

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

FINANCIAL AUDIT

For the Year Ended June 30, 2008

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

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

TABLE OF CONTENTS

	<u>Page</u>
OFFICIALS .....	1
FINANCIAL REPORT SUMMARY .....	2
FINANCIAL STATEMENT REPORT SUMMARY .....	4
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	7
Schedule of Findings and Questioned Costs .....	9
Corrective Action Plan for Current Year Audit Findings .....	15
Summary Schedule of Prior Audit Findings .....	17
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	18
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Assets .....	24
Statement of Activities .....	25
Balance Sheet – Governmental Funds .....	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	27
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds .....	29
Statement of Net Assets – Proprietary Fund .....	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund .....	31
Statement of Cash Flows – Proprietary Fund .....	32
Statement of Fiduciary Net Assets – Fiduciary Fund .....	33
Notes to Financial Statements .....	34
<b>REQUIRED SUPPLEMENTAL INFORMATION (OTHER THAN MANAGEMENT’S DISCUSSION AND ANALYSIS)</b>	
Illinois Municipal Retirement Fund – Schedule of Funding Progress .....	54

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

TABLE OF CONTENTS

	<u>Page</u>
SUPPLEMENTAL INFORMATION	
COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES	
Education Fund:	
Combining Schedule of Accounts.....	55
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	58
Budgetary Comparison Schedules – Education Fund Accounts:	
McDonough/Hancock ROE Homeless Grant.....	61
Early Childhood – Block Grant.....	62
Progressive Alternative Secondary School (P.A.S.S.) Funds:	
Combining Schedule of Accounts.....	63
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	65
Budgetary Comparison Schedules – P.A.S.S. Accounts:	
Adult Education and Family Literacy – State Basic .....	67
Adult Education and Family Literacy – State Performance .....	68
Adult Education and Family Literacy – Public Assistance .....	69
Regional Safe Schools.....	70
Title V – Innovative Programs .....	71
Title IV – Safe and Drug Free Schools Formula.....	72
Federal Adult Education – Basic.....	73
Title II – Teacher Quality .....	74
Non Major Special Revenue Fund:	
Combining Balance Sheet .....	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	76
Fiduciary Fund:	
Combining Statement of Fiduciary Net Assets – Agency Funds .....	77
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	78
Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund .....	79

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

OFFICIALS

Regional Superintendent  
(current and during audit period)

Ms. Jodi Scott

Assistant Regional Superintendent  
(July 1, 2008 – Present)

Mr. Robert Gound

Assistant Regional Superintendent  
(February 1, 2008 – June 30, 2008)

Mr. Tom Avery

Assistant Regional Superintendent  
(July 16, 2007 – January 31, 2008)

Mr. R. Bruce Hall

Offices are located at:

200 West Broadway  
Monmouth, Illinois 61462

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

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

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

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

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

FINANCIAL REPORT SUMMARY

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

AUDITOR’S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	6
Repeated audit findings	1	4
Prior recommendations implemented or not repeated	5	1

Details of audit findings are presented in a separately tabbed report section.

An additional 2 matters which are less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditor’s reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
		<u>Findings</u> <u>(Government Auditing Standards)</u>	
08-1	10	Controls over financial statement preparation	Material Weakness
08-2	12	Inadequate controls over the distributive account	Significant Deficiency

Prior Findings Not Repeated (Government Auditing Standards)

07-2	17	Control over compliance with laws and regulations
07-3	17	Inadequate controls over property and equipment
07-4	17	Unrecorded bank accounts
07-5	17	Failure to fully insure and collateralize cash balances
07-6	17	Personal use of business credit card

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

FINANCIAL REPORT SUMMARY - CONTINUED

EXIT CONFERENCE

Henderson, Mercer and Warren Counties Regional Office of Education #27 waived having an exit conference in a letter dated February 20, 2009. Responses to the recommendations were provided by the ROE management in correspondence received February 20, 2009.

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

FINANCIAL STATEMENT REPORT SUMMARY

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

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

## Independent Auditor's Report

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Mercer and Warren Counties Regional Office of Education #27, as of and for the year ended June 30, 2008, which collectively comprise the Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Henderson, Mercer and Warren Counties Regional Office of Education #27's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Mercer and Warren Counties Regional Office of Education #27, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2009 on our consideration of the Henderson, Mercer and Warren Counties Regional Office of Education #27's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 18 through 23 and 54 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sulaski & Webb*

Sulaski and Webb  
Certified Public Accountants

March 18, 2009



CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Mercer and Warren Counties Regional Office of Education #27, as of and for the year ended June 30, 2008, which collectively comprise the Henderson, Mercer and Warren Counties Regional Office of Education #27's basic financial statements and have issued our report thereon dated March 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08-1 and 08-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider item 08-1 to be a material weakness.

#### Compliance and Other Matters

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

We also noted certain matters which we have reported to management of the Henderson, Mercer and Warren Counties Regional Office of Education #27 in a separate letter dated March 18, 2009.

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

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

*Sulaski & Webb*

Sulaski and Webb  
Certified Public Accountants

March 18, 2009

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008

Section I – Summary of the Auditor’s Results

Financial Statements

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

Internal Control Over Financial Reporting:

- (2) Two significant deficiencies disclosed during the audit of the financial statements are reported in the *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*. One of the significant deficiencies identified is considered to be a material weakness.
- (3) No instances of noncompliance material to the financial statements were disclosed during the audit.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008

Section II – Financial Statement Findings

Finding No. 08-1  
Repeated from 07-1

Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

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

Condition:

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

- The ROE did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain records of accounts receivable, accounts payable, or deferred revenues.
- The ROE main office and Progressive Alternative Secondary School (PASS) maintain their own separate sets of books and there is a lack of communication between the two locations. There is no combining of the two sets of books until fiscal year-end.
- The ROE did not have adequate controls over the use and maintenance of distributive monies in accordance with the Regional Office of Education Accounting Manual.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008

Section II – Financial Statement Findings - Continued

Finding No. 08-1  
Repeated from 07-1

Controls Over Financial Statement Preparation - Continued

Cause:

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

Auditor's Recommendation:

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

Management's Response:

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008

Section II – Financial Statement Findings - Continued

Finding No. 08-2

Inadequate Controls Over the Distributive Account

Criteria/Specific Requirement:

The Regional Office of Education (ROE) Accounting Manual states that distributive moneys are those that flow from the Illinois State Board of Education (ISBE) to the ROE to be disbursed for use by other entities and/or ROE programs. Distributive moneys only include state and federal funds. The Distributive Fund (an Agency Fund) is used to account for these transactions. Local funds do not flow through the Distributive Fund. Use of the Distributive Fund should be limited to accounting for the inflow and outflow of funds held in an agency capacity for other entities and/or funds.

Condition:

The ROE did not disburse to other funds some of the monies it received into the Distributive Fund. As of June 30, 2008, there was a total of \$39,546 that had yet to be disbursed to the appropriate fund. Of this total amount, \$25,057 was originally received in fiscal year 2006 and \$2,171 was originally received in fiscal year 2007. The remaining \$12,318 represents amounts received in the current fiscal year.

The ROE also disbursed monies out of the Distributive Fund for various purchased services expenses. During the fiscal year ended June 30, 2008, the ROE disbursed \$11,348 out of the Distributive Fund directly to local businesses or individuals.

Effect:

Adjustments were necessary to make the financial statements for fiscal year 2008 properly reflect the activity of the ROE. Entries totaling \$39,546 were required to reflect the amounts due to other funds. Also, entries totaling \$11,348 were required to reflect additional purchased services expenses of the Regional Office.

Cause:

The ROE lacked internal controls over the Distributive Fund and therefore funds that were received were not immediately disbursed out. In addition, the ROE staff was unaware that disbursements for purchased services should not be made directly out of the Distributive Fund.

Auditor's Recommendation:

The Henderson, Mercer and Warren Counties Regional Office of Education #27 should develop internal control procedures to ensure that all monies received into the Distributive Fund are immediately disbursed to the appropriate entity or fund. In addition, procedures should be developed to ensure that disbursements for purchased services are not made directly from the Distributive Fund.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008

Section II – Financial Statement Findings - Continued

Finding No. 08-2

Inadequate Control Over the Distributive Account - Continued

Management's Response:

All funds have been distributed to the appropriate accounts at this time. Procedures have been modified to include an examination of the monthly statement of the Distributive Fund account to determine what monies have been electronically deposited into the account. Then the checking account is reviewed to ensure that the funds have been distributed to either the appropriate ROE funds or to PASS.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008

Section III – Federal Award Findings

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

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

CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2008

Corrective Action Plan

Finding No. 08-1

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

- The ROE did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain records of accounts receivable, accounts payable, or deferred revenues.
- The ROE main office and Progressive Alternative Secondary School (PASS) maintain their own separate sets of books and there is a lack of communication between the two locations. There is no combining of the two sets of books until fiscal year-end.
- The ROE did not have adequate controls over the use and maintenance of distributive monies in accordance with the Regional Office of Education Accounting Manual.

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

Completion Date: As soon as possible

Contact Person: Jodi Scott, Regional Superintendent

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

CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2008

Corrective Action Plan

Finding No. 08-2

Condition: The ROE did not disburse to other entities or funds some of the monies it received into the Distributive Fund. As of June 30, 2008, there was a total of \$39,546 that had yet to be disbursed to the appropriate fund. Of this total amount, \$25,057 was originally received in fiscal year 2006 and \$2,171 was originally received in fiscal year 2007. The remaining \$12,318 represents amounts received in the current fiscal year.

The ROE also disbursed monies out of the Distributive Fund for various purchased services expenses. During the fiscal year ended June 30, 2008, the ROE disbursed \$11,348 out of the Distributive Fund directly to local businesses or individuals.

Plan: All funds have been distributed to the appropriate accounts at this time. Procedures have been modified to include an examination of the monthly statement of the Distributive Fund account to determine what monies have been electronically deposited into the account. Then the checking account is reviewed to ensure that the funds have been distributed to either the appropriate ROE funds or to PASS.

Completion Date: As soon as possible

Contact Person: Jodi Scott, Regional Superintendent

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2008

<u>Finding Number</u>	<u>Prior Finding</u>	<u>Status</u>
07-1	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 08-1.
07-2	The ROE did not comply with statutory mandates to present under oath or affirmation to the county board in September and quarterly thereafter a report of all its acts.	Resolved
07-3	The ROE did not have adequate controls over fixed assets.	Resolved
07-4	The ROE had two bank accounts with balances totaling \$13,165 as of June 30, 2007 not recorded in the general ledger.	Resolved
07-5	The ROE failed to fully insure and collateralize its cash balances.	See Note Below
07-6	The ROE had personal use of business credit cards.	Resolved

**NOTE:** Although the Henderson, Mercer and Warren Counties Regional Office of Education #27 has not fully implemented the corrective action plan associated with this finding during the fiscal year 2008, the effect of the condition is inconsequential to the overall financial statements and is now being addressed with management in a separate letter dated March 18, 2009.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2008

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, 2008 with comparative information for the year ended June 30, 2007. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2008 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$128,587 (39%) from \$325,761 in fiscal year 2007 to \$454,348 in fiscal year 2008. General Fund expenditures increased by \$41,458 (11%) from \$392,433 in fiscal year 2007 to \$433,891 in fiscal year 2008.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$313,177 (19%) from \$1,612,064 in fiscal year 2007 to \$1,925,241 in fiscal year 2008. The Special Revenue Fund expenditures increased by \$256,889 (16%) from \$1,599,420 in fiscal year 2007 to \$1,856,309 in fiscal year 2008.
- The Enterprise Fund revenue decreased by \$32,077 (52%) from \$62,085 in fiscal year 2007 to \$30,008 in fiscal year 2008. The Enterprise Fund expenditures decreased by \$63,740 (74%) from \$86,079 in fiscal year 2007 to \$22,339 in fiscal year 2008.
- The Regional Office of Education # 27 has no long term debt.

Using This Report

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

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

Reporting the Office as a Whole

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2008

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Fund Financial Statements

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

The Office has three kinds of funds:

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2008

Reporting the Office as a Whole (continued)

- 3) Fiduciary funds are used to account for assets held by the Regional Office in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

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

Office-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of fiscal year 2008 totaled \$371,567. At the end of fiscal year 2007, the net assets were \$274,509, as restated. The analysis that follows provides a summary of the Regional Office's net assets as of June 30, 2008 and June 30, 2007, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 464,857	\$ 354,340	\$ 38,266	\$ 30,597	\$ 503,123	\$ 384,937
Total assets	<u>464,857</u>	<u>354,340</u>	<u>38,266</u>	<u>30,597</u>	<u>503,123</u>	<u>384,937</u>
Current liabilities	131,556	110,428	-	-	131,556	110,428
Total liabilities	<u>131,556</u>	<u>110,428</u>	<u>-</u>	<u>-</u>	<u>131,556</u>	<u>110,428</u>
Net assets:						
Unrestricted	305,268	211,853	38,266	30,597	343,534	242,450
Restricted for teacher professional development	28,033	32,059	-	-	28,033	32,059
Total net assets	<u>\$ 333,301</u>	<u>\$ 243,912</u>	<u>\$ 38,266</u>	<u>\$ 30,597</u>	<u>\$ 371,567</u>	<u>\$ 274,509</u>

The Regional Office's net assets increased by \$97,058 from fiscal year 2007. The increase occurred primarily due to an increase in state funded operating grant revenue. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2008

Office-Wide Financial Analysis (Continued)

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ -	\$ -	\$ 30,008	\$ 62,085	\$ 30,008	\$ 62,085
Operating grants and contributions	1,564,549	1,343,694	-	-	1,564,549	1,343,694
General revenues						
Local sources	548,659	366,197	-	-	548,659	366,197
State sources	3,480	3,000	-	-	3,480	3,000
Investment earnings	8,148	3,291	-	-	8,148	3,291
On behalf payments	251,181	221,643	-	-	251,181	221,643
Total revenues	<u>\$ 2,376,017</u>	<u>\$ 1,937,825</u>	<u>\$ 30,008</u>	<u>\$ 62,085</u>	<u>\$ 2,406,025</u>	<u>\$ 1,999,910</u>
<b>Expenses:</b>						
Program expenses						
Salaries and benefits	\$ 911,576	\$ 755,000	\$ 7,886	\$ 61,393	\$ 919,462	\$ 816,393
Purchased services	325,311	274,418	11,417	19,171	336,728	293,589
Supplies and materials	105,744	109,335	3,036	5,390	108,780	114,725
Payments to other governments	690,375	605,071	-	-	690,375	605,071
Capital outlay	2,441	14,174	-	-	2,441	14,174
Other	-	12,212	-	125	-	12,337
Administrative expenses						
On-behalf payments - State	251,181	221,643	-	-	251,181	221,643
Total expenses	<u>\$ 2,286,628</u>	<u>\$ 1,991,853</u>	<u>\$ 22,339</u>	<u>\$ 86,079</u>	<u>\$ 2,308,967</u>	<u>\$ 2,077,932</u>
Change in net assets	<u>\$ 89,389</u>	<u>\$ (54,028)</u>	<u>\$ 7,669</u>	<u>\$ (23,994)</u>	<u>\$ 97,058</u>	<u>\$ (78,022)</u>
Net assets beginning of year	243,912	188,355	30,597	54,591	274,509	242,946
Prior period adjustment - See Note 11	-	109,585	-	-	-	109,585
Net assets beginning of year, as restated	<u>243,912</u>	<u>297,940</u>	<u>30,597</u>	<u>54,591</u>	<u>274,509</u>	<u>352,531</u>
Net assets end of year	<u>\$ 333,301</u>	<u>\$ 243,912</u>	<u>\$ 38,266</u>	<u>\$ 30,597</u>	<u>\$ 371,567</u>	<u>\$ 274,509</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2008

Governmental Activities

Revenues for governmental activities were \$2,379,589 and expenses were \$2,290,200 for the year ended June 30, 2008. Revenues for governmental activities were \$1,937,825 and expenses were \$1,991,853 for the year ended June 30, 2007. As discussed earlier, the revenue within the General Fund increased by \$128,587. The increases in other revenues and expenditures are due primarily to the continuation of the Early Childhood Block Grant Special Projects (Monitoring) program, and the change of that program from a grant agreement in fiscal year 2007 to a contract in fiscal year 2008.

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 \$333,301 at June 30, 2008 compared to fiscal year 2007's ending fund balance of \$243,912, as restated. The majority of this increase is due to increased funding for the Incoming Freshman Academy program and an increase in tuition revenue received for Progressive Alternative Secondary School (PASS).

Budgetary Highlights

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

Capital Assets

The Regional Office's capital assets include office equipment, computers, audio-visual equipment, and building improvements. The Regional Office maintains an inventory of capital assets which have been accumulated over time. The Regional Office adopted a capitalization and depreciation threshold of \$5,000 for GASB 34. As of June 30, 2008, there were no assets costing \$5,000 or more.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2008

Economic Factors and Next Year's Budget

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

- The interest rate on cash accounts made a small rebound, but it still remains low and will impact interest earned.
- The Certificate of Deposit and Illinois Prime Funds account were not drawn on during FY08. In FY09, the Institute Funds account will be drawn on. This will reduce the amount of interest earned, but funds still remain for minor emergencies.
- The Early Childhood Block Grant, Special Project funding will remain at the same level in FY09, \$700,000, as it was in FY08.
- The County Budget was increased by four percent to defray increases in utilities.
- The High Roads, WIA Grant, will see an increase of 9% for the 08-09 year. Their funds were reduced 18% last year.
- Salary increases were kept at a minimum, or remained as they were for FY08, to keep costs down.
- The School Services monies, which are in a cooperative with only Rock Island County ROE, will remain the same for FY09 as FY08.
- The agreement with Bureau/Henry/Stark ROE for 21<sup>st</sup> Century money will decrease to \$3,000 in FY09 from \$28,000 in FY08.
- Standards Aligned Classroom funds were low in FY08 due to fewer "teams" receiving assistance. These funds will be completely gone in FY09.
- Small grants are continually being written to subsidize salaries, purchased services and supplies. Two new grants for FY09 are the Meth-Community Coalition Mini-grant and a WIA grant with Carl Sandburg College.
- The Glen W. Braden memorial was established in the beginning of FY08 and its funds are designated for the IFA to help defray costs for the Academy.

Contacting the Regional Office's Financial Management

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

## BASIC FINANCIAL STATEMENTS

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27  
STATEMENT OF NET ASSETS  
June 30, 2008

		Primary Government			
		Governmental	Business-Type		
		Activities	Activities	Total	
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$	292,969	\$ 38,266	\$	331,235
Other receivable		467	-		467
Due from other governmental units		171,421	-		171,421
Total Current Assets		464,857	38,266		503,123
<b>TOTAL ASSETS</b>		<b>464,857</b>	<b>38,266</b>		<b>503,123</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable		48,720	-		48,720
Deferred revenue		82,836	-		82,836
<b>TOTAL LIABILITIES</b>		<b>131,556</b>	<b>-</b>		<b>131,556</b>
<b>NET ASSETS</b>					
Unrestricted (deficit)		305,268	38,266		343,534
Restricted for teacher professional development		28,033	-		28,033
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>333,301</b>	<b>\$ 38,266</b>	<b>\$</b>	<b>371,567</b>

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, 2008

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses)/Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries and benefits	\$ 911,576	\$ -	\$ 575,376	\$ (336,200)	\$ -	\$ (336,200)
Purchased services	325,311	-	179,722	(145,589)	-	(145,589)
Supplies and materials	105,744	-	78,488	(27,256)	-	(27,256)
Payments to other governments	690,375	-	690,375	-	-	-
Capital outlay	2,441	-	2,441	-	-	-
Other	-	-	38,147	38,147	-	38,147
Administrative:						
On-behalf payments-State	251,181	-	-	(251,181)	-	(251,181)
Total governmental activities	<u>2,286,628</u>	<u>-</u>	<u>1,564,549</u>	<u>(722,079)</u>	<u>-</u>	<u>(722,079)</u>
Business-type activities:						
Staff Development	22,339	30,008	-	-	7,669	7,669
Total business-type activities	<u>22,339</u>	<u>30,008</u>	<u>-</u>	<u>-</u>	<u>7,669</u>	<u>7,669</u>
Total primary government	<u>\$ 2,308,967</u>	<u>\$ 30,008</u>	<u>\$ 1,564,549</u>	<u>\$ (722,079)</u>	<u>\$ 7,669</u>	<u>\$ (714,410)</u>
General revenues:						
Local sources				548,659	-	548,659
State sources				3,480	-	3,480
Investments earnings				8,148	-	8,148
On behalf payments				251,181	-	251,181
and Total general revenues				<u>811,468</u>	<u>-</u>	<u>811,468</u>
Change in net assets				89,389	7,669	97,058
Net assets - beginning (as restated)				<u>243,912</u>	<u>30,597</u>	<u>274,509</u>
Net assets - ending				<u>\$ 333,301</u>	<u>\$ 38,266</u>	<u>\$ 371,567</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, 2008

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 171,598	\$ 54,725	\$ 66,646	\$ 292,969
Other receivable	-	467	-	467
Due from other funds	-	41,227	244	41,471
Due from other governmental units	-	171,421	-	171,421
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 171,598</u>	<u>\$ 267,840</u>	<u>\$ 66,890</u>	<u>\$ 506,328</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,513	\$ 45,207	\$ -	\$ 48,720
Due to other funds	41,471	-	-	41,471
Deferred revenue	-	82,836	-	82,836
Total liabilities	<u>44,984</u>	<u>128,043</u>	<u>-</u>	<u>173,027</u>
<b>FUND BALANCES</b>				
Unreserved, reported in:				
General fund	126,614	-	-	126,614
Special revenue funds	-	139,797	66,890	206,687
Total fund balances	<u>126,614</u>	<u>139,797</u>	<u>66,890</u>	<u>333,301</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 171,598</u>	<u>\$ 267,840</u>	<u>\$ 66,890</u>	<u>\$ 506,328</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 ASSETS  
June 30, 2008

Total fund balances - governmental funds	\$ 333,301
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>-</u>
Net assets of governmental activities	<u><u>\$ 333,301</u></u>

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 252,110	\$ 281,654	\$ 14,895	\$ 548,659
State sources	-	1,501,175	3,480	1,504,655
Federal sources	-	63,374	-	63,374
Interest	6,802	-	1,346	8,148
On-behalf payments from State	195,436	55,745	-	251,181
<b>Total revenues</b>	<b>454,348</b>	<b>1,901,948</b>	<b>19,721</b>	<b>2,376,017</b>
<b>Expenditures:</b>				
<b>Instructional services:</b>				
Salaries and benefits	153,202	756,162	2,212	911,576
Purchased services	65,900	239,672	19,739	325,311
Supplies and materials	19,353	84,508	1,883	105,744
Payments to other governments	-	690,375	-	690,375
On-behalf payments to TRS and State	195,436	55,745	-	251,181
Capital outlay	-	2,441	-	2,441
<b>Total expenditures</b>	<b>433,891</b>	<b>1,828,903</b>	<b>23,834</b>	<b>2,286,628</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>20,457</b>	<b>73,045</b>	<b>(4,113)</b>	<b>89,389</b>
Fund balances - beginning, as previously reported	(3,428)	66,752	71,003	134,327
Prior period adjustment - See Note 11	109,585	-	-	109,585
Fund balances - beginning, as restated	106,157	66,752	71,003	243,912
Fund balances - ending	<u>\$ 126,614</u>	<u>\$ 139,797</u>	<u>\$ 66,890</u>	<u>\$ 333,301</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, 2008

Net change in fund balances \$ 89,389

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

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

Capital outlay expenditures per the fund financials	\$ -			
Capital outlay expenditures per the government wide statement	-			
Capital outlay expenditures that are capitalized		-		
 Depreciation expense			-	-
Changes in net assets of governmental activities:			\$ 89,389	<u><u>89,389</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 NET ASSETS  
 PROPRIETARY FUND  
 June 30, 2008

	<u>Enterprise Fund Staff Development</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 38,266
	<u><u>38,266</u></u>
<b>NET ASSETS</b>	
Unrestricted	\$ 38,266
	<u><u>38,266</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 ASSETS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2008

	<u>Enterprise Fund</u>	<u>Staff Development</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 30,008	
Total operating revenues	<u>30,008</u>	
 <b>OPERATING EXPENSES:</b>		
Salaries and benefits	7,886	
Purchased services	11,417	
Supplies and materials	<u>3,036</u>	
Total operating expenses	<u>22,339</u>	
Operating income (loss)	<u>7,669</u>	
 TOTAL NET ASSETS - BEGINNING OF YEAR	 <u>30,597</u>	
 TOTAL NET ASSETS - END OF YEAR	 <u>\$ 38,266</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, 2008

	<u>Enterprise Fund Staff Development</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from other funds for goods and services provided	\$ 30,008
Payments to suppliers and providers of goods and services	(14,453)
Payments to employees	<u>(7,886)</u>
Net cash provided by (used for) operating activities	<u>7,669</u>
Net increase (decrease) in cash and cash equivalents	7,669
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>30,597</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 38,266</u></u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 7,669
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	<u>-</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u><u>\$ 7,669</u></u>

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

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
June 30, 2008

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ -</u>
<b>LIABILITIES</b>	
Due to other governmental units	<u>\$ -</u>

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

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 school treasurer's books, accounts, and vouchers; 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, 2008, 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, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY

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

The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the ROE exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Types

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

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

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

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

Even Start – Statewide Family Literacy Program – To account for the grant monies received for, and payment of, expenditures incurred for the Even Start Grant.

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

Child and Adult Care Food Program – To account for the grant monies received for, and payment of, expenditures incurred for Child and Adult Care Food Program.

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Fund by the Illinois State Board of Education.

Title V – Innovative Programs – To account for grant monies received and expenditures for Title V – Innovative Programs.

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

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.

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

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

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

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

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

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.

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fiduciary Fund Types

Agency Funds are 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 Fund:

Distributive Fund – To account for funds received and disbursed as a result of the Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general state aid, state categorical grants, and various other sources. As of June 30, 2008, the ROE only distributes monies to its own general account and to P.A.S.S. The cash balance in the distributive account, along with the corresponding due to other funds, has been reported in the General Fund for the year ended June 30, 2008. There was no effect on fund balance due to this change.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

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

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

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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

BUDGETS

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS (Continued)

Educational Grants:

- McDonough/Hancock ROE Homeless Grant
- Early Childhood – Block Grant
- Adult Education and Family Literacy – State Basic
- Adult Education and Family Literacy – State Performance
- Adult Education and Family Literacy – Public Assistance
- Regional Safe Schools
- Title V – Innovative Programs
- Title IV – Safe and Drug Free Schools Formula
- Federal Adult Education - Basic
- Title II – Teacher Quality

INTEREST REVENUE

Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the General Fund.

TEACHER CERTIFICATION

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

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets. Purchases of equipment are recorded as capital outlay expenditures of the various funds. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The ROE capitalizes items costing \$5,000 or more. As of June 30, 2008, there were no items costing \$5,000 or more.

DEFERRED REVENUES

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

INVESTMENTS AND CASH ACCOUNTS

State regulations require that the ROE deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the ROE to make deposits or invest in obligation of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

REVENUES FROM FEDERAL AND STATE GRANTS

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

DUE FROM OTHER GOVERNMENTAL UNITS AND AGENCIES

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

ACCUMULATED UNPAID VACATION AND SICK PAY

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND RECEIVABLES AND PAYABLES

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

EQUITY CLASSIFICATIONS

Government-wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

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

NEW ACCOUNTING STANDARDS

There were two new accounting standards implemented during the year ended June 30, 2008: Governmental Accounting Standards Board Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues and Governmental Accounting Standards Board Statement No. 50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27. These new standards were implemented during the year ended June 30, 2008, but did not have a significant impact on the financial statements.

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

2. INTERGOVERNMENTAL AGREEMENT

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

3. CASH

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

At June 30, 2008, the carrying amount of the ROE's various bank deposits totaled \$331,235 and the bank balances totaled \$398,370. Included in the bank balance is \$66,479 deposited in the Illinois Funds. The Illinois Funds portfolio includes: certificates of deposit issued by Illinois financial institutions, repurchase agreements backed by direct treasury obligations from primary government securities dealers, direct treasury obligations of the U.S. Government, and money market funds backed by full faith and credit obligations of the U.S. Government. The ROE owns no identifiable investment securities in the Illinois Funds; therefore, credit risk cannot be assessed for the Illinois Funds.

Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$11,791 of the ROE's bank balance of \$398,370 was exposed to custodial credit risk as uninsured and uncollateralized.

4. RECEIVABLES/PAYABLES

Receivables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2008, are as follows:

	Due from Other Governmental Units	Other	Total
Governmental activities:			
Education	\$ 171,421	\$ 467	\$ 171,888
Total governmental activities	\$ 171,421	\$ 467	\$ 171,888

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

4. RECEIVABLES/PAYABLES (Continued)

Payables for the Henderson, Mercer and Warren Counties ROE #27 at June 30, 2008, are as follows:

	Vendors	Other	Total
Governmental activities:			
General	\$ 3,513	\$ -	\$ 3,513
Education	45,207	-	45,207
Total governmental activities	\$ 48,720	\$ -	\$ 48,720

5. 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, 2008:

DUE FROM OTHER FUNDS:			
	General Fund	Education Fund	Total
DUE TO OTHER FUNDS:			
Education Fund	\$ 41,227	\$ -	\$ 41,227
Other Non-Major Funds	244	-	244
Total	\$ 41,471	\$ -	\$ 41,471

6. DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governmental Units:

Illinois State Board of Education	<u>\$171,421</u>
-----------------------------------	------------------

Due To Other Governmental Units:

Local School Districts	<u>\$ -0-</u>
------------------------	---------------

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

7. RETIREMENT PLANS

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

TRS Plan Description

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2008 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2007 and 2006.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2008, and the member THIS Fund health insurance contribution was 0.84 percent.

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

- On-behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$55,745 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007, and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 9.78 percent (\$28,694) and 7.06 percent (\$21,459), respectively.

The state contributions to TRS for the years ended June 30, 2008 were based on an actuarial formula. The state contributions for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined.

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

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

- 2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2008 were \$2,466. Contributions for the years ended June 30, 2007, and June 30, 2006, were \$1,702 and \$1,763, respectively.
- Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2007 and 2006, the employer contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2008, salaries totaling \$12,152 were paid from federal and special trust funds that required employer contributions of \$1,593. For the years ended June 30, 2007 and June 30, 2006, required ROE contributions were \$688 and \$882, respectively.

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

Under Public Act 94-0004, a "Pipeline ERO" program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they met certain conditions and retired on or before July 1, 2007. If members did not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualified for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution was 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

For the year ended June 30, 2008, the ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2007 and June 30, 2006, the ROE made no payments under the ERO.

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

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

For the year ended June 30, 2008, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007 and June 30, 2006, the ROE paid \$-0- and \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of salary during the year ended June 30, 2008).

For the year ended June 30, 2008, the ROE paid \$-0- to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2007 and June 30, 2006, the ROE paid \$-0- and \$-0- in employer contributions granted for sick leave days, respectively.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008.

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund

*Plan Description.* The ROE's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The ROE's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, the ROE's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the ROE to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 11.73 percent of annual covered payroll. The ROE also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For 2007, the ROE's annual pension cost of \$36,017 for the Regular plan was equal to the ROE's required and actual contributions.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2007	\$ 36,017	100%	\$0
12/31/2006	40,895	100%	0
12/31/2005	41,605	100%	0

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the ROE's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The ROE Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 5 years.

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

*Funded Status and Funding Progress.* As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 97.50 percent funded. The actuarial accrued liability for benefits was \$641,479 and the actuarial value of assets was \$625,423, resulting in an underfunded actuarial accrued liability (UAAL) of \$16,056. The covered payroll (annual payroll of active employees covered by the plan) was \$307,049 and the ratio of the UAAL to the covered payroll was 5 percent.

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

8. 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, 2008.

<u>Fund/Account</u>	<u>Amount</u>
Title I Reading First Part B SEA Funds	\$ 3,153
Child and Adult Care Food Program	3,849
Bureau/Henry/Stark ROE Century 21 Grant	3,097
Adult Education and Family Literacy – State Basic	5
Adult Education and Family Literacy – State Performance	9
General Education Development	9,340

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2008.

<u>Fund</u>	<u>Budget Amount</u>	<u>Expenditures</u>	<u>Unfavorable Variance</u>
McDonough/Hancock ROE			
Homeless Grant	\$ 8,720	\$ 8,740	\$ 20
Federal Adult Education -			
Basic	41,713	41,714	1

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

9. OPERATING LEASES

Progressive Alternative Secondary School (PASS) leases their office and classroom space at a monthly rent of \$2,660. The lease term is from June 1, 2007 to May 31, 2008 with an option to renew for an additional twelve months. The lease was renewed at the end of the initial term and has been extended until May 31, 2009.

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

The ROE and Even Start Program entered into a lease with Monmouth-Roseville District #238 for the use of two second floor classrooms. The lease term is from July 1, 2007 to June 30, 2008, and may be extended for additional terms upon the mutual agreement of both parties. The rent paid for this term was \$6,000.

The ROE entered into a lease with New Life Assembly of God Church in Aledo for the use of its church for the High Roads Program. The lease term is from July 1, 2007 to June 30, 2008 and may be extended for additional terms upon the mutual agreement of both parties. The rent paid for this term was \$2,400.

During the year ended June 30, 2007, rentals under lease obligations were \$46,320.

10. ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS

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

TRS pension contributions	\$ 55,745
Regional Superintendent – salary	95,380
Regional Superintendent – benefits (includes State paid insurance)	22,756
Assistant Regional Superintendent – salary	75,907
Assistant Regional Superintendent – benefits (includes State paid insurance)	<u>1,393</u>
Total	<u>\$251,181</u>

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

11. PRIOR PERIOD ADJUSTMENT

A certain error resulting in an understatement of previously reported assets for the General Fund was discovered during the current year. The ROE #27 Grant Program, previously reported as an Agency Fund, was determined to not be a Fiduciary Fund as the monies being received into the fund are not being held for others in an agency capacity, but instead are being used to support its own programs. Accordingly, an adjustment of \$109,585 was made during the fiscal year ended June 30, 2008 to increase assets as of the beginning of the year. A corresponding entry was made to increase the previously reported fund balance. The effect of the restatement on the General Fund fund balance for the fiscal year ended June 30, 2007 is an increase in beginning fund balance of \$109,585.

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

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 For the Year Ended June 30, 2008

(Unaudited - See Accompanying Independent Auditor's Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ 625,423	\$ 641,479	\$ 16,056	97.50%	\$ 307,049	5.23%
12/31/2006	535,577	553,389	17,812	96.78%	354,073	5.03%
12/31/2005	453,317	520,801	67,484	87.04%	329,675	20.47%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$658,629. On a market basis, the funded ratio would be 102.67%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- \* The 1994 Group Annuity Mortality implemented.
- \* For Regular members, fewer normal and more early retirements are expected to occur.

SUPPLEMENTAL INFORMATION

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2008

ASSETS	Title I Reading First Part B SEA Funds	Even Start - Statewide Family Literacy Program	Even Start Local	Child and Adult Care Food Program	McDonough/ Hancock ROE Homeless Grant
ASSETS					
Cash and cash equivalents	\$ (3,153)	\$ 67	\$ 14,131	\$ (3,849)	\$ 20
Other receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental units and agencies	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ (3,153)</u></b>	<b><u>\$ 67</u></b>	<b><u>\$ 14,131</u></b>	<b><u>\$ (3,849)</u></b>	<b><u>\$ 20</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	20
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>20</u></b>
<b>FUND BALANCE</b>					
Unreserved	(3,153)	67	14,131	(3,849)	-
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b><u>\$ (3,153)</u></b>	<b><u>\$ 67</u></b>	<b><u>\$ 14,131</u></b>	<b><u>\$ (3,849)</u></b>	<b><u>\$ 20</u></b>

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2008

ASSETS	Bureau/ Henry/ Stark ROE Century 21 Grant	KIDS Standards Aligned Classroom	High Roads Youth Program	Illinois Violence Prevention Act Mini-Grant	Early Childhood - Block Grant
ASSETS					
Cash and cash equivalents	\$ (3,097)	\$ 12,857	\$ 5,337	\$ 1,236	\$ (38,769)
Other receivable	-	-	-	-	-
Due from other funds	-	-	-	4,901	25,000
Due from other governmental units and agencies	-	-	-	-	55,650
<b>TOTAL ASSETS</b>	<b>\$ (3,097)</b>	<b>\$ 12,857</b>	<b>\$ 5,337</b>	<b>\$ 6,137</b>	<b>\$ 41,881</b>
<b>LIABILITIES AND FUND BALANCE</b>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Deferred revenue	-	9,757	-	-	35,881
<b>Total Liabilities</b>	<b>-</b>	<b>9,757</b>	<b>-</b>	<b>-</b>	<b>41,881</b>
<b>FUND BALANCE</b>					
Unreserved	(3,097)	3,100	5,337	6,137	-
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ (3,097)</b>	<b>\$ 12,857</b>	<b>\$ 5,337</b>	<b>\$ 6,137</b>	<b>\$ 41,881</b>

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2008

ASSETS	Early Childhood - Social Emotional	Early Childhood - Monitoring	Incoming Freshman Academy	Progressive Alternative Secondary School (P.A.S.S.)	Total
ASSETS					
Cash and cash equivalents	\$ (1,925)	\$ (56,644)	\$ 21,268	\$ 107,246	\$ 54,725
Other receivable	-	-	-	467	467
Due from other funds	1,925	-	-	9,401	41,227
Due from other governmental units and agencies	-	113,203	-	2,568	171,421
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 56,559</b>	<b>\$ 21,268</b>	<b>\$ 119,682</b>	<b>\$ 267,840</b>
<b>LIABILITIES AND FUND BALANCE</b>					
LIABILITIES					
Accounts payable	\$ -	\$ 39,207	\$ -	\$ -	\$ 45,207
Deferred revenue	-	17,352	-	19,826	82,836
Total Liabilities	-	56,559	-	19,826	128,043
FUND BALANCE					
Unreserved	-	-	21,268	99,856	139,797
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 56,559</b>	<b>\$ 21,268</b>	<b>\$ 119,682</b>	<b>\$ 267,840</b>

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 For the Year Ended June 30, 2008

	Title I Reading First Part B SEA Funds	Even Start - Statewide Family Literacy Program	Even Start Local	Child and Adult Care Food Program	McDonough/ Hancock ROE Homeless Grant
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ 27,772	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	-	8,740
On behalf payments from State	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>27,772</u>	<u>-</u>	<u>8,740</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	-	1,914	-	6,815
Purchased services	-	-	13,696	-	1,822
Supplies and materials	-	-	1,935	-	103
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
On-behalf payments to TRS and State	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>17,545</u>	<u>-</u>	<u>8,740</u>
Excess (deficiency) of revenues over expenditures	-	-	10,227	-	-
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>					
	<u>(3,153)</u>	<u>67</u>	<u>3,904</u>	<u>(3,849)</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>					
	<u>\$ (3,153)</u>	<u>\$ 67</u>	<u>\$ 14,131</u>	<u>\$ (3,849)</u>	<u>\$ -</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, 2008

	Bureau/ Henry/ Stark ROE Century 21 Grant	KIDS Standards Aligned Classroom	High Roads Youth Program	Illinois Violence Prevention Act Mini-Grant	Early Childhood - Block Grant
<b>REVENUES</b>					
Local sources	\$ 28,390	\$ -	\$ 107,150	\$ -	\$ -
State sources	-	-	-	4,900	294,700
Federal sources	-	6,438	-	-	-
On behalf payments from State	-	-	-	-	-
Total revenues	<u>28,390</u>	<u>6,438</u>	<u>107,150</u>	<u>4,900</u>	<u>294,700</u>
<b>EXPENDITURES</b>					
Salaries and benefits	29,727	-	73,293	-	146,366
Purchased services	4,011	6,389	26,825	3,384	40,406
Supplies and materials	820	49	1,998	-	54,487
Capital outlay	-	-	-	-	2,441
Payments to other governments	-	-	-	-	51,000
On-behalf payments to TRS and State	-	-	-	-	-
Total expenditures	<u>34,558</u>	<u>6,438</u>	<u>102,116</u>	<u>3,384</u>	<u>294,700</u>
Excess (deficiency) of revenues over expenditures	(6,168)	-	5,034	1,516	-
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>					
	<u>3,071</u>	<u>3,100</u>	<u>303</u>	<u>4,621</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>					
	<u>\$ (3,097)</u>	<u>\$ 3,100</u>	<u>\$ 5,337</u>	<u>\$ 6,137</u>	<u>\$ -</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, 2008

	Early Childhood - Social Emotional	Early Childhood - Monitoring	Incoming Freshman Academy	Progressive Alternative Secondary School (P.A.S.S.)	Total
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ 52,485	\$ 65,857	\$ 281,654
State sources	6,574	849,383	-	345,618	1,501,175
Federal sources	-	-	-	48,196	63,374
On behalf payments from State	-	-	-	55,745	55,745
<b>Total revenues</b>	<b>6,574</b>	<b>849,383</b>	<b>52,485</b>	<b>515,416</b>	<b>1,901,948</b>
<b>EXPENDITURES</b>					
Salaries and benefits	-	120,034	32,147	345,866	756,162
Purchased services	6,574	74,090	2,047	60,428	239,672
Supplies and materials	-	15,884	590	8,642	84,508
Capital outlay	-	-	-	-	2,441
Payments to other governments	-	639,375	-	-	690,375
On-behalf payments to TRS and State	-	-	-	55,745	55,745
<b>Total expenditures</b>	<b>6,574</b>	<b>849,383</b>	<b>34,784</b>	<b>470,681</b>	<b>1,828,903</b>
Excess (deficiency) of revenues over expenditures	-	-	17,701	44,735	73,045
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>3,567</b>	<b>55,121</b>	<b>66,752</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,268</b>	<b>\$ 99,856</b>	<b>\$ 139,797</b>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 8,720	\$ 8,720	\$ 8,740	\$ 20
Total revenues	8,720	8,720	8,740	20
 <b>EXPENDITURES</b>				
Salaries and benefits	6,290	6,290	6,815	(525)
Purchased services	2,180	2,180	1,822	358
Supplies and materials	250	250	103	147
Total expenditures	8,720	8,720	8,740	(20)
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
 <b>FUND BALANCE AT BEGINNING OF YEAR</b>				
			-	
 <b>FUND BALANCE AT END OF YEAR</b>				
			\$ -	

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, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 286,900	\$ 295,507	\$ 294,700	\$ (807)
Total revenues	286,900	295,507	294,700	(807)
 EXPENDITURES				
Salaries and benefits	147,735	145,735	146,366	(631)
Purchased services	99,832	91,793	40,406	51,387
Supplies and materials	36,633	53,779	54,487	(708)
Capital outlay	2,700	4,200	2,441	1,759
Payments to other governments	-	-	51,000	(51,000)
Total expenditures	286,900	295,507	294,700	807
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
 FUND BALANCE AT BEGINNING OF YEAR			-	
 FUND BALANCE AT END OF YEAR			\$ -	

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 P.A.S.S.  
 June 30, 2008

	General State Aid	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance	Regional Safe Schools	Title V - Innovative Programs	Title IV - Safe and Drug Free Schools Formula	Federal Adult Education - Basic
<b>ASSETS</b>								
Cash and cash equivalents	\$ 97,411	\$ 21	\$ 5,695	\$ 18	\$ 5,616	\$ -	\$ -	\$ (9,320)
Other receivable	467	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	9,320
Due from other governmental units and agencies	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 97,878</u>	<u>\$ 21</u>	<u>\$ 5,695</u>	<u>\$ 18</u>	<u>\$ 5,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Deferred revenue	\$ -	\$ 26	\$ 5,704	\$ -	\$ 5,616	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>26</u>	<u>5,704</u>	<u>-</u>	<u>5,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>								
Unreserved	97,878	(5)	(9)	18	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 97,878</u>	<u>\$ 21</u>	<u>\$ 5,695</u>	<u>\$ 18</u>	<u>\$ 5,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF ACCOUNTS  
 P.A.S.S.  
 June 30, 2008

	Title II Teacher Quality	Health Literacy	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	School Breakfast Incentive	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 180	\$ 300	\$ (109)	\$ 7,934	\$ (493)	\$ (7)	\$ 107,246
Other receivable	-	-	-	-	-	-	467
Due from other funds	-	-	81	-	-	-	9,401
Due from other governmental units and agencies	-	-	55	1,864	642	7	2,568
<b>TOTAL ASSETS</b>	<b>\$ 180</b>	<b>\$ 300</b>	<b>\$ 27</b>	<b>\$ 9,798</b>	<b>\$ 149</b>	<b>\$ -</b>	<b>\$ 119,682</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Deferred revenue	\$ 180	\$ -	\$ -	\$ 8,300	\$ -	\$ -	\$ 19,826
Total Liabilities	180	-	-	8,300	-	-	19,826
<b>FUND BALANCE</b>							
Unreserved	-	300	27	1,498	149	-	99,856
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 180</b>	<b>\$ 300</b>	<b>\$ 27</b>	<b>\$ 9,798</b>	<b>\$ 149</b>	<b>\$ -</b>	<b>\$ 119,682</b>

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 P.A.S.S. ACCOUNTS  
 For the Year Ended June 30, 2008

	General State Aid	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance	Regional Safe Schools	Title V - Innovative Programs	Title IV - Safe and Drug Free Schools Formula	Federal Adult Education - Basic
<b>REVENUES</b>								
Local sources	\$ 65,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	166,631	39,700	32,827	33,134	72,961	-	-	-
Federal sources	-	-	-	-	-	59	97	41,714
On-behalf payments from State	55,745	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>288,233</b>	<b>39,700</b>	<b>32,827</b>	<b>33,134</b>	<b>72,961</b>	<b>59</b>	<b>97</b>	<b>41,714</b>
<b>EXPENDITURES</b>								
Salaries and benefits	138,458	34,530	32,827	30,000	69,844	59	97	39,860
Purchased services	47,153	5,170	-	3,134	3,117	-	-	1,854
Supplies and materials	2,142	-	-	-	-	-	-	-
On-behalf payment to TRS and State	55,745	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>243,498</b>	<b>39,700</b>	<b>32,827</b>	<b>33,134</b>	<b>72,961</b>	<b>59</b>	<b>97</b>	<b>41,714</b>
Excess (deficiency) of revenues over expenditures	44,735	-	-	-	-	-	-	-
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<b>53,143</b>	<b>(5)</b>	<b>(9)</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ 97,878</b>	<b>\$ (5)</b>	<b>\$ (9)</b>	<b>\$ 18</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 P.A.S.S. ACCOUNTS  
 For the Year Ended June 30, 2008

	Title II Teacher Quality	Health Literacy	State Free Lunch and Breakfast	National School Lunch Program	School Breakfast Program	School Breakfast Incentive	Total
<b>REVENUES</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,857
State sources	-	-	354	-	-	11	345,618
Federal sources	191	-	-	4,470	1,665	-	48,196
On-behalf payments from State	-	-	-	-	-	-	55,745
<b>Total revenues</b>	<b>191</b>	<b>-</b>	<b>354</b>	<b>4,470</b>	<b>1,665</b>	<b>11</b>	<b>515,416</b>
<b>EXPENDITURES</b>							
Salaries and benefits	191	-	-	-	-	-	345,866
Purchased services	-	-	-	-	-	-	60,428
Supplies and materials	-	-	354	4,470	1,665	11	8,642
On-behalf payment to TRS and State	-	-	-	-	-	-	55,745
<b>Total expenditures</b>	<b>191</b>	<b>-</b>	<b>354</b>	<b>4,470</b>	<b>1,665</b>	<b>11</b>	<b>470,681</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	44,735
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<b>-</b>	<b>300</b>	<b>27</b>	<b>1,498</b>	<b>149</b>	<b>-</b>	<b>55,121</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ 300</b>	<b>\$ 27</b>	<b>\$ 1,498</b>	<b>\$ 149</b>	<b>\$ -</b>	<b>\$ 99,856</b>

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, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
State sources	\$ 39,700	\$ 39,700	\$ 39,700	\$ -
Total revenues	39,700	39,700	39,700	-
 <b>EXPENDITURES</b>				
Salaries and benefits	34,700	34,700	34,530	170
Purchased services	5,000	5,000	5,170	(170)
Total expenditures	39,700	39,700	39,700	-
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
 <b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>				
			(5)	
 <b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>				
			\$ (5)	

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 32,827	\$ 32,827	\$ 32,827	\$ -
Total revenues	<u>32,827</u>	<u>32,827</u>	<u>32,827</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	<u>32,827</u>	<u>32,827</u>	<u>32,827</u>	<u>-</u>
Total expenditures	<u>32,827</u>	<u>32,827</u>	<u>32,827</u>	<u>-</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(9)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR			<u>\$ (9)</u>	

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 ADULT EDUCATION AND FAMILY LITERACY - PUBLIC ASSISTANCE  
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 33,134	\$ 33,134	\$ 33,134	\$ -
Total revenues	<u>33,134</u>	<u>33,134</u>	<u>33,134</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	30,000	30,000	30,000	-
Purchased services	<u>3,134</u>	<u>3,134</u>	<u>3,134</u>	<u>-</u>
Total expenditures	<u>33,134</u>	<u>33,134</u>	<u>33,134</u>	<u>-</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>18</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 18</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 74,448	\$ 72,962	\$ 72,961	\$ (1)
Total revenues	<u>74,448</u>	<u>72,962</u>	<u>72,961</u>	<u>(1)</u>
EXPENDITURES				
Salaries and benefits	71,448	69,845	69,844	1
Purchased services	<u>3,000</u>	<u>3,117</u>	<u>3,117</u>	<u>-</u>
Total expenditures	<u>74,448</u>	<u>72,962</u>	<u>72,961</u>	<u>1</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 TITLE V - INNOVATIVE PROGRAMS  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 59	\$ 59	\$ 59	\$ -
Total revenues	59	59	59	-
EXPENDITURES				
Salaries and benefits	59	59	59	-
Total expenditures	59	59	59	-
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ -	

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 TITLE IV - SAFE AND DRUG FREE SCHOOLS FORMULA  
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	<u>\$ 97</u>	<u>\$ 97</u>	<u>\$ 97</u>	<u>\$ -</u>
Total revenues	<u>97</u>	<u>97</u>	<u>97</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	<u>97</u>	<u>97</u>	<u>97</u>	<u>-</u>
Total expenditures	<u>97</u>	<u>97</u>	<u>97</u>	<u>-</u>
Excess of revenue over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u><u>\$ -</u></u>	

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, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 41,713	\$ 41,713	\$ 41,714	\$ 1
Total revenues	41,713	41,713	41,714	1
EXPENDITURES				
Salaries and benefits	39,800	39,800	39,860	(60)
Purchased services	1,913	1,913	1,854	59
Total expenditures	41,713	41,713	41,714	(1)
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ -	

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 BUDGETARY COMPARISON SCHEDULE  
 P.A.S.S. ACCOUNTS  
 TITLE II - TEACHER QUALITY  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 371	\$ 371	\$ 191	\$ (180)
Total revenues	371	371	191	(180)
EXPENDITURES				
Salaries and benefits	191	191	191	-
Purchased services	180	180	-	180
Total expenditures	371	371	191	180
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ -	

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING BALANCE SHEET  
 NON MAJOR SPECIAL REVENUE FUNDS  
 June 30, 2008

	General Education Development	Bus Driver Training	American College Test (ACT) Class	Criminal Background Investigation	Supervisory Expense	Institute	Education Administration	Total
ASSETS								
Cash and cash equivalents	\$ (9,340)	\$ 7,760	\$ 1,609	\$ 374	\$ 241	\$ 28,033	\$ 37,969	\$ 66,646
Due from other fund	-	244	-	-	-	-	-	244
<b>TOTAL ASSETS</b>	<b>\$ (9,340)</b>	<b>\$ 8,004</b>	<b>\$ 1,609</b>	<b>\$ 374</b>	<b>\$ 241</b>	<b>\$ 28,033</b>	<b>\$ 37,969</b>	<b>\$ 66,890</b>
FUND BALANCE (DEFICIT)								
Unreserved	\$ (9,340)	\$ 8,004	\$ 1,609	\$ 374	\$ 241	\$ 28,033	\$ 37,969	\$ 66,890

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, 2008

	General Education Development	Bus Driver Training	American College Test (ACT) Class	Criminal Background Investigation	Supervisory Expense	Institute	Education Administration	Total
<b>REVENUES</b>								
Local sources	\$ 1,393	\$ 648	\$ 3,800	\$ 1,712	\$ -	\$ 7,342	\$ -	\$ 14,895
State sources	-	480	-	-	3,000	-	-	3,480
Interest	-	-	-	-	-	1,346	-	1,346
<b>Total revenues</b>	<b>1,393</b>	<b>1,128</b>	<b>3,800</b>	<b>1,712</b>	<b>3,000</b>	<b>8,688</b>	<b>-</b>	<b>19,721</b>
<b>EXPENDITURES</b>								
Salaries and benefits	2,212	-	-	-	-	-	-	2,212
Purchased services	462	786	737	1,712	3,399	12,643	-	19,739
Supplies and materials	264	-	1,548	-	-	71	-	1,883
<b>Total expenditures</b>	<b>2,938</b>	<b>786</b>	<b>2,285</b>	<b>1,712</b>	<b>3,399</b>	<b>12,714</b>	<b>-</b>	<b>23,834</b>
Excess (deficiency) of revenues over expenditures	(1,545)	342	1,515	-	(399)	(4,026)	-	(4,113)
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<b>(7,795)</b>	<b>7,662</b>	<b>94</b>	<b>374</b>	<b>640</b>	<b>32,059</b>	<b>37,969</b>	<b>71,003</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ (9,340)</b>	<b>\$ 8,004</b>	<b>\$ 1,609</b>	<b>\$ 374</b>	<b>\$ 241</b>	<b>\$ 28,033</b>	<b>\$ 37,969</b>	<b>\$ 66,890</b>

HENDERSON, MERCER AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #27  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
June 30, 2008

	ASSETS	Distributive Fund
ASSETS		<u>                    </u>
Cash and cash equivalents		<u>\$                    -</u>
	LIABILITIES	
LIABILITIES		
Due to other governmental units		<u>\$                    -</u>

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2008

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2007</u>	<u>Additions</u>		<u>June 30, 2008</u>
<b>DISTRIBUTIVE FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 44,245</u>	<u>\$ 1,221,444</u>	<u>\$ 1,265,689</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to other governmental units and agencies	<u>\$ 44,245</u>	<u>\$ 1,221,444</u>	<u>\$ 1,265,689</u>	<u>\$ -</u>

HENDERSON, MERCER AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #27  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 For the Year Ended June 30, 2008

	ROE No. 27	P.A.S.S.	Total
Adult Education - Federal	\$ -	\$ 41,772	\$ 41,772
Adult Education - Public Aid	-	33,134	33,134
Adult Education - State Performance	-	32,827	32,827
Adult Education - State	-	39,700	39,700
Alternative School	-	500	500
Bus Drivers Training Courses	480	-	480
Early Childhood	816,513	-	816,513
Innovative	-	25,000	25,000
Interest	-	1,215	1,215
Lunch - Federal Breakfast	-	6,644	6,644
Lunch - Federal Lunch	-	350	350
Lunch - State Free and Breakfast	-	5	5
Lunch - State Breakfast Incentive	4,800	-	4,800
Purchased Services	8,288	500	8,788
Regional Safe Schools	-	72,962	72,962
Reorganization Incentive	6,000	-	6,000
Safe and Drug Free Schools	-	97	97
Staff Development	-	166,631	166,631
General State Aid	3,000	-	3,000
Supervisory	-	371	371
Title II Teacher Quality	4,900	-	4,900
	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$ 843,981</u>	<u>\$ 421,708</u>	<u>\$ 1,265,689</u>