>	<u>-</u>	<u>-</u>	<u>4,333</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)				
Restricted	-	10,509	27,031	37,540
Unassigned	(4,333)	-	-	(4,333)
Total Fund Balance (Deficit)	<u>(4,333)</u>	<u>10,509</u>	<u>27,031</u>	<u>33,207</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE				
	<u>\$ -</u>	<u>\$ 10,509</u>	<u>\$ 27,031</u>	<u>\$ 37,540</u>

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, 2015

	General Education Development	Bus Driver Training	Institute	Total
REVENUES				
Local sources	\$ 2,222	\$ 1,411	\$ 12,836	\$ 16,469
State sources	-	637	-	637
Interest	-	-	5	5
Total revenues	2,222	2,048	12,841	17,111
EXPENDITURES				
Purchased services	-	3,283	5,862	9,145
Supplies and materials	600	690	66	1,356
Total expenditures	600	3,973	5,928	10,501
Net change in fund balance	1,622	(1,925)	6,913	6,610
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(5,955)	12,434	20,118	26,597
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (4,333)	\$ 10,509	\$ 27,031	\$ 33,207

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, 2015

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
COUNTY SALES FACILITY TAX				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,637,971	\$ 1,637,971	\$ -
Due from other governments	-	378,702	-	378,702
Total Assets	\$ -	\$ 2,016,673	\$ 1,637,971	\$ 378,702
LIABILITIES				
Due to other agencies	\$ -	\$ 2,016,673	\$ 1,637,971	\$ 378,702