

STATE OF ILLINOIS
ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2011

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

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ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49

OFFICIALS

Regional Superintendent

Ms. Tammy Muerhoff
(August 1, 2011 to present)

Mr. James Widdop
(July 1, 2010 to July 31, 2011)

Assistant Regional Superintendent

Mr. Joseph Vermeire
(December 1, 2011 to March 9, 2012)

Ms. Tammy Muerhoff
(December 16, 2010 to July 31, 2011)

Mr. John Flaherty
(July 1, 2010 to December 15, 2010)

Offices are located at:

3430 Avenue of the Cities
Moline, Illinois 61265

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	2	2
Repeated Audit Findings	2	1
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
11-1	15	Controls over Financial Statement Preparation	Material Weakness
11-2	17	Departure from Generally Accepted Accounting Principles	Material Weakness
<i>Findings and Questioned Costs (Federal Compliance)</i>			
None			
<i>Prior Findings Not Repeated (Government Auditing Standards)</i>			
None			
<i>Prior Findings Not Repeated (Federal Compliance)</i>			
None			

An informal exit conference was held on October 6, 2011. Those involved included Tammy Muerhoff, Regional Superintendent, and Mark Reinken, auditor. The findings and audit process in general were discussed. Responses to the recommendations were provided by Tammy Muerhoff on June 22, 2012.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
FINANCIAL STATEMENT REPORT
SUMMARY

The audit of the accompanying basic financial statements of Rock Island County Regional Office of Education No. 49 was performed by Ginoli & Company Ltd.

Based on their audit, the auditors expressed a qualified opinion on the Rock Island County Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49 as of and for the year ended June 30, 2011, which collectively comprise the Rock Island County Regional Office of Education No. 49's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education No. 49'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 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.

The Regional Office of Education No. 49 did not recognize and disclose postretirement benefits other than pensions (OPEB) in their financial statements as required by Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America. The effects of this departure from U.S. generally accepted accounting principles on the financial statements of the Regional Office of Education No. 49 are not reasonably determinable.

In our opinion, except for the effects of not recognizing a liability for postemployment benefits other than pensions in the Statement of Net Assets and the Statement of Activities as described in the preceding paragraph, 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 Rock Island County Regional Office of Education No. 49, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Rock Island County Regional Office of Education No. 49 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Rock Island County Regional Office of Education No. 49's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Rock Island County Regional Office of Education No. 49's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 7, 2012 on our consideration of the Rock Island County Regional Office of Education No. 49'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 23 through 35 and page 68 are not a required part of the basic financial statements but are 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 Rock Island County Regional Office of Education No. 49's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards 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.

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
August 7, 2012



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rock Island County Regional Office of Education No. 49, as of and for the year ended June 30, 2011, which collectively comprise the Rock Island County Regional Office of Education No. 49's basic financial statements and have issued our report thereon dated August 7, 2012. The report on governmental and business-type activities was qualified because the Regional Office of Education No. 49 did not recognize and disclose postemployment benefits other than pensions (OPEB) in their financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Rock Island County Regional Office of Education No. 49 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Rock Island County Regional Office of Education No. 49's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rock Island County Regional Office of Education No. 49's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education No. 49's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 11-1 and 11-2 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rock Island County Regional Office of Education No. 49'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*.

Rock Island County Regional Office of Education No. 49's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Rock Island County Regional Office of Education No. 49's response and, accordingly, we express no opinion on it.

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

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
August 7, 2012



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the Rock Island County Regional Office of Education No. 49's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Rock Island County Regional Office of Education No. 49's major federal programs for the year ended June 30, 2011. The Rock Island County Regional Office of Education No. 49's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Rock Island County Regional Office of Education No. 49's management. Our responsibility is to express an opinion on the Rock Island County Regional Office of Education No. 49's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Rock Island County Regional Office of Education No. 49's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Rock Island County Regional Office of Education No. 49's compliance with those requirements.

In our opinion, the Rock Island County Regional Office of Education No. 49 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Rock Island County Regional Office of Education No. 49 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Rock Island County Regional Office of Education No. 49's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rock Island County Regional Office of Education No. 49's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

GINOLI & COMPANY LTD
GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
August 7, 2012

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: qualified
(unqualified, qualified, adverse, disclaimer)

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major programs:

unqualified
(unqualified, qualified, adverse, disclaimer)

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

yes X no

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.287	Title IV - 21st Century
84.366	Mathematics and Science Partnership

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee _____ yes X no _____ n/a

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING NO. 11-1 - Controls Over Financial Statement Preparation (Repeat of prior years findings: 10-1, 09-1, 08-1 and 07-1)

Criteria/Specific Requirement:

The Rock Island County Regional Office of Education No. 49 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office 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 Regional Office of Education No. 49 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the accrual basis for disbursements and the cash basis for receipts. While the Regional Office 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 Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, and deferred revenue.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Effect:

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

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING NO. 11-1 - Controls Over Financial Statement Preparation (Repeat of prior years findings: 10-1, 09-1, 08-1 and 07-1)

Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education No. 49 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including note 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 Rock Island County Regional Office of Education has six positions which have some direct review, contact, and oversight of its financial statements. These individuals have attended and will continue to attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas necessary in order to obtain a sufficient set of internal controls over financial statement preparation. The Rock Island County Regional Office of Education will have continued oversight. Additional opportunities to crosscheck information will be investigated to ensure the utmost monitoring of all financial assets.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING NO. 11-2 Departure from Generally Accepted Accounting Principles (Repeat of prior year finding: 10-2)

Criteria/Specific Requirement:

The Illinois Administrative Code (74 Ill. Adm. Code 420.320 (c) (1) and (2)) requires that each Regional Office of Education (ROE) maintain the accounting records necessary to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB), requires that employers recognize and disclose OPEB expense. Net OPEB obligations, if any, should be reported as liabilities (or assets if overfunded) in the financial statements. For financial reporting purposes, an actuarial valuation is required to measure and disclose the annual OPEB cost. In certain circumstances, an alternative measurement method can be applied instead of obtaining an actuarial valuation.

Condition:

The Rock Island County Regional Office of Education No. 49 (ROE No. 49) participates in a defined benefit OPEB plan that provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability, should generally be recorded in the period when the exchange for the employees services occurs, rather than when the benefits are paid. Currently, ROE No. 49's OPEB plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The ROE No. 49 did not obtain an actuarial valuation of its postemployment benefits other than pensions liability, or apply the alternative measurement method in order to be in compliance with GASB Statement No. 45.

In the absence of the actuarial valuation, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the liabilities, fund balances, and expenditures of ROE No. 49 as of June 30, 2011.

Effect:

Failure to apply the accounting and reporting requirements of GASB Statement No. 45 could result in misstatements of ROE No. 49's financial statements. This could also result in inaccurate and incomplete disclosure of the OPEB plan description, the funding policy, and the annual OPEB and net OPEB obligation.

Cause:

According to Regional Office officials, inadequate funding and the overall complexity of the GASB Pronouncement led to the failure to implement GASB Statement No. 45.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING NO. 11-2 Departure from Generally Accepted Accounting Principles (Repeat of prior year finding: 10-2)

Recommendation:

We recommend the ROE No. 49 obtain or perform an actuarial valuation or apply the alternative measurement method to determine its other postemployment benefit liability to be in compliance with GASB Statement No. 45 and include all disclosures required by the Statement in its financial statements.

Management's Response:

The Rock Island County Regional Office of Education is not currently funded in an adequate manner by the State of Illinois to perform an actuarial valuation check of retirement costs. The Rock Island County Regional Office of Education will continue to research an actuarial valuation as funding becomes available.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

None for the year ended June 30, 2011.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Finding No. 11-1 – Controls Over Financial Statement Preparation (Repeat of prior years findings: 10-1, 09-1, 08-1 and 07-1)

Condition:

The Regional Office of Education No. 49 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the accrual basis for disbursements and the cash basis for receipts. While the Regional Office 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 Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, and deferred revenue.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Corrective Action Plan:

The Rock Island County Regional Office of Education has six positions which have some direct review, contact, and oversight of its financial statements. These individuals have attended and will continue to attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas necessary in order to obtain a sufficient set of internal controls over financial statement preparation. The Rock Island County Regional Office of Education will have continued oversight. Additional opportunities to crosscheck information will be investigated to ensure the utmost monitoring of all financial assets.

ANTICIPATED DATE OF COMPLETION:

Undetermined

CONTACT PERSON:

Tammy Muerhoff, Regional Superintendent

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

**Finding No. 11-2 – Departure from Generally Accepted Accounting Principles
(Repeat of prior year finding: 10-2)**

Condition:

The Rock Island County Regional Office of Education No. 49 (ROE No. 49) participates in a defined benefit OPEB plan that provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability, should generally be recorded in the period when the exchange for the employees services occurs, rather than when the benefits are paid. Currently, ROE No. 49's OPEB plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The ROE No. 49 did not obtain an actuarial valuation of its postemployment benefits other than pensions liability, or apply the alternative measurement method in order to be in compliance with GASB Statement No. 45.

In the absence of the actuarial valuation, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the liabilities, fund balances, and expenditures of ROE No. 49 as of June 30, 2011.

Corrective Action Plan:

The Rock Island County Regional Office of Education is not currently funded in an adequate manner by the State of Illinois to perform an actuarial valuation check of retirement costs. The Rock Island County Regional Office of Education will continue to research an actuarial valuation as funding becomes available.

ANTICIPATED DATE OF COMPLETION:

Undetermined

CONTACT PERSON:

Tammy Muerhoff, Regional Superintendent

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
10-1	Controls over financial statement preparation	Repeated 11-1
10-2	Departure from Generally Accepted Accounting Principles	Repeated 11-2

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Rock Island County Regional Office of Education No. 49 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with Rock Island County Regional Office of Education No. 49's financial statements, which follow.

During fiscal year 2011, Rock Island County Regional Office of Education No. 49 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 14 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$513,689 in fiscal year 2010 to \$608,979 in fiscal year 2011. General Fund expenditures increased from \$567,104 in fiscal year 2010 to \$608,979 in fiscal year 2011. The change is mainly due to the implementation of GASB Statement #54 during fiscal year 2011 which restated General State Aid funds from the Education Fund to the General Fund and ROE Operation funds from the General Fund to the Education Fund. The change in fund balance can also be attributed to this restatement of funds.
- Institute Fund revenues increased from \$35,928 in fiscal year 2010 to \$36,860 in fiscal year 2011, a 2.6% increase from 2010. Expenditures in the Institute Fund increased from \$23,192 in fiscal year 2010 to \$97,697 in fiscal year 2011. This increase was primarily due to the salary of the Certification Specialist being paid out of the Institute fund.
- Education Fund revenues increased from \$4,410,261 in fiscal year 2010 to \$5,742,670 in fiscal year 2011. Expenditures also increased from \$5,057,665 in fiscal year 2010 to \$5,369,818 in fiscal year 2011. The increase in revenues is primarily due to the timing of grant monies received for fiscal year 2010 and 2011.
- Enterprise Workshop Fund revenues decreased 6.6% from \$266,257 in fiscal year 2010 to \$248,740 in fiscal year 2011. Enterprise Workshop Fund expenditures decreased 21.5% from \$297,582 in fiscal year 2010 to \$233,561 in fiscal year 2011.
- Government-wide revenues increased 3.8% from \$6,032,687 in fiscal year 2010 to \$6,261,946 in fiscal year 2011. Government-wide expenses increased 6.3% from \$5,944,199 in fiscal year 2010 to \$6,318,663 in fiscal year 2011.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

USING THIS ANNUAL REPORT

The annual 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 Rock Island County Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49 as a whole and present an overall view of Rock Island County Regional Office of Education No. 49's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Rock Island County Regional Office of Education No. 49's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Rock Island County Regional Office of Education No. 49 acts solely as an agent or custodian for the benefit of those outside of Rock Island County Regional Office of Education No. 49.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplemental Information further explains and supports the financial statements with information about the Illinois Municipal Retirement Fund Schedule of Funding Progress.

Other Supplemental Information provides detailed information about the major and nonmajor funds.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Figure A-1 summarizes the major features of Rock Island County Regional Office of Education No. 49's financial statements, including the portion of Rock Island County Regional Office of Education No. 49's activities they cover and the types of information they contain.

Figure A-1 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Rock Island County Regional Office of Education No. 49 (except fiduciary funds)	The activities of Rock Island County Regional Office of Education No. 49 that are not proprietary or fiduciary, such as grants and statutory funds	Activities Rock Island County Regional Office of Education No. 49 operates similar to private businesses: Workshops	Instances in which Rock Island County Regional Office of Education No. 49 administers resources on behalf of someone else, such as the Distributive Fund
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

**REPORTING ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49'S
FINANCIAL ACTIVITIES**

Government-wide Financial Statements

The government-wide financial statements report information about Rock Island County Regional Office of Education No. 49 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of Rock Island County Regional Office of Education No. 49's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report Rock Island County Regional Office of Education No. 49's net assets and how they have changed. Net assets - the difference between Rock Island County Regional Office of Education No. 49's assets and liabilities - are one way to measure Rock Island County Regional Office of Education No. 49's financial health or financial position. Over time, increases or decreases in Rock Island County Regional Office of Education No. 49's net assets are an indicator of whether financial position is improving or deteriorating. To assess Rock Island County Regional Office of Education No. 49's overall health, additional non-financial factors, such as changes in Rock Island County Regional Office of Education No. 49's grant funding and the condition of facilities need to be considered.

In the government-wide financial statements, Rock Island County Regional Office of Education No. 49's activities are divided into two categories:

- *Governmental activities:* Most of Rock Island County Regional Office of Education No. 49's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.
- *Business-type activities:* Rock Island County Regional Office of Education No. 49 charges fees to help cover the costs of certain services it provides. Rock Island County Regional Office of Education No. 49's workshop fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about Rock Island County Regional Office of Education No. 49's funds, focusing on its most significant or "major" funds - not Rock Island County Regional Office of Education No. 49 as a whole. Funds are accounting devices Rock Island County Regional Office of Education No. 49 uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. Rock Island County Regional Office of Education No. 49 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Rock Island County Regional Office of Education No. 49 has three kinds of funds:

1) *Governmental funds*: Most of Rock Island County Regional Office of Education No. 49's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) 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 financial resources that can be spent in the near future to finance Rock Island County Regional Office of Education No. 49's programs.

Rock Island County Regional Office of Education No. 49's governmental funds include the General Fund and Special Revenue Funds.

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

2) *Proprietary funds*: Services for which Rock Island County Regional Office of Education No. 49 charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. Rock Island County Regional Office of Education No. 49's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Rock Island County Regional Office of Education No. 49 currently has one Enterprise Fund, the Workshop Fund.

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

3) *Fiduciary funds*: Rock Island County Regional Office of Education No. 49 is the trustee, or fiduciary, for assets that belong to others. These funds include Agency Funds.

- Agency Funds - These are funds through which Rock Island County Regional Office of Education No. 49 administers and accounts for certain federal and/or state grants on behalf of others.

Rock Island County Regional Office of Education No. 49 is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. Rock Island County Regional Office of Education No. 49 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statement for fiduciary funds includes a Statement of Fiduciary Net Assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Government-Wide Financial Analysis

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Rock Island County Regional Office of Education No. 49, assets exceeded liabilities by \$662,251 as of June 30, 2011.

A portion of Rock Island County Regional Office of Education No. 49's net assets (12%) reflects its investment in capital assets (e.g., furniture and equipment), less any related debt used to acquire those assets that is still outstanding. Although Rock Island County Regional Office of Education No. 49's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Rock Island County Regional Office of Education No. 49's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of Rock Island County Regional Office of Education No. 49's net assets for the fiscal year ended June 30, 2011 and 2010.

2011

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 2,517,064	\$ 455,578	\$ 2,972,642
Capital assets, net of accumulated depreciation	53,765	28,553	82,318
Total assets	<u>2,570,829</u>	<u>484,131</u>	<u>3,054,960</u>
Current liabilities	<u>2,380,843</u>	<u>11,866</u>	<u>2,392,709</u>
Net assets			
Invested in capital assets, net of related debt	53,765	28,553	82,318
Unrestricted	-	443,712	443,712
Restricted for			
educational purposes	136,221	-	136,221
Total net assets	<u>\$ 189,986</u>	<u>\$ 472,265</u>	<u>\$ 662,251</u>

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

2010

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 1,907,259	\$ 430,805	\$ 2,338,064
Capital assets, net of accumulated depreciation	48,344	17,990	66,334
Total assets	<u>1,955,603</u>	<u>448,795</u>	<u>2,404,398</u>
 Current liabilities	 <u>1,677,311</u>	 <u>8,119</u>	 <u>1,685,430</u>
 Net assets			
Invested in capital assets, net of related debt	48,344	17,990	66,334
Unrestricted	91,070	422,686	513,756
Restricted for			
Educational purposes	138,878	-	138,878
Total net assets	<u>\$ 278,292</u>	<u>\$ 440,676</u>	<u>\$ 718,968</u>

The largest portion of Rock Island County Regional Office of Education No. 49's net assets is unrestricted. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$443,712 and \$513,756 for 2011 and 2010, respectively. Net assets related to the Teacher Institute Fund, the Education Funds, and the Non-major Special Revenue Funds are considered restricted for educational purposes.

Changes in net assets. Rock Island County Regional Office of Education No. 49's total revenue for the fiscal year ended June 30, 2011 was \$6,261,946. The total cost of all programs and services was \$6,318,663. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and 2010.

2011

	Governmental Activities	Business- Type Activities	Total
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 248,740	\$ 248,740
Operating grants and contributions	5,529,154	-	5,529,154
General revenues			
Local sources	53,371	-	53,371
On-behalf payments	430,681	-	430,681
Total revenues	<u>6,013,206</u>	<u>248,740</u>	<u>6,261,946</u>

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

2011

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Expenses:			
Instructional services			
Salaries	\$ 1,239,815	\$ 39,318	\$ 1,279,133
Benefits	155,092	4,032	159,124
Purchased services	3,990,019	153,367	4,143,386
Supplies and materials	206,259	23,478	229,737
Payments to other governments	34,157	-	34,517
Depreciation	29,079	13,366	42,445
Administrative			
On-behalf payments	<u>430,681</u>	<u>-</u>	<u>430,681</u>
Total expenses	<u>6,085,102</u>	<u>233,561</u>	<u>6,318,663</u>
Transfers in/out	(16,410)	16,410	-
Change in net assets	(88,306)	31,589	(56,717)
Net assets, beginning of year	278,292	440,676	718,968
Net assets, end of year	<u>\$ 189,986</u>	<u>\$ 472,265</u>	<u>\$ 662,251</u>

Operating grants and contributions account for 88% of the total revenue. Rock Island County Regional Office of Education No. 49's expenses primarily relate to instructional services, which account for 93% of the total expenses.

2010

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 266,257	\$ 266,257
Operating grants and contributions	5,237,426	-	5,237,426
General revenues			
Local sources	82,962	-	82,962
On-behalf payments	<u>446,042</u>	<u>-</u>	<u>446,042</u>
Total revenues	<u>5,766,430</u>	<u>266,257</u>	<u>6,032,687</u>

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

2010

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Expenses:			
Instructional services			
Salaries	\$ 1,456,900	\$ 53,083	\$ 1,509,983
Benefits	161,413	11,658	173,071
Purchased services	3,368,998	207,632	3,576,630
Supplies and materials	154,846	10,129	164,975
Payments to other governments	25,200	-	25,200
Depreciation	33,218	15,080	48,298
Administrative			
On-behalf payments	<u>446,042</u>	<u>-</u>	<u>446,042</u>
Total expenses	<u>5,646,617</u>	<u>297,582</u>	<u>5,944,199</u>
 Change in net assets	 119,813	 (31,325)	 88,488
 Net assets, beginning of year	 239,285	 391,195	 630,480
 Fund reclassification	 <u>(80,806)</u>	 <u>80,806</u>	 <u>-</u>
 Net assets, end of year	 <u>\$ 278,292</u>	 <u>\$ 440,676</u>	 <u>\$ 718,968</u>

Operating grants and contributions account for 87% of the total revenue. Rock Island County Regional Office of Education No. 49's expenses primarily relate to instructional services, which account for 92% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$6,013,206 and \$5,766,430 and expenses were \$6,085,102 and \$5,646,617 for 2011 and 2010, respectively.

The following table presents the cost of Rock Island County Regional Office of Education No. 49's functional governmental activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Rock Island County Regional Office of Education No. 49's residents by each of these functions.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

<u>2011</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services		
Salaries	\$ 1,239,815	\$ (2,743)
Benefits	155,092	(314)
Purchased services	3,990,019	(115,313)
Supplies and materials	206,259	(1,130)
Payments to other governments	34,157	(11,188)
Depreciation	29,079	(29,079)
Capital outlay	-	34,500
Administrative		
On-behalf payments	<u>430,681</u>	<u>(430,681)</u>
Total expenses	<u>\$ 6,085,102</u>	<u>\$ (555,948)</u>
 <u>2010</u>		
Instructional services		
Salaries	\$ 1,456,900	\$ 10,288
Benefits	161,413	-
Purchased services	3,368,998	19,846
Supplies and materials	154,846	(8,172)
Payments to other governments	25,200	-
Depreciation	33,218	(33,218)
Capital outlay	-	48,107
Administrative		
On-behalf payments	<u>446,042</u>	<u>(446,042)</u>
Total expenses	<u>\$ 5,646,617</u>	<u>\$ (409,191)</u>

- The cost of all governmental activities was \$6,085,102 and \$5,646,617 for 2011 and 2010, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$5,529,154 and \$5,237,426 for 2011 and 2010, respectively.

Net cost of governmental activities (\$555,948), was financed by general revenues, which are made up of local (\$53,371) and on-behalf payments (\$430,681) for 2011.

Net cost of governmental activities (\$409,191), was financed by general revenues, which are made up of local (\$82,962) and on-behalf payments (\$446,042) for 2010.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Business-Type Activities

Revenues for business-type activities were \$248,740 and \$266,257 and expenses were \$233,561 and \$297,582 for 2011 and 2010, respectively. Rock Island County Regional Office of Education No. 49's business-type activities include the Workshop Fund. For the business-type activities, revenues are comprised of charges for service.

INDIVIDUAL FUND ANALYSIS

As previously noted, Rock Island County Regional Office of Education No. 49 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of Rock Island County Regional Office of Education No. 49 as a whole is reflected in its governmental funds, as well. As Rock Island County Regional Office of Education No. 49 completed the year, its governmental funds reported a combined fund deficit of \$(259,244), above last year's ending fund balance of \$(558,133) due to delayed FY10 funds being received in FY11.

Governmental Fund Highlights

The Institute Fund balance decreased from \$138,878 in 2010 to \$78,041 in 2011.. The decrease was due to increased Institute Fund expenses. The salary of the Certification Specialist was paid with Institute Fund money.

The Education Fund deficit decreased from \$(668,361) in 2010 to \$(367,342) in 2011. The main reason for the increased fund balance was the receipt of FY10 grant monies in FY11.

Proprietary Fund Highlights

Workshop Fund net assets increased from \$440,676 at June 30, 2010 to \$472,265 at June 30, 2011, representing an increase of approximately 7%. This was primarily due to a transfer from the General Fund and a decrease in expense.

BUDGETARY HIGHLIGHTS

Rock Island County Regional Office of Education No. 49 is not required to create a budget for overall operations. They are required to prepare budgets for most of the grants they receive. Over the course of the year, Rock Island County Regional Office of Education No. 49 amended several of the grant budgets within the Education Fund.

CAPITAL ASSETS

As of June 30, 2011, Rock Island County Regional Office of Education No. 49 had invested \$82,318 in capital assets, including furniture and equipment. Total depreciation expense for the year was \$42,445.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

The following schedules present capital asset balances net of depreciation for the fiscal years ended June 30, 2011 and 2010.

<u>2011</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 53,765	\$ 28,553	\$ 82,318

<u>2010</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 48,344	\$ 17,990	\$ 66,334

Additional information on Rock Island County Regional Office of Education No. 49's capital assets can be found in Note 4 on page 57 of this report.

ECONOMIC FACTORS BEARING ON ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49'S FUTURE

At the time these financial statements were prepared and audited, Rock Island County Regional Office of Education No. 49 was aware of several existing circumstances that could significantly affect its financial health in the future.

The financial health of the Rock Island County Regional Office of Education is dependent upon proper financial oversight and continued funding provided by State and Federal sources.

- The State of Illinois continues to be in a dismal financial position, with a possible \$8 billion annual deficit, which has had and will continue to reflect negatively on the ability of the Regional Office of Education to obtain grants necessary for stable and continued growth. Delayed payments will not allow the ROE to maintain programmatic initiatives over the long run if continued.

The United States has been in and continues through a financial recession, which has and will negatively affect the number of and availability of federal grants and dollars.

All and all, it will take a steady hand to navigate the educational funding waters of this FY12.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

**CONTACTING ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49'S
FINANCIAL MANAGEMENT**

This financial report is designed to provide Rock Island County Regional Office of Education No. 49's citizens, taxpayers, customers and constituents with a general overview of Rock Island County Regional Office of Education No. 49's finances and to demonstrate Rock Island County Regional Office of Education No. 49's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rock Island County Regional Office of Education No. 49, 3430 Avenue of the Cities, Moline, Illinois 61265.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49

BASIC FINANCIAL STATEMENTS

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS	Primary Government		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 330,753	\$ 445,196	\$ 775,949
Due from other governments	2,186,311	-	2,186,311
Other assets	-	10,382	10,382
Total current assets	<u>\$ 2,517,064</u>	<u>\$ 455,578</u>	<u>\$ 2,972,642</u>
Noncurrent assets:			
Capital assets, being depreciated, net	53,765	28,553	82,318
Total assets	<u>\$ 2,570,829</u>	<u>\$ 484,131</u>	<u>\$ 3,054,960</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,541,205	\$ 11,516	\$ 1,552,721
Accrued expenses	35,540	350	35,890
Due to other governments	4,009	-	4,009
Deferred revenue	800,089	-	800,089
Total liabilities	<u>\$ 2,380,843</u>	<u>\$ 11,866</u>	<u>\$ 2,392,709</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 53,765	\$ 28,553	\$ 82,318
Unrestricted	-	443,712	443,712
Restricted for educational purposes	136,221	-	136,221
Total net assets	<u>\$ 189,986</u>	<u>\$ 472,265</u>	<u>\$ 662,251</u>

The accompanying notes are an integral part of the financial statements.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Primary Government		<u>Total</u>
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary government:						
Government activities:						
Instructional services:						
Salaries	\$ 1,239,815	\$ -	\$ 1,237,072	\$ (2,743)	\$ -	\$ (2,743)
Benefits	155,092	-	154,778	(314)	-	(314)
Purchased services	3,990,019	-	3,874,706	(115,313)	-	(115,313)
Supplies and materials	206,259	-	205,129	(1,130)	-	(1,130)
Payments to other governments	34,157	-	22,969	(11,188)	-	(11,188)
Depreciation	29,079	-	-	(29,079)	-	(29,079)
Capital outlay	-	-	34,500	34,500	-	34,500
Administrative:						
On-behalf payments	430,681	-	-	(430,681)	-	(430,681)
Total governmental activities	\$ 6,085,102	\$ -	\$ 5,529,154	\$ (555,948)	\$ -	\$ (555,948)
Business-type activities:						
Other	\$ 233,561	\$ 248,740	\$ -	\$ -	\$ 15,179	\$ 15,179
Total primary government	\$ 6,318,663	\$ 248,740	\$ 5,529,154	\$ (555,948)	\$ 15,179	\$ (540,769)
General revenues:						
Local sources				\$ 53,371	\$ -	\$ 53,371
On-behalf payments				430,681	-	430,681
Transfers				(16,410)	16,410	-
Total general revenues and transfers				\$ 467,642	\$ 16,410	\$ 484,052
CHANGES IN NET ASSETS				\$ (88,306)	\$ 31,589	\$ (56,717)
NET ASSETS, BEGINNING OF YEAR				278,292	440,676	718,968
NET ASSETS, END OF YEAR				\$ 189,986	\$ 472,265	\$ 662,251

The accompanying notes are an integral part of the financial statements.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2011

EXHIBIT C

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Non-Major Funds</u>	
ASSETS					
Cash and cash equivalents	\$ -	\$ 78,041	\$ 223,102	\$ 29,610	\$ 330,753
Due from other funds	-	-	358,174	-	358,174
Due from other governments	-	-	2,185,577	734	2,186,311
TOTAL ASSETS	\$ -	\$ 78,041	\$ 2,766,853	\$ 30,344	\$ 2,875,238
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 1,540,918	\$ 287	\$ 1,541,205
Accrued expenses	-	-	35,540	-	35,540
Due to other funds	-	-	358,174	-	358,174
Due to other governments	-	-	4,009	-	4,009
Deferred revenue	-	-	1,195,554	-	1,195,554
Total liabilities	\$ -	\$ -	\$ 3,134,195	\$ 287	\$ 3,134,482
FUND BALANCES					
Restricted	\$ -	\$ 78,041	\$ 28,123	\$ 30,057	\$ 136,221
Unassigned	-	-	(395,465)	-	(395,465)
Total fund balances	\$ -	\$ 78,041	\$ (367,342)	\$ 30,057	\$ (259,244)
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 78,041	\$ 2,766,853	\$ 30,344	\$ 2,875,238

The accompanying notes are an integral part of the financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total fund balances - governmental funds	\$	(259,244)
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		
		395,465
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		
		<u>53,765</u>
 Net assets of governmental activities	 \$	 <u><u>189,986</u></u>

The accompanying notes are an integral part of the financial statements.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT E

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	
REVENUES:					
Local sources	\$ -	\$ 36,860	\$ -	\$ 16,511	\$ 53,371
State sources	178,298	-	3,764,806	802	3,943,906
Federal sources	-	-	1,977,864	-	1,977,864
On-behalf payments	430,681	-	-	-	430,681
Total revenues	<u>\$ 608,979</u>	<u>\$ 36,860</u>	<u>\$ 5,742,670</u>	<u>\$ 17,313</u>	<u>\$ 6,405,822</u>
EXPENDITURES:					
Current:					
Education:					
Salaries	\$ -	\$ -	\$ 1,239,815	\$ -	\$ 1,239,815
Benefits	-	-	155,092	-	155,092
Purchased services	178,298	96,992	3,700,700	14,029	3,990,019
Supplies and materials	-	705	205,554	-	206,259
Payments to other governments	-	-	34,157	-	34,157
On-behalf payments	430,681	-	-	-	430,681
Capital outlay	-	-	34,500	-	34,500
Total expenditures	<u>\$ 608,979</u>	<u>\$ 97,697</u>	<u>\$ 5,369,818</u>	<u>\$ 14,029</u>	<u>\$ 6,090,523</u>
Revenues over (under) expenditures	\$ -	\$ (60,837)	\$ 372,852	\$ 3,284	\$ 315,299
Other financing sources (uses)					
Transfers out	<u>(16,410)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,410)</u>
NET CHANGE IN FUND BALANCES	\$ (16,410)	\$ (60,837)	\$ 372,852	\$ 3,284	\$ 298,889
FUND BALANCE, BEGINNING OF YEAR (Restated - See Note 14)	<u>16,410</u>	<u>138,878</u>	<u>(740,194)</u>	<u>26,773</u>	<u>(558,133)</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 78,041</u></u>	<u><u>\$ (367,342)</u></u>	<u><u>\$ 30,057</u></u>	<u><u>\$ (259,244)</u></u>

The accompanying notes are an integral part of the financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balance \$ 298,889

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

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the funds 395,465

Revenues providing current financial resources in the fund statements
previously recognized in the Statement of Activities (788,081)

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	\$	34,500	
Depreciation expense		(29,079)	5,421

Change in net assets of governmental activities \$ (88,306)

The accompanying notes are an integral part of the financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Enterprise Fund <u>Workshops</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 445,196
Other assets	10,382
Total current assets	\$ 455,578
Noncurrent assets:	
Capital assets, net of accumulated depreciation	28,553
Total assets	\$ 484,131
LIABILITIES	
Accounts payable	\$ 11,516
Accrued expenses	350
Total liabilities	\$ 11,866
NET ASSETS	
Invested in capital assets, net of related debt	\$ 28,553
Unrestricted	443,712
Total net assets	\$ 472,265

The accompanying notes are an integral part of the financial statements.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Enterprise Fund Workshops</u>
Operating revenues:	
Charges for services	\$ 248,740
Operating expenses:	
Current:	
Education	
Salaries	\$ 39,318
Benefits	4,032
Purchased services	153,367
Supplies and materials	23,478
Payments to other government	-
Depreciation expense	13,366
Total operating expense	\$ 233,561
Operating Income	\$ 15,179
Transfer from general fund	\$ 16,410
Change in Net Assets	\$ 31,589
Net assets - beginning	440,676
Net assets - ending	\$ 472,265

The accompanying notes are an integral part of the financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Enterprise Fund Workshops</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from workshops	\$ 253,968
Payments to suppliers and providers of goods and services	(165,329)
Payments to employees	(51,119)
Net cash provided by operating activities	<u>\$ 37,520</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from other funds	<u>\$ 16,410</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>\$ (23,929)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 30,001
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>415,195</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 445,196</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating Income	\$ 15,179
Adjustments to reconcile operating income to net cash provided in operating activities:	
Depreciation	13,366
Change in assets and liabilities:	
Decrease in other assets	5,228
Increase in accounts payable	11,516
Decrease in accrued expenses	(7,769)
Net cash provided by operating activities	<u>\$ 37,520</u>

The accompanying notes are an integral part of the financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2011**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ <u>46,514</u>
LIABILITIES	
Due to others	\$ 16,559
Due to other government and agencies	<u>29,955</u>
Total liabilities	<u>\$ 46,514</u>

The accompanying notes are an integral part of the financial statements.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rock Island County Regional Office of Education No. 49 (ROE) was created when an Educational Service Region became a Regional Office of Education on August 7, 1995. The ROE operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education encompasses Rock Island County, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the ROE and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The functions of the ROE also include, but are not limited to, the following:

- Processing teachers' certificates;
- Teaching initial and refresher classes for school bus drivers within the ROE;
- Review life/safety requirements for schools in conjunction with the State of Illinois;
- Issuing newsletters regarding new Illinois life/safety requirements;
- Monitoring compliance with State laws and Department of Education policies and procedures;
- Providing directions to teachers and school officials on science, art, and teaching methods;
- Implementing the State Board of Education's Policy Programs; and
- Encouraging camaraderie among teachers through the teachers' institute.

The ROE's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental agencies of this type.

A. Principles Used to Determine the Scope of the 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 ROE, 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.

The ROE has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the ROE's financial statements. In addition, the ROE is not aware of any entity which would exercise such oversight which would result in the ROE being considered a component unit of the entity.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the ROE. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by intergovernmental and local revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the ROE's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for any debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provision or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management that can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those 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, contributions and interest restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The ROE reports the following major governmental funds:

The General Fund is used to account for all financial resources in the Region except for those required to be accounted and reported for in other funds. The ROE's General Fund accounts include the following:

General State Aid – to account for general state aid monies.

General - to account for On-behalf payments made by the state on the ROE's behalf.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Institute Fund is used to account for the stewardship of the assets held in trust for the benefit of the ROE's teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

The Education Fund is used to account for proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs. The ROE's Education Fund accounts include the following:

Title IV – 21st Century – Primary – to account for grant monies received for, and payment of, the 21st Century program for the Primary Academy.

Title IV – 21st Century – Intermediate Academy – to account for grant monies received for, and payment of, the 21st Century program for the Intermediate Academy.

Title IV – 21st Century – Edison Junior High – to account for grant monies received for, and payment of, the 21st Century program at Edison Junior High School.

Title IV – 21st Century – John Deere Middle School – to account for grant monies received for, and payment of, the 21st Century program at John Deere Middle School.

Title IV – 21st Century – Rock Island High School – to account for grant monies received for, and payment of, the 21st Century program at Rock Island High School.

Title IV – 21st Century – Moline High School – to account for grant monies received for, and payment of, the 21st Century program at Moline High School.

Title IV – 21st Century – Washington Junior High – to account for grant monies received for, and payment of, the 21st Century program at Washington Junior High.

Early Childhood Ages 0-3 – to account for grant monies received for, and payment of, expenses of early childhood education for children ages 0-3.

Early Childhood Ages 3-5 – to account for grant monies received for, and payment of, expenses of early childhood education for children ages 3-5.

Early Childhood Pre-K - to account for grant monies received for, and payment of, expenses of early childhood education for children preparing for kindergarten.

Early Childhood Prevention Initiative – used to account for grant monies received for and expenditures incurred to, address the needs of at-risk families with children ranging from birth to 3 years of age.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Early Childhood PALS - to account for grant monies received for, and payment of, expenses incurred by accountability liaisons to monitor Preschool for All and at-risk pre-k programs.

Truants' Alt. and Optional Education – to account for grant monies received for, and payment of, expenses of the Truants' Alt. and Optional Education Program.

Title 1 – ARRA School Improvement – used to account for grant monies received to improve the lowest performing schools.

McKinney Education for Homeless Children – to account for grant monies received for, and payment of, expenses for programs for educating homeless children.

Regional System of Support Provider (RESPRO) – used to account for grant monies received for and expenditures incurred to, provide technical assistance to districts and schools in academic status.

Tyson Settlement Program – used to account for settlement monies received for, and expenses incurred to, support environmental programs.

Mathematics and Science Partnership – to account for grant monies received for, and payment of, the NIMS (Northwestern Illinois Math and Science) program.

Gifted Education – used to account for grant monies received for and expenditures incurred to provide education to teachers to help identify gifted and talented learners, provide support and address their diverse need and facilitate at least a year's achievement of growth and development.

Title 1 – ARRA Education Jobs – used to account for grant monies received to save or create early childhood, elementary and secondary education jobs to provide educational and related services.

ROE Operations Fund – to account for operating fund of the ROE.

Smaller Learning Communities Grant – to create smaller, more personalized learning environments at Moline, Rock Island and United Township high schools.

Beginning Teacher Mentoring – used to account for grant monies received for, and expenditures incurred to, support programs associated with assisting new teachers.

Department of Commerce and Economic Opportunity (DCEO) Grant – used to account for grant monies received for and expenditures incurred for the legislator-initiated projects for three local school districts.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Title I – Reading First – to account for grant monies received for, and payment of, the Title I – Reading First Program.

Technology For Success – to account for grant monies received for, and payment of, the HUB/Learning Technology Center Technology Program.

Class Room Cubed – to account for grant monies received for, and payment of, the Classroom Cubed Program.

Regional Safe Schools Program - to account for grant monies received for, and payment of, the Regional Safe Schools Program.

The Non-Major Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. The ROE's Non-Major Special Revenue Funds include the following:

General Education Development – to account for the administration of the General Educational Development Testing Program. Revenues are received from testing and diploma fees.

School Bus Driver Training – used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

The ROE's proprietary fund is the Enterprise Workshops Fund. This fund is used to account for workshops provided by the ROE.

The ROE reports fiduciary funds which are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The ROE's fiduciary funds include the following:

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. Agency Funds include the following:

Distributive – used to account for funds distributed by the Illinois State Board of Education to the ROE. The ROE is responsible for forwarding these monies to local school districts and private schools in Rock Island County.

Cafeteria Plan – used to account for funds collected through payroll deductions from participating employees. The ROE is responsible for reimbursing the cost of employees' medical expenses.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary 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 grantor have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are recognized as current revenues in the government-wide financial statements, and as deferred revenue in the governmental fund financial statements.

The ROE records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

Under the terms of grant agreements, the ROE 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 ROE's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned, then unassigned, if any.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the ROE's Enterprise Fund are charges to customers for services provided in workshops. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The ROE maintains its financial records on the cash basis. The financial statements of the ROE are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash and cash equivalents – The cash and cash equivalents balances of the ROE are valued at cost.

Capital assets – Capital assets, which include furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statements of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the ROE as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

Deferred revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unexpended grant proceeds.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Restricted net assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes.

Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions and a reconciliation of how these balances are reported.

Nonspendable Fund Balance- The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the ROE all such items are expensed at the time of purchase, so there is nothing to report for this classification.

Restricted Fund Balance- The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws, and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The ROE has several revenue sources received within different funds that also fall into these categories. The following accounts fund balances are restricted by grant agreements or contracts: RESPRO and Tyson Settlement Program. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, and School Bus Driver Training.

Committed Fund Balance- The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The ROE has nothing to report for this classification.

Assigned Fund Balance- The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. The ROE has nothing to report for this classification.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unassigned Fund Balance- The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the General, Institute, Education, and Enterprise Funds. The Funds that make up Unassigned Fund Balance are: Regional Safe Schools, Title IV 21st Century John Deere Middle School, Title IV 21st Century Washington Jr. High School, Early Childhood Ages 0-3, Early Childhood Ages 3-5, Early Childhood Pre-K, Beginning Teacher Mentoring, and Technology for Success.

The ROE does not adopt a formal budget for all revenues and expenditures of the governmental funds and is not required to do so. Certain programs administered by the ROE are subject to budget approval by the State of Illinois (ROE Operations, Regional Safe Schools Program, Mathematics and Science Partnership, Title IV – 21st Century – Intermediate Academy, Title IV – 21st Century – Edison, Title IV – 21st Century – John Deere Middle School, Technology For Success, Truants' Alt. and Optional Education, Early Childhood Ages 0-3, Early Childhood Ages 3-5, Early Childhood Pre-K, McKinney Education for Homeless Children, Beginning Teacher Mentoring, Early Childhood Prevention Initiative, Title IV – 21st Century-Primary, Title IV – 21st Century – Rock Island High School, Title IV - 21st Century – Moline High School, Title IV - 21st Century – Washington Junior High School, and Class Room Cubed Program.)

NOTE 2: CASH AND CASH EQUIVALENTS

The deposits of Rock Island County Regional Office of Education No. 49 (ROE) monies are governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2011, the carrying amount of the ROE's deposits was \$775,949 and the bank balance was \$807,471.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned. The ROE does not have a deposit policy for custodial credit risk. As of June 30, 2011, all of the ROE's deposits were covered by FDIC insurance of \$250,000 and another \$557,471 was collateralized by securities pledged by the ROE's financial institution in the ROE's name.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS - continued

Investments

The ROE does not have a formal investment policy. However, the ROE is authorized under the State of Illinois Public Funds Investment Act to invest in various financial instruments including Illinois Funds. At June 30, 2011, the ROE had investments with carrying and fair values of \$46,514 invested in the Illinois Funds Money Market Fund.

Credit Risk - At June 30, 2011, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act (30 ILCS 235). All investments are fully collateralized.

Interest Rate Risk - The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment options with a competitive rate of return on fully collateralized investments and immediate access to funds. The investment policy of the Illinois Funds Money Market Funds states that unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

Concentration of Credit Risk - Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio with the exception of cash equivalents and U. S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets is as follows:

	<u>Carrying Amount</u>
Cash and cash equivalents – Governmental Activities	\$ 330,753
Cash and cash equivalents – Business-type Activities	445,196
Total	<u>\$ 775,949</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 3: DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2011 are as follows:

	<u>Due Less Than 60 Days</u>	<u>Due Over 60 Days</u>
Education Fund – Due from ISBE		
Title IV – 21 st Century Edison Junior High	\$ 301	\$ -
Title IV – 21 st Century Primary	22,688	-
Title IV – 21 st Century John Deere Middle School	-	27,855
Title IV – 21 st Century Moline High School	32,314	-
Title IV – 21 st Century Washington High School	-	4,799
Truants' Alt. and Optional Education	63,413	-
Early Childhood Ages 0-3	22,000	7,198
Early Childhood Ages 3-5	365,573	209,904
Early Childhood Pre-K	300,000	105,956
Early Childhood Prevention Initiative	80,000	-
Early Childhood PALS	553,000	-
McKinney Education for Homeless Children	1,911	-
Regional Safe School Program	42,476	21,241
Beginning Teacher Mentoring	91,705	8,831
Title I – Reading First	-	-
Technology for Success	38,728	9,681
ROE/ISC Operations	48,313	-
Mathematics & Science Partnership	-	-
ARRA School Improvement	93,234	-
Due from state governments		
RESPRO	34,456	-
Other Nonmajor Funds – Due from local governments		
General Education Development	350	-
School Bus Driver Training	<u>384</u>	<u>-</u>
Total	<u>\$1,790,846</u>	<u>\$ 395,465</u>
Total Due from Other Governments		<u>\$2,186,311</u>

Amounts due to other governments as of June 30, 2011 are as follows:

Education Fund – Due to ISBE

 Beginning Teacher Monitoring \$ 4,009

Agency Fund - Due to various local governmental agencies

 Distributive \$29,955

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4: CAPITAL ASSETS

Governmental Activities:

Capital asset activity for the year ended June 30, 2011 is as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Furniture and equipment	\$ 336,689	\$ 34,500	\$ (8,556)	\$ 362,633
Accumulated depreciation	<u>(288,345)</u>	<u>(29,079)</u>	<u>8,556</u>	<u>(308,868)</u>
Governmental activities capital				
Assets, net	<u>\$ 48,344</u>	<u>\$ 5,421</u>	<u>\$ -</u>	<u>\$ 53,765</u>

Business-type Activities:

Capital asset activity for the year ended June 30, 2011 is as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Furniture and equipment	\$ 129,205	\$ 23,929	\$ (3,471)	\$ 149,663
Accumulated depreciation	<u>(111,215)</u>	<u>(13,366)</u>	<u>3,471</u>	<u>(121,110)</u>
Business-type activities capital				
assets, net	<u>\$ 17,990</u>	<u>\$ 10,563</u>	<u>\$ -</u>	<u>\$ 28,553</u>

Depreciation expense was charged as follows:

Governmental activities:

Instruction:

Depreciation expense \$ 29,079

Business-type activities:

Other:

Depreciation expense \$ 13,366

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5: EMPLOYEE BENEFIT PLAN

Rock Island County Regional Office of Education No. 49's (ROE's) employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Rock Island County and the ROE through grant monies on behalf of the ROE staff employees and grant coordinators.

Rock Island County is a participating member of the Illinois Municipal Retirement Fund whose coverage includes all ROE employees who:

- a. Occupy a job normally requiring 1,000 hours or more per year;
- b. Are paid on a regular payroll from Rock Island County or ROE funds;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another state created retirement system for the same service.

Employees not qualifying above are considered 'nonparticipating employees' and are covered under Social Security.

The Regional Superintendent and Assistant Regional Superintendent of the ROE are paid by the State of Illinois. Certain staff employees of the ROE's office are employed and paid by Rock Island County (other support staff and grant coordinators are paid by the ROE through grant monies). The ROE has no separate employee benefit plan.

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 report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the ROE's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 was 8.86 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.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 5: EMPLOYEE BENEFIT PLAN - continued

Annual Pension Cost. For fiscal year ending December 31, 2010, the ROE's annual pension cost of \$57,440 for the regular plan was equal to the ROE's required and actual contributions.

Three-Year Trend Information for the Regular Plan

Calendar Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/10	\$ 57,440	100%	\$ -
12/31/09	67,464	100%	-
12/31/08	78,348	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% 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 regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The employer Regular plan's overfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 101.62 percent funded. The actuarial accrued liability for benefits was \$613,528 and the actuarial value of assets was \$623,444, resulting in an overfunded actuarial accrued liability (UAAL) of \$9,916. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$648,302. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6: RETIREMENT PLANS

A. Teacher's Retirement System

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

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

- On Behalf Contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$145,644 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$183,175) and 17.08 percent (\$74,676), respectively.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6: RETIREMENT PLANS - continued

A. Teacher's Retirement System - 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 ending June 30, 2011 were \$3,473. Contributions for the years ended June 30, 2010 and June 30, 2009, were \$3,478 and \$4,608, respectively.

- Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2010 and 2009, the employer pension contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$159,763 were paid from federal and special trust funds that required employer contributions of \$38,689. For the years ended June 30, 2010 and June 30, 2009, required ROE contributions were \$22,124 and \$7,238, respectively.

- Early Retirement Option

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

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

For the years ended June 30, 2011, 2010, and 2009, the ROE made no payments in employer ERO contributions.

- Salary increases over 6 percent and excess sick leave.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6: RETIREMENT PLANS - continued

A. Teacher's Retirement System - continued

If the ROE grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the ROE 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 up to 6 percent. For the years ended June 30, 2011, 2010, and 2009, the ROE paid no employer contributions due on salary increases in excess of 6 percent.

If the ROE grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the ROE makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511). For the years ended June 30, 2011, 2010 and 2009, there were no sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011 is expected to be available in late 2011.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Website at trs.illinois.gov.

B. Teacher Health Insurance System

The ROE participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6: RETIREMENT PLANS - continued

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can only be made by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State to make a contribution to THIS.

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

- **On behalf payments to the THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to the THIS Fund from active members which were .88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$6,954, and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2010 was .84 percent of pay. State contributions on behalf of ROE employees was \$7,376. Had the Regional Office of Education No. 49 recognized revenue and expenditures for State contributions to match active member contributions during the year ended June 30, 2009, under current standards, the contribution match would have been .84 percent of pay or \$6,674.

- **Employer contributions to the THIS Fund.** The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was .66 percent during the years ended June 30, 2011, and .63 percent during the years ended June 30, 2010, and 2009. For the years ended June 30, 2011, and June 30, 2010 the ROE paid \$3,952 and \$4,373 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 7: INTEREST EARNINGS ON PUBLIC FUNDS

Revenues are partially derived from interest on deposits of the various funds under the jurisdiction of Rock Island County Regional Office of Education No. 49. A substantial portion of these interest earnings have been earned on monies which are passed through from the Illinois State Board of Education to the various school districts within the County.

Illinois Compiled Statutes require that interest earned by a public agency on investments of funds held for, but owned by, another public agency shall be credited to the public agency for which the investments is made; i.e. the owner of the funds.

At June 30, 2011, undistributed interest earnings credited to other governments and organizations are as follows:

State and Federal Aid Distributive Fund	\$ <u>29,955</u>
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Interest earnings credited to other governments and organizations are distributed in cash or in lieu of cash and are used to pay for inservice training pursuant to agreements signed by the other governments and organizations with the Regional Superintendent.

NOTE 8: ON-BEHALF PAYMENTS

The salaries and fringe benefits of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois.

The breakdown of on-behalf payments for the year ended June 30, 2011 is as follows:

Regional Superintendent salary	\$ 100,762
Regional Superintendent benefits (Includes State paid insurance)	25,602
Assistant Regional Superintendent salary	90,686
Assistant Regional Superintendent benefits (Includes State paid insurance)	8,283
County On-behalf payments	52,750
TRS On-behalf payments	145,644
THIS On-behalf payments	<u>6,954</u>
Total	\$ <u>430,681</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 9: DEFICIT FUND BALANCES

At June 30, 2011, the following funds had deficit fund balances.

Education Fund:

Title IV – 21 st Century - John Deere Middle School	\$ (27,855)
Title IV – 21 st Century - Washington Jr. High	(4,799)
Early Childhood Ages 0-3	(7,198)
Early Childhood Ages 3-5	(209,904)
Early Childhood Ages Pre-K	(105,956)
Beginning Teacher Mentoring	(8,831)
Technology for Success	(9,681)
Regional Safe Schools	(21,241)

NOTE 10: RISK MANAGEMENT

Rock Island County Regional Office of Education No. 49 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Rock Island County Regional Office of Education No. 49 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 11: NEW PRONOUNCEMENTS

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 12: DUE TO/FROM OTHER FUNDS

Funds periodically borrow from other funds to cover temporary cash shortages. These loans are usually paid in full within a few months. No interest is charged on the loans outstanding. Following is a summary of the outstanding amounts due from (to) other funds as of June 30, 2011:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Education Fund	<u>\$358,174</u>	<u>\$358,174</u>

NOTE 13: DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Rock Island County Regional Office of Education No. 49 did not recognize and disclose a liability for postemployment benefits other than pension (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in their financial statements. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

The Regional Office has continued to account for post-employment benefits other than pensions on a pay-as-you-go basis, and these financial statements therefore exclude a liability for benefits employees have currently earned that will be paid at retirement.

NOTE 14: FUND RECLASSIFICATION

During the fiscal year ended, June 30, 2011, the ROE implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and beginning fund balances to be restated. It was determined in accordance with the above statement that General State Aid funds must be reported as a General Fund and the ROE Operations Fund must be in the Education Fund. The restatement is summarized as follows:

	<u>Education Fund</u>	<u>General Fund</u>
Ending Fund Balance - June 30, 2010	\$ (668,361)	\$ (55,423)
Funds restated:		
General State Aid Fund	(16,410)	16,410
ROE Operations Fund	(55,423)	55,423
Beginning Fund Balance (Restated) - July 1, 2010	<u>\$ (740,194)</u>	<u>\$ 16,410</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 15: SUBSEQUENT EVENTS

The ROE assessed events that have occurred subsequent to June 30, 2011 through August 7, 2012, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustments to or disclosure in the financial statements.

NOTE 16: TRANSFERS

The Regional Safe Schools Fund transferred 2010 funds in the amount of \$16,410 of unspent General State Aid to the Proprietary Fund.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)(Unaudited)
 JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Percentage (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ 623,444	\$ 613,528	\$ (9,916)	101.62	\$ 648,302	0.00
12/31/2009	519,910	517,491	(2,419)	100.47	838,069	0.00
12/31/2008	421,431	433,157	11,726	97.29	847,921	1.38

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$663,374

On a market basis, the funded ratio would be 108.12%

See Accompanying Independent Auditors' Report

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49

OTHER SUPPLEMENTARY INFORMATION

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2011**

	General State Aid	General Fund	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other funds	-	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	\$ -	\$ -	\$ -
FUND BALANCES			
Restricted	\$ -	\$ -	\$ -
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	\$ -	\$ -	\$ -
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ -	\$ -

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	General State Aid	General Fund	Total
REVENUES:			
Local sources	\$ -	\$ -	\$ -
State sources	178,298	-	178,298
On-behalf payments	-	430,681	430,681
Total revenues	<u>\$ 178,298</u>	<u>\$ 430,681</u>	<u>\$ 608,979</u>
EXPENDITURES:			
Current:			
Education:			
Salaries	\$ -	\$ -	\$ -
Benefits	-	-	-
Purchased services	178,298	-	178,298
Supplies and materials	-	-	-
Payments to other governments	-	-	-
On-behalf payments	-	430,681	430,681
Capital outlay	-	-	-
Total expenditures	<u>\$ 178,298</u>	<u>\$ 430,681</u>	<u>\$ 608,979</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -
Other financing sources (uses)			
Transfers out	<u>(16,410)</u>	<u>-</u>	<u>(16,410)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (16,410)	\$ -	\$ (16,410)
FUND BALANCE, BEGINNING OF YEAR - (Restated - see note 14)	<u>16,410</u>	<u>-</u>	<u>16,410</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011

SCHEDULE 3

ASSETS	Title IV - 21st Century Primary	Title IV - 21st Century Intermediate Academy	Title IV - 21st Century Edison Jr. High	Title IV - 21st Century John Deere Middle School	Title IV - 21st Century Rock Island High School	Title IV - 21st Century Moline High School	Title IV - 21st Century Washington Jr. High
Cash and cash equivalents	\$ 7,319	\$ 21,111	\$ 12,407	\$ -	\$ 19,647	\$ 23,180	\$ 20,784
Due from other funds	-	-	-	-	-	-	-
Due from other governments	22,688	-	301	27,855	-	32,314	4,799
TOTAL ASSETS	\$ 30,007	\$ 21,111	\$ 12,708	\$ 27,855	\$ 19,647	\$ 55,494	\$ 25,583
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 19,760	\$ 19,306	\$ 12,358	\$ 26,706	\$ 13,117	\$ 6	\$ 25,583
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	1,149	-	-	-
Due to other governments	-	-	-	-	-	-	-
Deferred revenue	10,247	1,805	350	27,855	6,530	55,488	4,799
Total liabilities	\$ 30,007	\$ 21,111	\$ 12,708	\$ 55,710	\$ 19,647	\$ 55,494	\$ 30,382
FUND BALANCES							
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	(27,855)	-	-	(4,799)
Total fund balances	\$ -	\$ -	\$ -	\$ (27,855)	\$ -	\$ -	\$ (4,799)
TOTAL LIABILITIES AND FUND BALANCE	\$ 30,007	\$ 21,111	\$ 12,708	\$ 27,855	\$ 19,647	\$ 55,494	\$ 25,583

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011

SCHEDULE 3

	<u>Early Childhood Ages 0-3</u>	<u>Early Childhood Ages 3-5</u>	<u>Early Childhood Pre-K</u>	<u>Early Childhood Prevention Initiative</u>	<u>Early Childhood PALS</u>	<u>Truants' Alt. and Optional Education</u>	<u>ARRA School Improvement Grant</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 35,074	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments	29,198	575,477	405,956	80,000	553,000	63,413	93,234
TOTAL ASSETS	\$ 29,198	\$ 575,477	\$ 405,956	\$ 80,000	\$ 588,074	\$ 63,413	\$ 93,234
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ 478,123	\$ 385,616	\$ 27,604	\$ 304,496	\$ 262	\$ 2,272
Accrued expenses	164	11,333	10,415	2,942	-	5,011	-
Due to other funds	29,034	86,021	9,925	37,822	-	38,352	90,942
Due to other governments	-	-	-	-	-	-	-
Deferred revenue	7,198	209,904	105,956	11,632	283,578	19,788	20
Total liabilities	\$ 36,396	\$ 785,381	\$ 511,912	\$ 80,000	\$ 588,074	\$ 63,413	\$ 93,234
FUND BALANCES							
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	(7,198)	(209,904)	(105,956)	-	-	-	-
Total fund balances	\$ (7,198)	\$ (209,904)	\$ (105,956)	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES AND FUND BALANCE	\$ 29,198	\$ 575,477	\$ 405,956	\$ 80,000	\$ 588,074	\$ 63,413	\$ 93,234

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011**

SCHEDULE 3

ASSETS	McKinney Education for Homeless Children	RESPRO	Tyson Settlement Program	Mathematics and Science Partnership	Gifted Education	ARRA Education Jobs Program	ROE Operations Fund
Cash and cash equivalents	\$ -	\$ -	\$ 214	\$ 32,475	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments	1,911	34,456	-	-	-	-	48,313
TOTAL ASSETS	\$ 1,911	\$ 34,456	\$ 214	\$ 32,475	\$ -	\$ -	\$ 48,313
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ 536	\$ -	\$ 4,504	\$ -	\$ -	\$ 22,969
Accrued expenses	-	5,675	-	-	-	-	-
Due to other funds	1,911	336	-	-	-	-	25,344
Due to other governments	-	-	-	-	-	-	-
Deferred revenue	-	-	-	27,971	-	-	-
Total liabilities	\$ 1,911	\$ 6,547	\$ -	\$ 32,475	\$ -	\$ -	\$ 48,313
FUND BALANCES							
Restricted	\$ -	\$ 27,909	\$ 214	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	-	-	-
Total fund balances	\$ -	\$ 27,909	\$ 214	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,911	\$ 34,456	\$ 214	\$ 32,475	\$ -	\$ -	\$ 48,313

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011

SCHEDULE 3

ASSETS	Smaller Learning Communities Grant	Beginning Teacher Mentoring	DCEO	Title I - Reading First	Technology for Success	Class Room Cubed	Regional Safe Schools Program	Total
Cash and cash equivalents	\$ -	\$ 10,209	\$ -	\$ -	\$ -	\$ 24,550	\$ 16,132	\$ 223,102
Due from other funds	-	-	-	-	-	358,174	-	358,174
Due from other governments	-	100,536	-	-	48,409	-	63,717	2,185,577
TOTAL ASSETS	\$ -	\$ 110,745	\$ -	\$ -	\$ 48,409	\$ 382,724	\$ 79,849	\$ 2,766,853
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ -	\$ 106,736	\$ -	\$ -	\$ 11,071	\$ 44	\$ 79,849	\$ 1,540,918
Accrued expenses	-	-	-	-	-	-	-	35,540
Due to other funds	-	-	-	-	37,338	-	-	358,174
Due to other governments	-	4,009	-	-	-	-	-	4,009
Deferred revenue	-	8,831	-	-	9,681	382,680	21,241	1,195,554
Total liabilities	\$ -	\$ 119,576	\$ -	\$ -	\$ 58,090	\$ 382,724	\$ 101,090	\$ 3,134,195
FUND BALANCES								
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,123
Unassigned	-	(8,831)	-	-	(9,681)	-	(21,241)	(395,465)
Total fund balances	\$ -	\$ (8,831)	\$ -	\$ -	\$ (9,681)	\$ -	\$ (21,241)	\$ (367,342)
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 110,745	\$ -	\$ -	\$ 48,409	\$ 382,724	\$ 79,849	\$ 2,766,853

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 4

	<u>Title IV - 21st Century Primary</u>	<u>Title IV - 21st Century Intermediate Academy</u>	<u>Title IV - 21st Century Edison Jr. High</u>	<u>Title IV - 21st Century John Deere Middle School</u>	<u>Title IV - 21st Century Rock Island High School</u>	<u>Title IV - 21st Century Moline High School</u>	<u>Title IV - 21st Century Washington Jr. High</u>
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	172,441	142,271	110,076	97,915	133,805	161,547	134,161
Total revenues	<u>\$ 172,441</u>	<u>\$ 142,271</u>	<u>\$ 110,076</u>	<u>\$ 97,915</u>	<u>\$ 133,805</u>	<u>\$ 161,547</u>	<u>\$ 134,161</u>
EXPENDITURES:							
Current:							
Education:							
Salaries	\$ 12,364	\$ 12,301	\$ 11,747	\$ 11,251	\$ 10,828	\$ 13,356	\$ 12,200
Benefits	3,268	2,293	2,860	2,941	2,791	3,802	2,969
Purchased services	131,955	126,421	95,029	108,620	120,575	143,189	123,622
Supplies and materials	960	1,256	440	2,958	(389)	1,200	169
Payments to other governments	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total expenditures	<u>\$ 148,547</u>	<u>\$ 142,271</u>	<u>\$ 110,076</u>	<u>\$ 125,770</u>	<u>\$ 133,805</u>	<u>\$ 161,547</u>	<u>\$ 138,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 23,894	\$ -	\$ -	\$ (27,855)	\$ -	\$ -	\$ (4,799)
FUND BALANCE, BEGINNING OF YEAR - (Restated - See note 14)	<u>(23,894)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,855)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,799)</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 4

	<u>Early Childhood Ages 0-3</u>	<u>Early Childhood Ages 3-5</u>	<u>Early Childhood Pre-K</u>	<u>Early Childhood Prevention Initiative</u>	<u>Early Childhood PALS</u>	<u>Truants' Alt. and Optional Education</u>	<u>ARRA School Improvement Grant</u>
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	38,963	991,146	724,800	155,368	409,422	68,570	-
Federal sources	-	-	-	-	-	-	119,980
Total revenues	<u>\$ 38,963</u>	<u>\$ 991,146</u>	<u>\$ 724,800</u>	<u>\$ 155,368</u>	<u>\$ 409,422</u>	<u>\$ 68,570</u>	<u>\$ 119,980</u>
EXPENDITURES:							
Current:							
Education:							
Salaries	\$ 23,220	\$ 311,796	\$ 248,796	\$ 45,620	\$ 5,227	\$ 35,067	\$ 74,172
Benefits	2,748	20,362	15,857	6,858	853	4,925	15,941
Purchased services	4,720	535,365	438,209	50,164	400,752	3,477	29,130
Supplies and materials	1,656	7,954	3,094	726	1,326	156	737
Payments to other governments	-	-	-	-	-	-	-
Capital Outlay	1,854	-	-	-	1,264	-	-
Total expenditures	<u>\$ 34,198</u>	<u>\$ 875,477</u>	<u>\$ 705,956</u>	<u>\$ 103,368</u>	<u>\$ 409,422</u>	<u>\$ 43,625</u>	<u>\$ 119,980</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 4,765	\$ 115,669	\$ 18,844	\$ 52,000	\$ -	\$ 24,945	\$ -
FUND BALANCE, BEGINNING OF YEAR - (Restated - See note 14)	<u>(11,963)</u>	<u>(325,573)</u>	<u>(124,800)</u>	<u>(52,000)</u>	<u>-</u>	<u>(24,945)</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (7,198)</u>	<u>\$ (209,904)</u>	<u>\$ (105,956)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 4

	McKinney Education for Homeless Children	RESPRO	Tyson Settlement Program	Mathematics and Science Partnership	Gifted Education	ARRA Education Jobs Program	ROE Operations Fund
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	28,602	-	167,736
Federal sources	8,413	172,944	-	466,692	-	16,234	-
Total revenues	<u>\$ 8,413</u>	<u>\$ 172,944</u>	<u>\$ -</u>	<u>\$ 466,692</u>	<u>\$ 28,602</u>	<u>\$ 16,234</u>	<u>\$ 167,736</u>
EXPENDITURES:							
Current:							
Education:							
Salaries	\$ 9,172	\$ 58,075	\$ -	\$ 92,592	\$ -	\$ 13,965	\$ 68,286
Benefits	1,657	6,641	-	21,891	-	2,269	10,634
Purchased services	665	107,793	1	171,339	25,430	-	8,416
Supplies and materials	(3,081)	9,010	-	154,101	3,172	-	2,008
Payments to other governments	-	-	-	-	-	-	22,969
Capital Outlay	-	-	-	26,769	-	-	-
Total expenditures	<u>\$ 8,413</u>	<u>\$ 181,519</u>	<u>\$ 1</u>	<u>\$ 466,692</u>	<u>\$ 28,602</u>	<u>\$ 16,234</u>	<u>\$ 112,313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ (8,575)	\$ (1)	\$ -	\$ -	\$ -	\$ 55,423
FUND BALANCE, BEGINNING OF YEAR - (Restated - See note 14)	-	36,484	215	-	-	-	(55,423)
FUND BALANCE, END OF YEAR	\$ -	\$ 27,909	\$ 214	\$ -	\$ -	\$ -	\$ -

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 4

	Smaller Learning Communities Grant	Beginning Teacher Mentoring	DCEO	Title I - Reading First	Technology for Success	Class Room Cubed	Regional Safe Schools Program	Total
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	299,042	-	-	96,289	617,320	167,548	3,764,806
Federal sources	232,777	-	-	8,608	-	-	-	1,977,864
Total revenues	<u>\$ 232,777</u>	<u>\$ 299,042</u>	<u>\$ -</u>	<u>\$ 8,608</u>	<u>\$ 96,289</u>	<u>\$ 617,320</u>	<u>\$ 167,548</u>	<u>\$ 5,742,670</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	\$ -	\$ 30,554	\$ -	\$ 360	\$ 56,812	\$ 54,297	\$ 27,757	\$ 1,239,815
Benefits	-	831	-	58	9,268	8,875	4,500	155,092
Purchased services	232,777	193,795	-	6,008	20,241	538,452	84,555	3,700,700
Supplies and materials	-	4,020	-	2,182	816	11,083	-	205,554
Payments to other governments	-	-	11,188	-	-	-	-	34,157
Capital Outlay	-	-	-	-	-	4,613	-	34,500
Total expenditures	<u>\$ 232,777</u>	<u>\$ 229,200</u>	<u>\$ 11,188</u>	<u>\$ 8,608</u>	<u>\$ 87,137</u>	<u>\$ 617,320</u>	<u>\$ 116,812</u>	<u>\$ 5,369,818</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ 69,842	\$ (11,188)	\$ -	\$ 9,152	\$ -	\$ 50,736	\$ 372,852
FUND BALANCE, BEGINNING OF YEAR - (Restated - See note 14)	-	(78,673)	11,188	-	(18,833)	-	(71,977)	(740,194)
FUND BALANCE, END OF YEAR	\$ -	\$ (8,831)	\$ -	\$ -	\$ (9,681)	\$ -	\$ (21,241)	\$ (367,342)

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 5

	Regional Safe Schools Program			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	116,812	116,812	167,548	50,736
On-behalf payments	-	-	-	-
Total revenues	116,812	116,812	\$ 167,548	\$ 50,736
EXPENDITURES:				
Current:				
Education:				
Salaries	\$ 28,905	\$ 28,905	\$ 27,757	\$ 1,148
Benefits	4,274	4,274	4,500	(226)
Purchased services	83,462	83,462	84,555	(1,093)
Supplies and materials	171	171	-	171
Payments to other governments	-	-	-	-
Transfers to other funds	-	-	-	-
On-behalf payments	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	\$ 116,812	\$ 116,812	\$ 116,812	\$ -
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 50,736	\$ 50,736
FUND BALANCE, BEGINNING OF YEAR			(71,977)	
FUND BALANCE, END OF YEAR			\$ (21,241)	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 5

	<u>Mathematics and Science Partnership</u>				<u>Title IV - 21st Century Intermediate Academy</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	336,134	336,134	466,692	130,558	132,300	132,300	142,271	9,971
Total revenues	\$ 336,134	\$ 336,134	\$ 466,692	\$ 130,558	\$ 132,300	\$ 132,300	\$ 142,271	\$ 9,971
EXPENDITURES:								
Current:								
Education:								
Salaries	\$ 76,800	\$ 87,300	\$ 92,592	\$ (5,292)	\$ 11,321	\$ 11,321	\$ 12,301	\$ (980)
Benefits	17,630	19,919	21,891	(1,972)	2,785	2,785	2,293	492
Purchased services	159,490	144,451	171,339	(26,888)	116,600	116,600	126,421	(9,821)
Supplies and materials	55,714	70,985	154,101	(83,116)	1,594	1,594	1,256	338
Capital outlay	26,500	13,479	26,769	(13,290)	-	-	-	-
Total expenditures	\$ 336,134	\$ 336,134	\$ 466,692	\$ (130,558)	\$ 132,300	\$ 132,300	\$ 142,271	\$ (9,971)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 5

	Title IV - 21st Century - Edison				Title IV - 21st Century John Deere Middle School			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	122,000	122,000	110,076	(11,924)	125,000	125,000	97,915	(27,085)
Total revenues	\$ 122,000	\$ 122,000	\$ 110,076	\$ (11,924)	\$ 125,000	\$ 125,000	\$ 97,915	\$ (27,085)
EXPENDITURES:								
Current:								
Education:								
Salaries	\$ 10,916	\$ 10,916	\$ 11,747	\$ (831)	\$ 11,034	\$ 11,034	\$ 11,251	\$ (217)
Benefits	2,675	2,675	2,860	(185)	2,707	2,707	2,941	(234)
Purchased services	107,300	107,300	95,029	12,271	109,300	109,300	108,620	680
Supplies and materials	1,109	1,109	440	669	1,959	1,959	2,958	(999)
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	\$ 122,000	\$ 122,000	\$ 110,076	\$ 11,924	\$ 125,000	\$ 125,000	\$ 125,770	\$ (770)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,855)	\$ (27,855)
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE, END OF YEAR			\$ -				\$ (27,855)	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 5

	Technology For Success			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
State sources	\$ 87,137	\$ 87,137	\$ 96,289	\$ 9,152
Federal sources	-	-	-	-
Total revenues	\$ 87,137	\$ 87,137	\$ 96,289	\$ 9,152
EXPENDITURES:				
Current:				
Education:				
Salaries	\$ 57,829	\$ 57,829	\$ 56,812	\$ 1,017
Benefits	9,211	9,211	9,268	(57)
Purchased services	19,097	19,097	20,241	(1,144)
Supplies and materials	1,000	1,000	816	184
Transfer to other funds	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	\$ 87,137	\$ 87,137	\$ 87,137	\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ 9,152	\$ 9,152
FUND BALANCE, BEGINNING OF YEAR			(18,833)	
FUND BALANCE, END OF YEAR			\$ (9,681)	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 5

	<u>Truants' Alt. and Optional Education</u>				<u>Early Childhood Ages 0-3</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
State sources	\$ 66,750	\$ 66,750	\$ 68,570	\$ 1,820	\$ 48,963	\$ 48,963	\$ 38,963	\$ (10,000)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 66,750</u>	<u>\$ 66,750</u>	<u>\$ 68,570</u>	<u>\$ 1,820</u>	<u>\$ 48,963</u>	<u>\$ 48,963</u>	<u>\$ 38,963</u>	<u>\$ (10,000)</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	\$ 54,646	\$ 54,646	\$ 35,067	\$ 19,579	\$ 29,134	\$ 24,134	\$ 23,220	\$ 914
Benefits	9,244	9,244	4,925	4,319	3,687	2,886	2,748	138
Purchased services	2,706	2,706	3,477	(771)	10,510	8,510	4,720	3,790
Supplies and materials	154	154	156	(2)	3,732	11,533	1,656	9,877
Capital outlay	-	-	-	-	1,900	1,900	1,854	46
Total expenditures	<u>\$ 66,750</u>	<u>\$ 66,750</u>	<u>\$ 43,625</u>	<u>\$ 23,125</u>	<u>\$ 48,963</u>	<u>\$ 48,963</u>	<u>\$ 34,198</u>	<u>\$ 14,765</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,945</u>	<u>\$ 24,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,765</u>	<u>\$ 4,765</u>
FUND BALANCE, BEGINNING OF YEAR			(24,945)				(11,963)	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ (7,198)</u>	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 5

	<u>Early Childhood Ages 3-5</u>				<u>Early Childhood Pre-K</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
State sources	\$ 1,025,573	\$ 1,025,573	\$ 991,146	\$ (34,427)	\$ 874,800	\$ 874,800	\$ 724,800	\$ (150,000)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 1,025,573</u>	<u>\$ 1,025,573</u>	<u>\$ 991,146</u>	<u>\$ (34,427)</u>	<u>\$ 874,800</u>	<u>\$ 874,800</u>	<u>\$ 724,800</u>	<u>\$ (150,000)</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	\$ 374,153	\$ 370,649	\$ 311,796	\$ 58,853	\$ 369,371	\$ 335,138	\$ 248,796	\$ 86,342
Benefits	24,181	23,299	20,362	2,937	24,719	22,556	15,857	6,699
Purchased services	614,192	618,578	535,365	83,213	475,153	507,522	438,209	69,313
Supplies and materials	13,047	13,047	7,954	5,093	5,557	9,584	3,094	6,490
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 1,025,573</u>	<u>\$ 1,025,573</u>	<u>\$ 875,477</u>	<u>\$ 150,096</u>	<u>\$ 874,800</u>	<u>\$ 874,800</u>	<u>\$ 705,956</u>	<u>\$ 168,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,669</u>	<u>\$ 115,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,844</u>	<u>\$ 18,844</u>
FUND BALANCE, BEGINNING OF YEAR			<u>(325,573)</u>				<u>(124,800)</u>	
FUND BALANCE, END OF YEAR			<u>\$ (209,904)</u>				<u>\$ (105,956)</u>	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 5

	McKinney Education for Homeless Children			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	7,642	7,642	8,413	771
Total revenues	\$ 7,642	\$ 7,642	\$ 8,413	\$ 771
EXPENDITURES:				
Current:				
Education:				
Salaries	\$ 5,894	\$ 5,894	\$ 9,172	\$ (3,278)
Benefits	935	935	1,657	(722)
Purchased services	665	665	665	-
Supplies and materials	148	148	(3,081)	3,229
Capital outlay	-	-	-	-
Total expenditures	\$ 7,642	\$ 7,642	\$ 8,413	\$ (771)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			\$ -	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 5

	<u>Beginning Teacher Mentoring</u>				<u>Early Childhood Prevention Initiative</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	192,120	192,120	299,042	106,922	180,000	180,000	155,368	(24,632)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	\$ 192,120	\$ 192,120	\$ 299,042	\$ 106,922	\$ 180,000	\$ 180,000	\$ 155,368	\$ (24,632)
EXPENDITURES:								
Current:								
Education:								
Salaries	\$ 19,296	\$ 30,016	\$ 30,554	\$ (538)	\$ 86,243	\$ 68,006	\$ 45,620	\$ 22,386
Benefits	639	993	831	162	14,240	11,230	6,858	4,372
Purchased services	172,185	161,111	193,795	(32,684)	74,517	93,764	50,164	43,600
Supplies and materials	-	-	4,020	(4,020)	5,000	7,000	726	6,274
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	\$ 192,120	\$ 192,120	\$ 229,200	\$ (37,080)	\$ 180,000	\$ 180,000	\$ 103,368	\$ 76,632
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ 69,842	\$ 69,842	\$ -	\$ -	\$ 52,000	\$ 52,000
FUND BALANCE, BEGINNING OF YEAR			(78,673)				(52,000)	
FUND BALANCE, END OF YEAR			\$ (8,831)				\$ -	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 5

	Title IV - 21st Century Primary			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	150,000	150,000	172,441	22,441
Total revenues	<u>\$ 150,000</u>	<u>150,000</u>	<u>\$ 172,441</u>	<u>\$ 22,441</u>
EXPENDITURES:				
Current:				
Education:				
Salaries	\$ 12,095	\$ 12,095	\$ 12,364	\$ (269)
Benefits	2,896	2,896	3,268	(372)
Purchased services	134,300	134,300	131,955	2,345
Supplies and materials	709	709	960	(251)
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 148,547</u>	<u>\$ 1,453</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,894</u>	<u>\$ 23,894</u>
FUND BALANCE, BEGINNING OF YEAR			<u>(23,894)</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 5

	Title IV - 21st Century Rock Island High School				Title IV - 21st Century Moline High School			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	118,050	118,050	133,805	15,755	150,000	150,000	161,547	11,547
Total revenues	\$ 118,050	\$ 118,050	\$ 133,805	\$ 15,755	\$ 150,000	\$ 150,000	\$ 161,547	\$ 11,547
EXPENDITURES:								
Current:								
Education:								
Salaries	\$ 10,621	\$ 10,621	\$ 10,828	\$ (207)	\$ 12,016	\$ 12,016	\$ 13,356	\$ (1,340)
Benefits	2,773	2,773	2,791	(18)	2,975	2,975	3,802	(827)
Purchased services	103,850	103,850	120,575	(16,725)	134,300	134,300	143,189	(8,889)
Supplies and materials	806	806	(389)	1,195	709	709	1,200	(491)
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	\$ 118,050	\$ 118,050	\$ 133,805	\$ (15,755)	\$ 150,000	\$ 150,000	\$ 161,547	\$ (11,547)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE, END OF YEAR			\$ -				\$ -	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 5

Title IV - 21st Century Washington Junior High School				
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	150,000	150,000	134,161	(15,839)
Total revenues	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 134,161</u>	<u>\$ (15,839)</u>
EXPENDITURES:				
Current:				
Education:				
Salaries	\$ 12,016	\$ 12,016	\$ 12,200	\$ (184)
Benefits	2,975	2,975	2,969	6
Purchased services	134,300	134,300	123,622	10,678
Supplies and materials	709	709	169	540
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 138,960</u>	<u>\$ 11,040</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,799)</u>	<u>\$ (4,799)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ (4,799)</u>	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE 5

	Class Room Cubed			Variance with Final Budget
	Budgeted Amounts		Actual	
	Original	Final	Amounts	
REVENUES:				
State sources	\$ 1,000,000	\$ 1,000,000	\$ 617,320	\$ (382,680)
Federal sources	-	-	-	-
Total revenues	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 617,320</u>	<u>\$ (382,680)</u>
EXPENDITURES:				
Current:				
Education:				
Salaries	\$ 96,475	\$ 96,475	\$ 54,297	\$ 42,178
Benefits	17,025	17,025	8,875	8,150
Purchased services	805,500	792,850	538,452	254,398
Supplies and materials	75,000	75,000	11,083	63,917
Capital outlay	6,000	18,650	4,613	14,037
Total expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 617,320</u>	<u>\$ 382,680</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2011**

SCHEDULE 5

	ROE Operations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	112,313	112,313	167,736	55,423
Total revenues	\$ 112,313	\$ 112,313	\$ 167,736	\$ 55,423
EXPENDITURES:				
Current:				
Education:				
Salaries	\$ 66,726	\$ 62,726	\$ 68,286	\$ (5,560)
Benefits	2,783	10,189	10,634	(445)
Purchased services	37,919	35,013	8,416	26,597
Supplies and materials	4,885	4,385	2,008	2,377
Capital outlay	-	-	-	-
Payments to other governments	-	-	22,969	(22,969)
Total expenditures	\$ 112,313	\$ 112,313	\$ 112,313	-
NET CHANGE IN FUND BALANCE			\$ 55,423	
FUND BALANCE, BEGINNING OF YEAR			(55,423)	
FUND BALANCE, END OF YEAR			\$ -	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

SCHEDULE 6

	<u>General Education Development</u>	<u>School Bus Driver Training</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 28,307	\$ 1,303	\$ 29,610
Due from other governments	350	384	734
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 28,657	\$ 1,687	\$ 30,344
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 287	\$ -	\$ 287
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Restricted	\$ 28,370	\$ 1,687	\$ 30,057
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	\$ 28,370	\$ 1,687	\$ 30,057
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,657	\$ 1,687	\$ 30,344
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED 30, 2011**

SCHEDULE 7

	<u>General Education Development</u>	<u>School Bus Driver Training</u>	<u>Total</u>
REVENUES:			
Local sources	\$ 14,999	\$ 1,512	\$ 16,511
State sources	-	802	802
Other sources	-	-	-
Total revenues	<u>\$ 14,999</u>	<u>\$ 2,314</u>	<u>\$ 17,313</u>
EXPENDITURES:			
Current:			
Education:			
Salaries	\$ -	\$ -	\$ -
Benefits	-	-	-
Purchased services	11,597	2,432	14,029
Supplies and materials	-	-	-
Capital Outlay	-	-	-
Total expenditures	<u>\$ 11,597</u>	<u>\$ 2,432</u>	<u>\$ 14,029</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 3,402	\$ (118)	\$ 3,284
FUND BALANCE, BEGINNING OF YEAR	<u>24,968</u>	<u>1,805</u>	<u>26,773</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,370</u>	<u>\$ 1,687</u>	<u>\$ 30,057</u>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2011**

	<u>Distributive</u>	<u>Cafeteria Plan</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 29,955</u>	<u>\$ 16,559</u>	<u>\$ 46,514</u>
LIABILITIES			
Due to others	\$ -	\$ 16,559	\$ 16,559
Due to other governments and agencies	<u>29,955</u>	<u>-</u>	<u>29,955</u>
TOTAL LIABILITIES	<u>\$ 29,955</u>	<u>\$ 16,559</u>	<u>\$ 46,514</u>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	<u>\$ 29,909</u>	<u>\$ 3,712,115</u>	<u>\$ 3,712,069</u>	<u>\$ 29,955</u>
LIABILITIES				
Due to other governments and agencies	<u>\$ 29,909</u>	<u>\$ 3,712,115</u>	<u>\$ 3,712,069</u>	<u>\$ 29,955</u>
 CAFETERIA PLAN				
ASSETS				
Cash and cash equivalents	<u>\$ 13,195</u>	<u>\$ 28,768</u>	<u>\$ 25,404</u>	<u>\$ 16,559</u>
LIABILITIES				
Due to others	<u>\$ 13,195</u>	<u>\$ 28,768</u>	<u>\$ 25,404</u>	<u>\$ 16,559</u>
 TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	<u>\$ 43,104</u>	<u>\$3,740,883</u>	<u>\$3,737,473</u>	<u>\$ 46,514</u>
LIABILITIES				
Due to others	<u>\$ 13,195</u>	<u>\$ 28,768</u>	<u>\$ 25,404</u>	<u>\$ 16,559</u>
Due to other governments and agencies	<u>29,909</u>	<u>3,712,115</u>	<u>3,712,069</u>	<u>29,955</u>
TOTAL LIABILITIES	<u><u>\$ 43,104</u></u>	<u><u>\$ 3,740,883</u></u>	<u><u>\$ 3,737,473</u></u>	<u><u>\$ 46,514</u></u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49

FEDERAL COMPLIANCE SECTION

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Project #	Expenditures 7/1/2010 - 6/30/2011
U.S. Department of Education: Smaller Learning Communities	84.215L	S215L052084	\$ <u>232,777</u>
U.S. Department of Education passed through Illinois State Board of Education:			
Title IV - 21st Century (Intermediate Academy) M	84.287	10-4421-08	\$ 25,487
Title IV - 21st Century (Intermediate Academy) M	84.287	11-4421-08	116,784
Title IV - 21st Century (Edison) M	84.287	10-4421-05	755
Title IV - 21st Century (Edison) M	84.287	11-4421-05	109,321
Title IV - 21st Century (John Deere Middle School) M	84.287	10-4421-09	770
Title IV - 21st Century (John Deere Middle School) M	84.287	11-4421-09	125,000
Title IV - 21st Century (Washington Junior High) M	84.287	10-4421-02	426
Title IV - 21st Century (Washington Junior High) M	84.287	11-4421-02	138,534
Title IV - 21st Century (Moline High School) M	84.287	10-4421-03	90,208
Title IV - 21st Century (Moline High School) M	84.287	11-4421-03	71,339
Title IV - 21st Century (Rock Island High School) M	84.287	10-4421-04	40,679
Title IV - 21st Century (Rock Island High School) M	84.287	11-4421-04	93,126
Title IV - 21st Century (Primary Improvement) M	84.287	10-4421-01	16,106
Title IV - 21st Century (Primary Improvement) M	84.287	11-4421-01	132,441
Total Title IV-21st Century			<u>\$ 960,976</u>
Title I - Reading First Part B SEA Funds	84.357	10-4337-00	<u>\$ 8,608</u>
ARRA - Title I - School Improvement	84.389	11-4854-00	\$ 119,980
ARRA - Education Jobs Fund Program	84.410	11-4880-93	16,234
State Fiscal Stabilization Fund Cluster			<u>\$ 136,214</u>
Mathematics and Science Partnership M	84.366	10-4936-00	\$ 84,773
Mathematics and Science Partnership M	84.366	10-4936-10	161,186
Mathematics and Science Partnership M	84.366	11-4936-00	88,023
Mathematics and Science Partnership M	84.366	11-4936-10	132,710
Total Mathematics and Science Partnership			<u>\$ 466,692</u>
Total passed through Illinois State Board of Education			<u>\$ 1,572,490</u>
U.S. Dept. of Education passed through Lee/Ogle Regional Office of Education #47:			
McKinney Education for Homeless Children	84.196	10-4920-00	\$ 771
McKinney Education for Homeless Children	84.196	11-4920-00	7,642
			<u>\$ 8,413</u>
U.S. Dept. of Education passed through Illinois State Board of Education and Boone/Winnebago Regional Office of Education #04:			
Regional System of Support Provider (RESPRO)	84.010A	11-4331-SS	<u>\$ 181,519</u>
Total expenditures of federal awards			<u>\$ 1,995,199</u>

The accompanying notes are an integral part of this schedule.

M Program was audited as a major program

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Rock Island County Regional Office of Education No. 49 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. DESCRIPTIONS OF FEDERAL PROGRAMS AUDITED AS A MAJOR PROGRAM

The major federal programs of the Rock Island County Regional Office of Education No. 49 are the Title IV – 21st Century (CFDA # 84.287), and Mathematics and Science Partnership (CFDA #84.366). These funds are used to finance after school activities (Title IV – 21st Century) and to assist in mathematics and science education (Mathematics and Science Partnership).

3. SUBRECIPIENTS

None.

4. NON-CASH ASSISTANCE

There was no non-cash assistance in the current year.

5. INSURANCE

The Rock Island County Regional Office of Education No. 49 did not receive any Federal awards involving insurance with continuing compliance requirements.

6. LOANS AND LOAN GUARANTEES

The Rock Island County Regional Office of Education No. 49 did not receive any Federal awards involving loans or loan guarantees with continuing compliance requirements.