

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, 2013

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  
(July 1, 2012 to present)

Assistant Regional Superintendent

Mr. Joseph Vermeire (Interim/Part-Time)  
(July 1, 2012 to November 15, 2012)

Mr. Terry Spranger (Interim/Part-Time)  
(November 16, 2012 to February 15, 2013)

Mr. Clayton Naylor (Interim/Part -Time)  
(February 16, 2013 to June 30, 2013)

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	2
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>			
2013-001	15	Controls over Financial Statement Preparation	Material Weakness
2013-002	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			

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 27, 2013. Attending were Tammy Muerhoff, Regional Superintendent, and Michael Remmele, auditor. Responses to the recommendations were provided by Tammy Muerhoff on December 19, 2013.

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 AUDITORS' REPORT**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rock Island County Regional Office of Education No. 49 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Rock Island County Regional Office of Education No. 49's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Basis for Qualified Opinion**

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.

**Opinions**

In our opinion, except for the effects of not recognizing a liability for postemployment benefits other than pensions in the Statement of Net Position 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 23 through 35 and page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the "Basis for Qualified Opinion" paragraph, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2014 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* in considering Rock Island County Regional Office of Education No. 49's internal control over financial reporting and compliance.

*GINOLI & COMPANY LTD*

GINOLI & COMPANY LTD  
Certified Public Accountants

Peoria, Illinois  
May 7, 2014



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rock Island County Regional Office of Education No. 49, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Rock Island County Regional Office of Education No. 49's basic financial statements, and have issued our report there on dated May 7, 2014. 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

In planning and performing our audit of the financial statements, we considered the Rock Island County Regional Office of Education No. 49's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the effectiveness of Rock Island County Regional Office of Education No. 49's internal control. Accordingly, we do not express an opinion on the effectiveness of Rock Island County Regional Office of Education No. 49's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that are not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 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*.

Regional Office of Education No. 49's Responses to Findings

Rock Island County Regional Office of Education No. 49's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Rock Island County Regional Office of Education No. 49's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rock Island County Regional Office of Education No. 49's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rock Island County Regional Office of Education No. 49's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*GINOLI & COMPANY LTD*

GINOLI & COMPANY LTD  
Certified Public Accountants

Peoria, Illinois  
May 7, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Rock Island County Regional Office of Education No. 49's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Rock Island County Regional Office of Education No. 49's compliance.

Opinion on Each Major Federal Program

In our opinion, the Rock Island County Regional Office of Education No. 49 complied, in all material respects, with the types of 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, 2013.

Report on 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Rock Island County Regional Office of Education No. 49's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*GINOLI & COMPANY LTD*

GINOLI & COMPANY LTD  
Certified Public Accountants

Peoria, Illinois  
May 7, 2014

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

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Section I -- Summary of Auditor's Results

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**Financial Statements**

Type of auditor's report issued: qualified

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: unmodified

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, 2013  
(CONTINUED)

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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
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84.287	Title IV - 21st Century
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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, 2013

**FINDING NO. 2013-001 - Controls Over Financial Statement Preparation (Repeat of prior years findings: 12-1, 11-1, 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). Rock Island County Regional Office of Education No. 49's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

*Condition:*

The Regional Office of Education No. 49 does not have sufficient internal controls over the financial reporting process. The Rock Island County Regional Office of Education No. 49 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Rock Island County Regional Office of Education No. 49 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.

During review of the Regional Office of Education No. 49's financial information prepared by the Regional Office of Education No. 49, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, and unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, not all entries were provided to reconcile the Regional Office of Education No. 49's grant activity, such as posting grant receivables, unearned revenue, and other accrual entries.

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, 2013

**FINDING NO. 2013-001 - Controls Over Financial Statement Preparation (Repeat of prior years findings: 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)**

*Effect:*

The Regional Office of Education No. 49's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

*Cause:*

According to the Rock Island County Regional Office of Education No. 49's officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

*Auditors' Recommendation:*

As part of internal control over the preparation of financial statements, the Regional Office of Education No. 49 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of applicable generally accepted accounting principles (GAAP), 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 form of 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. There will be continued oversight, direct review, and contact of the financial statements of the Rock Island County Regional Office of Education. Opportunities to review and provide additional oversight will be pursued to ensure the utmost level of 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, 2013

**FINDING NO. 2013-002 - Departure from Generally Accepted Accounting Principles  
(Repeat of prior years findings: 12-2, 11-2 and 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, 2013.

*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, there is inadequate funding for the required actuarial services needed to be in compliance with the GASB Pronouncement. This 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, 2013

**FINDING NO. 2013-002 - Departure from Generally Accepted Accounting Principles  
(Repeat of prior years findings: 12-2, 11-2 and 10-2)**

*Recommendation:*

We recommend the ROE No. 49 obtain 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 adequately by the State of Illinois to perform an actuarial valuation check of retirement costs. An actuarial valuation will continue to be researched as funds become available by the Rock Island County Regional Office of Education.

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, 2013

None for the year ended June 30, 2013.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013

**Finding No. 2013-001 – Controls Over Financial Statement Preparation (Repeat of prior years findings: 12-1, 11-1, 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 Rock Island County Regional Office of Education No. 49 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Rock Island County Regional Office of Education No. 49 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.

During review of the Regional Office of Education No. 49's financial information prepared by the Regional Office of Education No. 49, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, and unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, not all entries were provided to reconcile the Regional Office of Education No. 49's grant activity, such as posting grant receivables, unearned revenue, and other accrual entries.

**Corrective Action Plan:**

The Rock Island County Regional Office of Education has six positions which have some form of 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. There will be continued oversight, direct review, and contact of the financial statements of the Rock Island County Regional Office of Education. Opportunities to review and provide additional oversight will be pursued to ensure the utmost level of 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, 2013

**Finding No. 2013-002 – Departure from Generally Accepted Accounting Principles  
(Repeat of prior years findings: 12-2, 11-2 and 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, 2013.

**Corrective Action Plan:**

The Rock Island County Regional Office of Education is not currently funded adequately by the State of Illinois to perform an actuarial valuation check of retirement costs. An actuarial valuation will continue to be researched as funds become available by the Rock Island County Regional Office of Education.

**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, 2013

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
12-1	Controls over financial statement preparation	Repeated 2013-001
12-2	Departure from Generally Accepted Accounting Principles	Repeated 2013-002

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, 2013

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, 2013. We encourage readers to consider this information in conjunction with Rock Island County Regional Office of Education No. 49's financial statements, which follow.

**2013 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$571,882 in fiscal year 2012 to \$590,238 in fiscal year 2013. General Fund expenditures increased from \$571,882 in fiscal year 2012 to \$590,238 in fiscal year 2013. The increase in revenues and expenditures is due to an increase in General State Aid funding.
- Institute Fund revenues decreased from \$59,633 in fiscal year 2012 to \$49,693 in fiscal year 2013, a 17% decrease from 2012. This decrease is due to a decrease in application and registration fee income. Expenditures in the Institute Fund increased from \$24,330 in fiscal year 2012 to \$59,758 in fiscal year 2013. The increase in expenditures was primarily due to the salary of the Certification Specialist being paid out of the Institute fund in 2013 but was not in 2012.
- Education Fund revenues decreased from \$4,597,365 in fiscal year 2012 to \$3,969,798 in fiscal year 2013. Expenditures also decreased from \$4,350,554 in fiscal year 2012 to \$3,882,903 in fiscal year 2013. The decrease in revenues is primarily due to the timing of grant monies received for fiscal year 2012 and 2013 as well as decreased grant funding allocations for FY13.
- Enterprise Workshop Fund revenues increased 44% from \$241,330 in fiscal year 2012 to \$348,710 in fiscal year 2013. Enterprise Workshop Fund expenditures increased 23% from \$263,943 in fiscal year 2012 to \$324,444 in fiscal year 2013. The fluctuation in revenues and expenditures is spread across multiple workshops with no clear factor creating these changes.
- Government-wide revenues decreased 6% from \$5,216,217 in fiscal year 2012 to \$4,899,336 in fiscal year 2013. Government-wide expenses decreased 7% from \$5,239,593 in fiscal year 2012 to \$4,867,053 in fiscal year 2013.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

**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 Position 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, 2013

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.

<b>Figure A-1</b>				
<b>Major Features of the Government-wide and Fund Financial Statements</b>				
	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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> </ul>
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, 2013

**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 Position 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 position and how it has changed. Net Position - 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 positions 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, 2013

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 Position; a Statement of Revenues, Expenses, and Changes in Fund Net Position; 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 Position.

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, 2013

**Government-Wide Financial Analysis**

Net position 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 \$671,751 as of June 30, 2013.

A portion of Rock Island County Regional Office of Education No. 49's net position (9%) 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 position for the fiscal year ended June 30, 2013 and 2012.

**2013**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
Current assets	\$ 1,334,439	\$ 483,937	\$ 1,818,376
Capital assets, net of accumulated depreciation	<u>50,287</u>	<u>10,761</u>	<u>61,048</u>
Total assets	<u>1,384,726</u>	<u>494,698</u>	<u>1,879,424</u>
Current liabilities	<u>1,187,486</u>	<u>20,780</u>	<u>1,208,266</u>
Net position			
Invested in capital assets, net of related debt	50,287	10,761	61,048
Unrestricted	-	463,157	463,157
Restricted for educational purposes	<u>146,953</u>	<u>-</u>	<u>146,953</u>
<b>Total net position</b>	<b><u>\$ 197,240</u></b>	<b><u>\$ 473,918</u></b>	<b><u>\$ 671,158</u></b>

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

**2012**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
Current assets	\$ 1,308,132	\$ 443,154	\$ 1,751,286
Capital assets, net of accumulated depreciation	38,545	16,776	55,321
Total assets	<u>1,346,677</u>	<u>459,930</u>	<u>1,806,607</u>
Current liabilities	<u>1,157,454</u>	<u>10,278</u>	<u>1,167,732</u>
Net position			
Invested in capital assets, net of related debt	38,545	16,776	55,321
Unrestricted	-	432,876	432,876
Restricted for educational purposes	150,678	-	150,678
<b>Total net position</b>	<u>\$ 189,223</u>	<u>\$ 449,652</u>	<u>\$ 638,875</u>

The largest portion of Rock Island County Regional Office of Education No. 49's net position is unrestricted. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$463,157 and \$432,876 for 2013 and 2012, respectively. Net position 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 position.** Rock Island County Regional Office of Education No. 49's total revenue for the fiscal year ended June 30, 2013 was \$4,899,336. The total cost of all programs and services was \$4,867,053. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and 2012.

**2013**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ -	\$ 348,710	\$ 348,710
Operating grants and contributions	4,008,213	-	4,008,213
General revenues			
Local sources	65,612	-	65,612
On-behalf payments	476,801	-	476,801
Total revenues	<u>4,550,626</u>	<u>348,710</u>	<u>4,899,336</u>

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

**2013**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
<b>Expenses:</b>			
Instructional services			
Salaries	\$ 1,125,504	\$ 71,248	\$ 1,196,752
Benefits	157,488	9,453	166,941
Purchased services	1,812,228	198,210	2,010,438
Supplies and materials	98,206	39,518	137,724
Payments to other governments	858,176	-	858,176
Depreciation	14,206	6,015	20,221
Administrative			
On-behalf payments	<u>476,801</u>	<u>-</u>	<u>476,801</u>
Total expenses	<u>4,542,609</u>	<u>324,444</u>	<u>4,867,053</u>
Change in net position	8,017	24,266	32,283
<b>Net position, beginning of year</b>	<u>189,223</u>	<u>449,652</u>	<u>638,875</u>
<b>Net position, end of year</b>	<u>\$ 197,240</u>	<u>\$ 473,918</u>	<u>\$ 671,158</u>

Operating grants and contributions account for 82% of the total revenue. Rock Island County Regional Office of Education No. 49's expenses primarily relate to instructional services, which account for 90% of the total expenses.

**2012**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ -	\$ 241,330	\$ 241,330
Operating grants and contributions	4,464,752	-	4,464,752
General revenues			
Local sources	77,586	-	77,586
On-behalf payments	<u>432,549</u>	<u>-</u>	<u>432,549</u>
Total revenues	<u>4,974,887</u>	<u>241,330</u>	<u>5,216,217</u>

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

**2012**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
<b>Expenses:</b>			
Instructional services			
Salaries	\$ 1,431,893	\$ 60,214	\$ 1,492,107
Benefits	171,485	7,577	179,062
Purchased services	2,698,476	170,396	2,868,872
Supplies and materials	137,170	13,979	151,149
Payments to other governments	76,222	-	76,222
Depreciation	27,855	11,777	39,632
Administrative			
On-behalf payments	<u>432,549</u>	<u>-</u>	<u>432,549</u>
Total expenses	<u>4,975,650</u>	<u>263,943</u>	<u>5,239,593</u>
Change in net position	(763)	(22,613)	(23,376)
<b>Net position, beginning of year</b>	<u>189,986</u>	<u>472,265</u>	<u>662,251</u>
<b>Net position, end of year</b>	<u>\$ 189,223</u>	<u>\$ 449,652</u>	<u>\$ 638,875</u>

Operating grants and contributions account for 86% 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 \$4,974,887 and \$4,550,626 and expenses were \$4,975,650 and \$4,542,609 for 2012 and 2013, 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, 2013

<b><u>2013</u></b>	<b><u>Total Expenses</u></b>	<b><u>Net (Expenses) Revenues</u></b>
Instructional services		
Salaries	\$ 1,125,504	\$ (2,627)
Benefits	157,488	488
Purchased services	1,812,228	(65,587)
Supplies and materials	98,206	(1,610)
Payments to other governments	858,176	-
Depreciation	14,206	(14,206)
Capital outlay	-	25,947
Administrative		
On-behalf payments	<u>476,801</u>	<u>(476,801)</u>
<b>Total expenses</b>	<b><u>\$ 4,542,609</u></b>	<b><u>\$ (534,396)</u></b>
<b><u>2012</u></b>	<b><u>Total Expenses</u></b>	<b><u>Net (Expenses) Revenues</u></b>
Instructional services		
Salaries	\$ 1,431,893	\$ (19,060)
Benefits	171,485	(2,885)
Purchased services	2,698,476	(40,831)
Supplies and materials	137,170	(353)
Payments to other governments	76,222	-
Depreciation	27,855	(27,855)
Capital outlay	-	12,635
Administrative		
On-behalf payments	<u>432,549</u>	<u>(432,549)</u>
<b>Total expenses</b>	<b><u>\$ 4,975,650</u></b>	<b><u>\$ (510,898)</u></b>

- The cost of all governmental activities was \$4,975,650 and \$4,542,609 for 2012 and 2013, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$4,464,752 and \$4,008,213 for 2012 and 2013, respectively.

Net cost of governmental activities (\$510,898), was financed by general revenues, which are made up of local (\$77,586) and on-behalf payments (\$432,549) for 2012.

Net cost of governmental activities (\$534,396), was financed by general revenues, which are made up of local (\$65,612) and on-behalf payments (\$476,801) for 2013.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

**Business-Type Activities**

Revenues for business-type activities were \$241,330 and \$348,710 and expenses were \$263,943 and \$324,444 for 2012 and 2013, 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 balance of \$100,224, above last year's ending fund balance of \$27,910, primarily due to funds being received in a more timely manner in FY13.

**Governmental Fund Highlights**

The Institute Fund balance decreased from \$113,343 in 2012 to \$103,278 in 2013. The decrease was due to increased Institute Fund expenses. The salary of the Certification Specialist was paid with Institute Fund money in 2013 but was not in 2012.

The Education Fund deficit increased from \$(120,531) in 2012 to \$(33,636) in 2013. The main reason for the increased fund balance was that more FY13 funds were received in a timely manner in comparison to FY12.

**Proprietary Fund Highlights**

Workshop Fund net position increased from \$449,652 at June 30, 2012 to \$473,918 at June 30, 2013, representing an increase of approximately 5%.

**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, 2013, Rock Island County Regional Office of Education No. 49 had invested \$61,048 in capital assets, including furniture and equipment. Total depreciation expense for the year was \$20,221.

The following schedules present capital asset balances net of depreciation for the fiscal years ended June 30, 2013 and 2012.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

<b><u>2013</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Furniture and equipment	\$ <u>50,287</u>	\$ <u>10,761</u>	\$ <u>61,048</u>
<b><u>2012</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Furniture and equipment	\$ <u>38,545</u>	\$ <u>16,776</u>	\$ <u>55,321</u>

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 an annual deficit between \$5 and \$8 billion, 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.

Overall, it will take a steady hand to navigate the educational funding waters of this FY14.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

**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 POSITION**  
**JUNE 30, 2013**

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 395,534	\$ 478,997	\$ 874,531
Due from other governments	938,905	-	938,905
Other assets	-	4,940	4,940
Total current assets	<u>\$ 1,334,439</u>	<u>\$ 483,937</u>	<u>\$ 1,818,376</u>
Noncurrent assets:			
Capital assets, being depreciated, net	50,287	10,761	61,048
Total assets	<u>\$ 1,384,726</u>	<u>\$ 494,698</u>	<u>\$ 1,879,424</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 479,138	\$ 6,901	\$ 486,039
Accrued expenses	46,756	13,879	60,635
Unearned revenues	661,592	-	661,592
Total liabilities	<u>\$ 1,187,486</u>	<u>\$ 20,780</u>	<u>\$ 1,208,266</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	\$ 50,287	\$ 10,761	\$ 61,048
Unrestricted	-	463,157	463,157
Restricted for educational purposes	146,953	-	146,953
Total net position	<u>\$ 197,240</u>	<u>\$ 473,918</u>	<u>\$ 671,158</u>

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

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**EXHIBIT B**

<b>FUNCTIONS/PROGRAMS</b>				<b>Net (Expenses) Revenues and Changes in Net Position</b>		
	<u>Expenses</u>	<u>Program Revenues</u>		<u>Primary Government</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activites</u>	<u>Total</u>
<b>PRIMARY GOVERNMENT</b>						
Government activities:						
Instructional services:						
Salaries	\$ 1,125,504	\$ -	\$ 1,122,877	\$ (2,627)	\$ -	\$ (2,627)
Benefits	157,488	-	157,976	488	-	488
Purchased services	1,812,228	-	1,746,641	(65,587)	-	(65,587)
Supplies and materials	98,206	-	96,596	(1,610)	-	(1,610)
Payments to other governments	858,176	-	858,176	-	-	-
Depreciation	14,206	-	-	(14,206)	-	(14,206)
Capital outlay	-	-	25,947	25,947	-	25,947
Administrative:						
On-behalf payments	476,801	-	-	(476,801)	-	(476,801)
Total governmental activities	<u>\$ 4,542,609</u>	<u>\$ -</u>	<u>\$ 4,008,213</u>	<u>\$ (534,396)</u>	<u>\$ -</u>	<u>\$ (534,396)</u>
Business-type activities:						
Other	<u>324,444</u>	<u>348,710</u>	<u>-</u>	<u>-</u>	<u>24,266</u>	<u>24,266</u>
<b>Total primary government</b>	<u>\$ 4,867,053</u>	<u>\$ 348,710</u>	<u>\$ 4,008,213</u>	<u>\$ (534,396)</u>	<u>\$ 24,266</u>	<u>\$ (510,130)</u>
General revenues:						
Local sources				\$ 65,612	\$ -	\$ 65,612
On-behalf payments				476,801	-	476,801
Total general revenues				<u>\$ 542,413</u>	<u>\$ -</u>	<u>\$ 542,413</u>
<b>Change in net position</b>				<b>\$ 8,017</b>	<b>\$ 24,266</b>	<b>\$ 32,283</b>
<b>Net Position - beginning</b>				<u>189,223</u>	<u>449,652</u>	<u>638,875</u>
<b>Net Position - Ending</b>				<u>\$ 197,240</u>	<u>\$ 473,918</u>	<u>\$ 671,158</u>

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, 2013**

**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>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 103,278	\$ 261,548	\$ 30,708	\$ 395,534
Due from other funds	-	-	294,552	-	294,552
Due from other governments	-	-	938,498	407	938,905
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 103,278</u>	<u>\$ 1,494,598</u>	<u>\$ 31,115</u>	<u>\$ 1,628,991</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 478,605	\$ 533	\$ 479,138
Accrued expenses	-	-	46,756	-	46,756
Due to other funds	-	-	294,552	-	294,552
Unearned revenue	-	-	708,321	-	708,321
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,528,234</u>	<u>\$ 533</u>	<u>\$ 1,528,767</u>
<b>FUND BALANCES</b>					
Restricted	\$ -	\$ 103,278	\$ 13,093	\$ 30,582	\$ 146,953
Unassigned	-	-	(46,729)	-	(46,729)
Total fund balances	<u>\$ -</u>	<u>\$ 103,278</u>	<u>\$ (33,636)</u>	<u>\$ 30,582</u>	<u>\$ 100,224</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 103,278</u>	<u>\$ 1,494,598</u>	<u>\$ 31,115</u>	<u>\$ 1,628,991</u>

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 POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

<b>Total fund balances - governmental funds</b>	\$	100,224
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Amounts reported for governmental activities in the  
Statement of Net Position 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.		46,729
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		50,287
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<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>197,240</u></b>
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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, 2013**

**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>	
<b>REVENUES:</b>					
Local sources	\$ -	\$ 49,693	\$ (214)	\$ 16,133	\$ 65,612
State sources	113,437	-	2,088,175	802	2,202,414
Federal sources	-	-	1,881,837	-	1,881,837
On-behalf payments	476,801	-	-	-	476,801
Total revenues	<u>\$ 590,238</u>	<u>\$ 49,693</u>	<u>\$ 3,969,798</u>	<u>\$ 16,935</u>	<u>\$ 4,626,664</u>
<b>EXPENDITURES:</b>					
Current:					
Education:					
Salaries	\$ -	\$ -	\$ 1,116,602	\$ 8,902	\$ 1,125,504
Benefits	-	-	155,993	1,495	157,488
Purchased services	113,437	58,148	1,629,589	11,054	1,812,228
Supplies and materials	-	1,610	96,596	-	98,206
Payments to other governments	-	-	858,176	-	858,176
On-behalf payments	476,801	-	-	-	476,801
Capital outlay	-	-	25,947	-	25,947
Total expenditures	<u>\$ 590,238</u>	<u>\$ 59,758</u>	<u>\$ 3,882,903</u>	<u>\$ 21,451</u>	<u>\$ 4,554,350</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ -	\$ (10,065)	\$ 86,895	\$ (4,516)	\$ 72,314
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>113,343</u>	<u>(120,531)</u>	<u>35,098</u>	<u>27,910</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 103,278</u>	<u>\$ (33,636)</u>	<u>\$ 30,582</u>	<u>\$ 100,224</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, 2013**

**Net change in fund balance** \$ 72,314

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

Current year deferred revenue	46,729	
Prior year deferred revenue	<u>(122,767)</u>	(76,038)

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	\$ 25,947	
Depreciation expense	<u>(14,206)</u>	<u>11,741</u>

**Change in net position of governmental activities** \$ 8,017

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

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<b>Enterprise Fund <u>Workshops</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 478,997
Other assets	4,940
Total current assets	<u>\$ 483,937</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	10,761
Total assets	<u><u>\$ 494,698</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 6,901
Accrued expenses	13,879
Total liabilities	<u>\$ 20,780</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	\$ 10,761
Unrestricted	463,157
Total net position	<u><u>\$ 473,918</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, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Enterprise Fund <u>Workshops</u></b>
Operating revenues:	
Charges for services	\$ 348,710
Operating expenses:	
Current:	
Education	
Salaries	\$ 71,248
Benefits	9,453
Purchased services	198,210
Supplies and materials	39,518
Payments to other government	-
Depreciation expense	6,015
Total operating expense	\$ 324,444
Change in Net Position	\$ 24,266
<b>Net Position - Beginning of year</b>	449,652
<b>Net Position - End of year</b>	\$ 473,918

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, 2013**

	<b><u>Enterprise Fund Workshops</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from workshops	\$ 347,189
Payments to suppliers and providers of goods and services	(239,139)
Payments to employees	(68,788)
Net cash provided by operating activities	<u>\$ 39,262</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ 39,262
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>439,735</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 478,997</u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 24,266
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	6,015
Change in assets and liabilities:	
Decrease in other assets	(1,521)
Decrease in accounts payable	(1,411)
Increase in accrued expenses	11,913
<b>Net cash provided by operating activities</b>	<u>\$ 39,262</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 POSITION  
FIDUCIARY FUND  
JUNE 30, 2013**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>46,856</u>
<b>LIABILITIES</b>	
Due to others	\$ 16,837
Due to other government and agencies	30,019
Total liabilities	\$ <u>46,856</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, 2013

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, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation

**Government-wide Financial Statements** – The Statement of Net Position 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 Position presents the ROE's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is 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 position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provision or enabling legislation.

*Unrestricted net position* consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has 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.

As a general rule, the effect of internal fund activity has been eliminated from the government-wide financial statements.

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.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation - continued

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 for and reported in other funds. The ROE's General Fund accounts include the following:

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

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

The 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 Major Special Revenue Funds include the following:

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

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

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

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

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

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

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation – continued

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

Title IV – 21<sup>st</sup> Century – United Township High School – to account for grant monies received for, and payment of, the 21<sup>st</sup> Century program at United Township High School.

Title IV – 21<sup>st</sup> Century – Glenview Middle School – to account for grant monies received for, and payment of, the 21<sup>st</sup> Century program at Glenview Middle School.

Title IV – 21<sup>st</sup> Century – Hanson Elementary School – to account for grant monies received for, and payment of, the 21<sup>st</sup> Century program at Hanson Elementary School.

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.

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

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

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

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

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

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

Teacher Quality Program – used to account for grant monies received for, and expenditures incurred to, support programs associated with increasing the academic achievement of all students by helping schools and school districts improve teacher and principal quality.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation - continued

The ROE's Non-Major Special Revenue Funds include the following:

General Education Development – used 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, 2013

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, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Measurement Focus and Basis of Accounting - 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 Regional Office of Education considers cash on hand, checking accounts, savings accounts, money market accounts, and short term investments with maturity dates under 3 months to be cash and cash equivalents.

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 Position. 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.

Unearned 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. Unearned 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. Unearned revenue consists of unexpended grant proceeds.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Fund Equity - continued

Restricted net position – In the government-wide Statement of Position, net position is reported as restricted when constraints placed on net position 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 portion of a Governmental Fund's net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance- The portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The following fund is restricted by grant agreement or contract: RESPRO. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, and School Bus Driver Training.

Committed Fund Balance- The portion of a Governmental Fund's net position with self imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

Assigned Fund Balance- The portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts presenting an assigned fund balance.

Unassigned Fund Balance- Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of: Title IV 21<sup>st</sup> Century Glenview Middle School, Title IV 21<sup>st</sup> Century United Township High School, and Mathematics and Science Partnership.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Fund Equity - continued

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 21<sup>st</sup> Century Intermediate Academy, Title IV 21<sup>st</sup> Century Edison Jr. High, Title IV 21<sup>st</sup> Century John Deere Middle School, Technology For Success, Truants' Alt. and Optional Education, Early Childhood Ages 0-3, Early Childhood Ages 3-5, McKinney Education for Homeless Children, Title IV 21<sup>st</sup> Century Glenview Middle School, Title IV 21<sup>st</sup> Century Primary, Title IV 21<sup>st</sup> Century United Township High School, Title IV 21<sup>st</sup> Century-Rock Island High School, Title IV 21<sup>st</sup> Century Moline High School, Title IV 21<sup>st</sup> Century Washington Junior High School, Title IV 21<sup>st</sup> Century Hanson Elementary School, Teacher Quality Program 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, 2013, the carrying amount of the ROE's deposits was \$921,387 and the bank balance was \$1,145,321.

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, 2013, all of the ROE's deposits were covered by FDIC insurance of \$250,000 and another \$895,321 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, 2013

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, 2013, the ROE had investments with carrying and fair values of \$30,802 invested in the Illinois Funds Money Market Fund.

Credit Risk - At June 30, 2013, 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 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 Fund 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 Position is as follows:

	<u>Carrying Amount</u>
Cash and cash equivalents – Governmental Activities:	
Bank Deposits	\$394,751
Cash and cash equivalents – Governmental Activities:	
Illinois Funds	783
Cash and cash equivalents – Business-type Activities	<u>478,997</u>
Total	<u>\$874,531</u>
Cash and cash equivalents – Fiduciary Activities:	
Bank Deposits	<u>46,856</u>
Total	<u>\$921,387</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

NOTE 3: DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2013 are as follows:

	<u>Due Less Than 60 Days</u>
Education Fund – Due from ISBE	
Title IV – 21 <sup>st</sup> Century Edison Junior High School	\$ 32,082
Title IV – 21 <sup>st</sup> Century Primary	48,546
Title IV – 21 <sup>st</sup> Century John Deere Middle School	40,711
Title IV – 21 <sup>st</sup> Century Rock Island High School	33,961
Title IV – 21 <sup>st</sup> Century Moline High School	50,789
Title IV – 21 <sup>st</sup> Century Washington Jr. High School	54,256
Title IV – 21 <sup>st</sup> Century United Township High School	13,153
Title IV – 21 <sup>st</sup> Century Glenview Middle School	1,641
Title IV – 21 <sup>st</sup> Century Hanson Elementary School	90,152
Truants' Alt. and Optional Education	5,836
McKinney Education for Homeless Children	5,935
Early Childhood Ages 0-3	46,946
Early Childhood Ages 3-5	390,808
Regional Safe Schools Program	7,843
Technology for Success	5,342
Mathematics & Science Partnership	99,582
Teacher Quality Program	7,500
ROE Operations Fund	3,350
Due from state governments	
RESPRO	65
Other Nonmajor Funds - Due from Local governments	
General Education Development	287
School Bus Driver Training	<u>120</u>
<b>Total</b>	<b><u>\$938,905</u></b>

**Total Due from Other Governments**

Amounts due to other governments as of June 30, 2013 are as follows:

Agency Fund - Due to various local governmental agencies

Distributive	<u>\$30,019</u>
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ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 4: CAPITAL ASSETS

Governmental Activities:

Capital asset activity for the year ended June 30, 2013 is as follows:

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2013</u>
Furniture and equipment	\$ 120,035	\$ 25,947	\$ (16,976)	\$ 129,006
Accumulated depreciation	<u>(81,489)</u>	<u>(14,206)</u>	<u>16,976</u>	<u>(78,719)</u>
Governmental activities capital assets, net	<u>\$ 38,546</u>	<u>\$ 11,741</u>	<u>\$ -</u>	<u>\$ 50,287</u>

Business-type Activities:

Capital asset activity for the year ended June 30, 2013 is as follows:

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2013</u>
Furniture and equipment	\$ 56,465	\$ -	\$ (25,402)	\$ 31,063
Accumulated depreciation	<u>(39,689)</u>	<u>(6,015)</u>	<u>25,402</u>	<u>(20,302)</u>
Business-type activities capital assets, net	<u>\$ 16,776</u>	<u>\$ (6,015)</u>	<u>\$ -</u>	<u>\$ 10,761</u>

Depreciation expense was charged as follows:

Governmental activities:

Instruction:

Depreciation expense \$ 14,206

Business-type activities:

Other:

Depreciation expense \$ 6,015

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, the ROE's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 8.89 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, 2013

NOTE 5: EMPLOYEE BENEFIT PLAN - continued

**Annual Pension Cost.** The required contribution for calendar year 2012 was \$55,161.

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>
12/31/12	\$ 55,161	100%	\$ -
12/31/11	66,638	100%	-
12/31/10	57,440	100%	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5% 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, 2010 is being amortized as a level percentage of projected payroll on an open 10 year basis.

**Funded Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 96.25 percent funded. The actuarial accrued liability for benefits was \$500,107 and the actuarial value of assets was \$481,330, resulting in an underfunded actuarial accrued liability (UAAL) of \$18,777. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$620,479 and the ratio of the UAAL to the covered payroll was 3 percent.

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, 2013

NOTE 6: RETIREMENT PLANS

A. Teachers' 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, 2013 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the 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, 2012 and 2011.

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

- On Behalf Contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$188,607 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$189,485) and 23.10 percent (\$145,644), respectively.

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 6: RETIREMENT PLANS - continued

A. Teachers' Retirement System - continued

- 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, 2013 were \$3,979. Contributions for the years ended June 30, 2012 and June 30, 2011, were \$4,300 and \$3,473, respectively.

- Federal and Special Trust Fund Contributions

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

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer pension contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$218,165 were paid from federal and special trust funds that required employer contributions of \$60,350. For the years ended June 30, 2012 and June 30, 2011, required ROE contributions were \$159,763 and \$159,763, respectively.

- Early Retirement Option (ERO)

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

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

For the years ended June 30, 2013, 2012, and 2011, the ROE made no payments in employer ERO contributions.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 6: RETIREMENT PLANS - continued

A. Teachers' Retirement System - continued

- Salary increases over 6 percent and excess sick leave.

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 of up to 6 percent.

For the years ended June 30, 2013, 2012, and 2011, 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 rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

For the years ended June 30, 2013, 2012 and 2011, there were no sick leave days granted in excess of the normal annual allotment.

Further Information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2012. The report for the year ended June 30, 2013 is expected to be available in late 2013.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS Website at <http://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 retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 6: RETIREMENT PLANS - continued

B. Teacher Health Insurance System - 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State to make a contribution to THIS Fund.

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

- **On behalf 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 .92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$8,193, 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, 2012 and June 30, 2011 were .88 percent of pay, both years. State contributions on behalf of ROE employees were \$8,100 and \$6,954, respectively.

- **Employer contributions to the THIS Fund.** The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was .69 percent during the years ended June 30, 2013 and .66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the employer paid \$4,734 to the THIS fund. For the years ended June 30, 2012 and June 30, 2011, the ROE paid \$4,970 and \$3,952 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information on THIS Fund

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

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, 2013, undistributed interest earnings or receipts credited to other governments and organizations are as follows:

State and Federal Aid Distributive Fund	\$ <u>30,019</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, 2013 is as follows:

Regional Superintendent salary	\$ 107,640
Regional Superintendent benefits (Includes State paid insurance)	26,852
Assistant Regional Superintendent salary	96,888
Assistant Regional Superintendent benefits (Includes State paid insurance)	1,405
County On-behalf payments	47,216
TRS On-behalf payments	188,607
THIS On-behalf payments	<u>8,193</u>
<b>Total</b>	<b><u>\$ 476,801</u></b>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were 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, 2013

NOTE 9: DEFICIT FUND BALANCES

At June 30, 2013, the following funds had deficit fund balances.

Education Fund:

Title IV – 21 <sup>st</sup> Century - Glenview Middle School	\$(11,849)
Title IV – 21 <sup>st</sup> Century - United Township High School	(15,651)
Mathematics and Science Partnership	(19,229)

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 2013, the Regional Office of Education No. 49 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concessions Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education No. 49 implemented these standards during the current year; however GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

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, 2013:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Education Fund	<u>\$294,552</u>	<u>\$294,552</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**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: SUBSEQUENT EVENTS**

The ROE assessed events that have occurred subsequent to June 30, 2013 through May 7, 2014, 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.

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, 2013

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)
12/31/2012	\$ 481,330	\$ 500,107	\$ 18,777	96.25	\$ 620,479	3.03
12/31/2011	557,102	571,594	14,492	97.46	769,491	1.88
12/31/2010	623,444	613,528	(9,916)	101.62	648,302	0.00

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$505,230.

On a market basis, the funded ratio would be 101.02%

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Rock Island ROE #49. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

See Accompanying Independent Auditor's 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, 2013

	<b>General State Aid</b>	<b>General Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other funds	-	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES</b>			
Restricted	\$ -	\$ -	\$ -
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
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**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, 2013**

	<b>General State Aid</b>	<b>General Fund</b>	<b>Total</b>
<b>REVENUES:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	113,437	-	113,437
On-behalf payments	-	476,801	476,801
Total revenues	<u>\$ 113,437</u>	<u>\$ 476,801</u>	<u>\$ 590,238</u>
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	\$ -	\$ -	\$ -
Benefits	-	-	-
Purchased services	113,437	-	113,437
Supplies and materials	-	-	-
Payments to other governments	-	-	-
On-behalf payments	-	476,801	476,801
Capital outlay	-	-	-
Total expenditures	<u>\$ 113,437</u>	<u>\$ 476,801</u>	<u>\$ 590,238</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<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, 2013

SCHEDULE 3

	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
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governments	48,546	-	32,082	40,711	33,961	50,789
<b>Total Assets</b>	<b>\$ 48,546</b>	<b>\$ -</b>	<b>\$ 32,082</b>	<b>\$ 40,711</b>	<b>\$ 33,961</b>	<b>\$ 50,789</b>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 6,844	\$ -	\$ 9,032	\$ 26,345	\$ 20,282	\$ 42,942
Accrued expenses	-	-	-	-	-	-
Due to other funds	41,702	-	23,050	14,366	13,679	7,847
Unearned Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ 48,546	\$ -	\$ 32,082	\$ 40,711	\$ 33,961	\$ 50,789
<b>FUND BALANCES</b>						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	-	-
Total fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 48,546</b>	<b>\$ -</b>	<b>\$ 32,082</b>	<b>\$ 40,711</b>	<b>\$ 33,961</b>	<b>\$ 50,789</b>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2013

SCHEDULE 3

	<u>Title IV - 21st Century Washington Jr. High School</u>	<u>Title IV - 21st Century United Township High School</u>	<u>Title IV - 21st Century Glenview Middle School</u>	<u>Title IV - 21st Century Hanson Elementary School</u>	<u>Early Childhood Ages 0-3</u>	<u>Early Childhood Ages 3-5</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 96,597	\$ 77,929
Due from other funds	-	-	-	-	-	294,552
Due from other governments	54,256	13,153	1,641	90,152	46,946	390,808
<b>Total Assets</b>	<u>\$ 54,256</u>	<u>\$ 13,153</u>	<u>\$ 1,641</u>	<u>\$ 90,152</u>	<u>\$ 143,543</u>	<u>\$ 763,289</u>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 25,392	\$ 27,500	\$ 11,848	\$ 14,449	\$ 17,516	\$ 225,780
Accrued expenses	-	-	-	3,072	3,508	28,592
Due to other funds	28,864	1,304	1,642	68,129	-	-
Unearned Revenue	\$ -	\$ -	\$ -	\$ 4,502	\$ 122,519	\$ 508,917
Total liabilities	<u>\$ 54,256</u>	<u>\$ 28,804</u>	<u>\$ 13,490</u>	<u>\$ 90,152</u>	<u>\$ 143,543</u>	<u>\$ 763,289</u>
<b>FUND BALANCES</b>						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	(15,651)	(11,849)	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ (15,651)</u>	<u>\$ (11,849)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u>\$ 54,256</u>	<u>\$ 13,153</u>	<u>\$ 1,641</u>	<u>\$ 90,152</u>	<u>\$ 143,543</u>	<u>\$ 763,289</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2013

SCHEDULE 3

	<u>Truants' Alt. and Optional Education</u>	<u>McKinney Education for Homeless Children</u>	<u>RESPRO</u>	<u>Tyson Settlement Program</u>	<u>Mathematics and Science Partnership</u>	<u>ROE Operations Fund</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 13,028	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governments	5,836	5,935	65	-	99,582	3,350
<b>Total Assets</b>	<u>\$ 5,836</u>	<u>\$ 5,935</u>	<u>\$ 13,093</u>	<u>\$ -</u>	<u>\$ 99,582</u>	<u>\$ 3,350</u>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 50,675	\$ -
Accrued expenses	-	-	-	-	8,473	-
Due to other funds	5,836	5,935	-	-	59,663	3,350
Unearned Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>\$ 5,836</u>	<u>\$ 5,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,811</u>	<u>\$ 3,350</u>
<b>FUND BALANCES</b>						
Restricted	\$ -	\$ -	\$ 13,093	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	(19,229)	-
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,093</u>	<u>\$ -</u>	<u>\$ (19,229)</u>	<u>\$ -</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u>\$ 5,836</u>	<u>\$ 5,935</u>	<u>\$ 13,093</u>	<u>\$ -</u>	<u>\$ 99,582</u>	<u>\$ 3,350</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2013

SCHEDULE 3

<b>ASSETS</b>	<b><u>Technology for Success</u></b>	<b><u>Class Room Cubed</u></b>	<b><u>Regional Safe Schools Program</u></b>	<b><u>Teacher Quality Program</u></b>	<b><u>Total</u></b>
Cash and cash equivalents	\$ -	\$ 73,994	\$ -	\$ -	\$ 261,548
Due from other funds	-	-	-	-	294,552
Due from other governments	5,342	-	7,843	7,500	938,498
<b>Total Assets</b>	<b><u>\$ 5,342</u></b>	<b><u>\$ 73,994</u></b>	<b><u>\$ 7,843</u></b>	<b><u>\$ 7,500</u></b>	<b><u>\$ 1,494,598</u></b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 478,605
Accrued expenses	-	3,111	-	-	46,756
Due to other funds	5,342	-	7,843	6,000	294,552
Unearned Revenue	\$ -	\$ 70,883	\$ -	\$ 1,500	708,321
Total liabilities	<b><u>\$ 5,342</u></b>	<b><u>\$ 73,994</u></b>	<b><u>\$ 7,843</u></b>	<b><u>\$ 7,500</u></b>	<b><u>\$ 1,528,234</u></b>
<b>FUND BALANCES</b>					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 13,093
Unassigned	-	-	-	-	(46,729)
Total fund balances	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (33,636)</u></b>
<b>Total Liabilities &amp; Fund Balance</b>	<b><u>\$ 5,342</u></b>	<b><u>\$ 73,994</u></b>	<b><u>\$ 7,843</u></b>	<b><u>\$ 7,500</u></b>	<b><u>\$ 1,494,598</u></b>

**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, 2013**

**SCHEDULE 4**

	<b>Title IV - 21st Century Primary</b>	<b>Title IV - 21st Century Intermediate Academy</b>	<b>Title IV - 21st Century Edison Jr. High</b>	<b>Title IV - 21st Century John Deere Middle School</b>	<b>Title IV - 21st Century Rock Island High School</b>	<b>Title IV - 21st Century Moline High School</b>
<b>REVENUES:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	183,399	657	138,831	122,959	114,698	197,842
Total revenues	<u>\$ 183,399</u>	<u>\$ 657</u>	<u>\$ 138,831</u>	<u>\$ 122,959</u>	<u>\$ 114,698</u>	<u>\$ 197,842</u>
<b>EXPENDITURES:</b>						
Current:						
Education:						
Salaries	\$ 14,055	\$ -	\$ 9,791	\$ 9,680	\$ 8,259	\$ 12,393
Benefits	3,847	-	3,299	2,648	2,489	3,493
Purchased services	59,112	-	53,374	3,695	42,209	99,509
Supplies and materials	1,358	-	256	180	-	1,537
Payments to other governments	105,027	-	72,111	77,547	61,741	80,415
Capital Outlay	-	-	-	-	-	-
Total expenditures	<u>\$ 183,399</u>	<u>\$ -</u>	<u>\$ 138,831</u>	<u>\$ 93,750</u>	<u>\$ 114,698</u>	<u>\$ 197,347</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ 657	\$ -	\$ 29,209	\$ -	\$ 495
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>(657)</u>	<u>-</u>	<u>(29,209)</u>	<u>-</u>	<u>(495)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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, 2013**

**SCHEDULE 4**

	<b>Title IV - 21st Century Washington Jr. High School</b>	<b>Title IV - 21st Century United Township High School</b>	<b>Title IV - 21st Century Glenview Middle School</b>	<b>Title IV - 21st Century Hanson Elementary School</b>	<b>Early Childhood Ages 0-3</b>	<b>Early Childhood Ages 3-5</b>
<b>REVENUES:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	184,092	1,584,753
Federal sources	161,818	194,301	152,710	112,902	-	-
Total revenues	<u>\$ 161,818</u>	<u>\$ 194,301</u>	<u>\$ 152,710</u>	<u>\$ 112,902</u>	<u>\$ 184,092</u>	<u>\$ 1,584,753</u>
<b>EXPENDITURES:</b>						
Current:						
Education:						
Salaries	\$ 12,513	\$ 10,073	\$ 10,065	\$ 7,264	\$ 53,323	\$ 588,108
Benefits	3,513	2,397	3,666	2,157	8,447	35,912
Purchased services	31,688	107,217	46,131	2,793	98,147	842,074
Supplies and materials	755	256	-	188	18,175	14,158
Payments to other governments	113,349	89,784	104,697	100,500	-	-
Capital Outlay	-	-	-	-	6,000	12,320
Total expenditures	<u>\$ 161,818</u>	<u>\$ 209,727</u>	<u>\$ 164,559</u>	<u>\$ 112,902</u>	<u>\$ 184,092</u>	<u>\$ 1,492,572</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ (15,426)	\$ (11,849)	\$ -	\$ -	\$ 92,181
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	(225)	-	-	-	(92,181)
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ (15,651)</u>	<u>\$ (11,849)</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, 2013**

**SCHEDULE 4**

	<u>Truants' Alt. and Optional Education</u>	<u>McKinney Education for Homeless Children</u>	<u>RESPRO</u>	<u>Tyson Settlement Program</u>	<u>Mathematics and Science Partnership</u>	<u>ROE Operations Fund</u>
<b>REVENUES:</b>						
Local sources	\$ -	\$ -	\$ -	\$ (214)	\$ -	\$ -
State sources	64,156	-	-	-	-	33,534
Federal sources	-	18,492	180,945	-	296,283	-
Total revenues	<u>\$ 64,156</u>	<u>\$ 18,492</u>	<u>\$ 180,945</u>	<u>\$ (214)</u>	<u>\$ 296,283</u>	<u>\$ 33,534</u>
<b>EXPENDITURES:</b>						
Current:						
Education:						
Salaries	\$ 49,330	\$ 10,957	\$ 96,290	\$ -	\$ 79,617	\$ 22,626
Benefits	7,625	1,751	30,428	-	20,288	3,276
Purchased services	7,201	4,771	43,156	-	150,983	6,576
Supplies and materials	-	1,013	-	-	56,997	1,056
Payments to other governments	-	-	-	-	-	-
Capital Outlay	-	-	-	-	7,627	-
Total expenditures	<u>\$ 64,156</u>	<u>\$ 18,492</u>	<u>\$ 169,874</u>	<u>\$ -</u>	<u>\$ 315,512</u>	<u>\$ 33,534</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	\$ 11,071	\$ (214)	\$ (19,229)	\$ -
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>2,022</u>	<u>214</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,093</u>	<u>\$ -</u>	<u>\$ (19,229)</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, 2013**

**SCHEDULE 4**

	<u>Technology for Success</u>	<u>Class Room Cubed</u>	<u>Regional Safe Schools Program</u>	<u>Teacher Quality Program</u>	<u>Total</u>
<b>REVENUES:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ (214)
State sources	58,823	76,574	86,243	-	2,088,175
Federal sources	-	-	-	6,000	1,881,837
Total revenues	<u>\$ 58,823</u>	<u>\$ 76,574</u>	<u>\$ 86,243</u>	<u>\$ 6,000</u>	<u>\$ 3,969,798</u>
<b>EXPENDITURES:</b>					
Current:					
Education:					
Salaries	\$ 47,805	\$ 49,120	\$ 25,333	\$ -	\$ 1,116,602
Benefits	8,065	8,558	4,134	-	155,993
Purchased services	2,953	18,229	3,771	6,000	1,629,589
Supplies and materials	-	667	-	-	96,596
Payments to other governments	-	-	53,005	-	858,176
Capital Outlay	-	-	-	-	25,947
Total expenditures	<u>\$ 58,823</u>	<u>\$ 76,574</u>	<u>\$ 86,243</u>	<u>\$ 6,000</u>	<u>\$ 3,882,903</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	\$ -	\$ -	\$ 86,895
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	-	-	-	(120,531)
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,636)</u>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2013**

**SCHEDULE 5**

	<b>Regional Safe Schools Program</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	86,243	86,243	86,243	-
On-behalf payments	-	-	-	-
Total revenues	<u>\$ 86,243</u>	<u>\$ 86,243</u>	<u>\$ 86,243</u>	<u>\$ -</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	\$ 24,258	\$ 24,258	\$ 25,333	\$ (1,075)
Benefits	4,277	4,277	4,134	143
Purchased services	4,403	4,403	3,771	632
Supplies and materials	300	300	-	300
Payments to other governments	53,005	53,005	53,005	-
Capital Outlay	-	-	-	-
Total expenditures	<u>\$ 86,243</u>	<u>\$ 86,243</u>	<u>\$ 86,243</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SCHEDULE 5**

	<b>Mathematics and Science Partnership</b>				<b>Title IV - 21st Century Intermediate Academy</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	460,000	460,000	296,283	(163,717)	-	-	657	657
Total revenues	<u>\$ 460,000</u>	<u>\$ 460,000</u>	<u>\$ 296,283</u>	<u>\$ (163,717)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657</u>	<u>\$ 657</u>
<b>EXPENDITURES:</b>								
Current:								
Education:								
Salaries	\$ 113,300	\$ 113,300	\$ 79,617	\$ 33,683	\$ -	\$ -	\$ -	\$ -
Benefits	28,826	28,826	20,288	8,538	-	-	-	-
Purchased services	247,039	247,039	150,983	96,056	-	-	-	-
Supplies and materials	56,135	56,135	56,997	(862)	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	14,700	14,700	7,627	7,073	-	-	-	-
Total expenditures	<u>\$ 460,000</u>	<u>\$ 460,000</u>	<u>\$ 315,512</u>	<u>\$ 144,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,229)</u>	<u>\$ (19,229)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657</u>	<u>\$ 657</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-				(657)	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ (19,229)</u>				<u>\$ -</u>	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SCHEDULE 5**

	Title IV - 21st Century Edison Jr. High School				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		
<b>REVENUES:</b>								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	91,500	91,500	138,831	47,331	93,750	93,750	122,959	29,209
Total revenues	<u>\$ 91,500</u>	<u>\$ 91,500</u>	<u>\$ 138,831</u>	<u>\$ 47,331</u>	<u>\$ 93,750</u>	<u>\$ 93,750</u>	<u>\$ 122,959</u>	<u>\$ 29,209</u>
<b>EXPENDITURES:</b>								
Current:								
Education:								
Salaries	\$ 9,794	\$ 9,794	\$ 9,791	\$ 3	\$ 9,597	\$ 9,597	\$ 9,680	\$ (83)
Benefits	2,756	2,756	3,299	(543)	2,744	2,744	2,648	96
Purchased services	2,538	2,538	53,374	(50,836)	2,275	2,275	3,695	(1,420)
Supplies and materials	400	400	256	144	384	384	180	204
Payments to other governments	76,012	76,012	72,111	3,901	78,750	78,750	77,547	1,203
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 91,500</u>	<u>\$ 91,500</u>	<u>\$ 138,831</u>	<u>\$ (47,331)</u>	<u>\$ 93,750</u>	<u>\$ 93,750</u>	<u>\$ 93,750</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,209</u>	<u>\$ 29,209</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-				(29,209)	
<b>FUND BALANCE, END OF YEAR</b>			<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, 2013**

**SCHEDULE 5**

	<b>Technology For Success</b>				<b>Teacher Quality Program</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>								
State sources	\$ 26,761	\$ 58,823	\$ 58,823	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	6,300	6,300	6,000	(300)
Total revenues	<u>\$ 26,761</u>	<u>\$ 58,823</u>	<u>\$ 58,823</u>	<u>\$ -</u>	<u>\$ 6,300</u>	<u>\$ 6,300</u>	<u>\$ 6,000</u>	<u>\$ (300)</u>
<b>EXPENDITURES:</b>								
Current:								
Education:								
Salaries	\$ 23,009	\$ 48,426	\$ 47,805	\$ 621	\$ -	\$ -	\$ -	\$ -
Benefits	3,752	7,897	8,065	(168)	-	-	-	-
Purchased services	-	2,500	2,953	(453)	6,300	6,300	6,000	300
Supplies and materials	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 26,761</u>	<u>\$ 58,823</u>	<u>\$ 58,823</u>	<u>\$ -</u>	<u>\$ 6,300</u>	<u>\$ 6,300</u>	<u>\$ 6,000</u>	<u>\$ 300</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-				-	
<b>FUND BALANCE, END OF YEAR</b>			<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, 2013**

**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>		
<b>REVENUES:</b>								
State sources	\$ 64,156	\$ 64,156	\$ 64,156	\$ -	\$ 228,946	\$ 228,946	\$ 184,092	\$ (44,854)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 64,156</u>	<u>\$ 64,156</u>	<u>\$ 64,156</u>	<u>\$ -</u>	<u>\$ 228,946</u>	<u>\$ 228,946</u>	<u>\$ 184,092</u>	<u>\$ (44,854)</u>
<b>EXPENDITURES:</b>								
Current:								
Education:								
Salaries	\$ 50,930	\$ 50,930	\$ 49,330	\$ 1,600	\$ 140,719	\$ 140,719	\$ 53,323	\$ 87,396
Benefits	8,744	8,744	7,625	1,119	23,101	23,101	8,447	14,654
Purchased services	4,482	4,482	7,201	(2,719)	63,610	63,610	98,147	(34,537)
Supplies and materials	-	-	-	-	1,516	1,516	18,175	(16,659)
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	6,000	(6,000)
Total expenditures	<u>\$ 64,156</u>	<u>\$ 64,156</u>	<u>\$ 64,156</u>	<u>\$ -</u>	<u>\$ 228,946</u>	<u>\$ 228,946</u>	<u>\$ 184,092</u>	<u>\$ 44,854</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-				-	
<b>FUND BALANCE, END OF YEAR</b>			<u><u>\$ -</u></u>				<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, 2013**

**SCHEDULE 5**

	<b>Early Childhood Ages 3-5</b>				<b>Title IV - 21st Century Hanson Elementary School</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>								
State sources	\$ 1,820,808	\$ 1,820,808	\$ 1,584,753	\$ (236,055)	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	138,000	138,000	112,902	(25,098)
Total revenues	<u>\$ 1,820,808</u>	<u>\$ 1,820,808</u>	<u>\$ 1,584,753</u>	<u>\$ (236,055)</u>	<u>\$ 138,000</u>	<u>\$ 138,000</u>	<u>\$ 112,902</u>	<u>\$ (25,098)</u>
<b>EXPENDITURES:</b>								
Current:								
Education:								
Salaries	\$ 846,924	\$ 831,658	\$ 588,108	\$ 243,550	\$ 10,959	\$ 10,959	\$ 7,264	\$ 3,695
Benefits	55,899	54,531	35,912	18,619	3,093	3,093	2,157	936
Purchased services	909,296	925,930	842,074	83,856	3,050	3,050	2,793	257
Supplies and materials	8,689	8,689	14,158	(5,469)	898	898	188	710
Payments to other governments	-	-	-	-	120,000	120,000	100,500	19,500
Capital outlay	-	-	12,320	(12,320)	-	-	-	-
Total expenditures	<u>\$ 1,820,808</u>	<u>\$ 1,820,808</u>	<u>\$ 1,492,572</u>	<u>\$ 328,236</u>	<u>\$ 138,000</u>	<u>\$ 138,000</u>	<u>\$ 112,902</u>	<u>\$ 25,098</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,181</u>	<u>\$ 92,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			(92,181)				-	
<b>FUND BALANCE, END OF YEAR</b>			<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, 2013**

**SCHEDULE 5**

	<b>McKinney Education for Homeless Children</b>				<b>Title IV - 21st Century Glenview Middle School</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	18,492	18,492	18,492	-	150,000	150,000	152,710	2,710
Total revenues	<u>\$ 18,492</u>	<u>\$ 18,492</u>	<u>\$ 18,492</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 152,710</u>	<u>\$ 2,710</u>
<b>EXPENDITURES:</b>								
Current:								
Education:								
Salaries	\$ 10,989	\$ 10,989	\$ 10,957	\$ 32	\$ 12,588	\$ 12,588	\$ 10,065	\$ 2,523
Benefits	1,732	1,732	1,751	(19)	3,554	3,554	3,666	(112)
Purchased services	3,771	3,771	4,771	(1,000)	3,300	3,300	46,131	(42,831)
Supplies and materials	2,000	2,000	1,013	987	558	558	-	558
Payments to other governments	-	-	-	-	130,000	130,000	104,697	25,303
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 18,492</u>	<u>\$ 18,492</u>	<u>\$ 18,492</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 164,559</u>	<u>\$ (14,559)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,849)</u>	<u>\$ (11,849)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-				-	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>				<u>\$ (11,849)</u>	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SCHEDULE 5**

	ROE Operations			Variance with Final Budget
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	33,534	33,534	33,534	-
Total revenues	\$ 33,534	\$ 33,534	\$ 33,534	\$ -
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	\$ 21,807	\$ 21,807	\$ 22,626	\$ (819)
Benefits	3,223	3,223	3,276	(53)
Purchased services	8,004	8,004	6,576	1,428
Supplies and materials	500	500	1,056	(556)
Payments to other governments	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	\$ 33,534	\$ 33,534	\$ 33,534	\$ -
<b>NET CHANGE IN FUND BALANCE</b>			-	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			\$ -	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SCHEDULE 5**

	Title IV - 21st Century Primary				Title IV - 21st Century United Township High School			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
<b>REVENUES:</b>								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	135,000	135,000	183,399	48,399	118,050	118,050	194,301	76,251
Total revenues	<u>\$ 135,000</u>	<u>135,000</u>	<u>\$ 183,399</u>	<u>\$ 48,399</u>	<u>\$ 118,050</u>	<u>118,050</u>	<u>\$ 194,301</u>	<u>\$ 76,251</u>
<b>EXPENDITURES:</b>								
Current:								
Education:								
Salaries	\$ 11,601	\$ 11,601	\$ 14,055	\$ (2,454)	\$ 10,113	\$ 9,426	\$ 10,073	\$ (647)
Benefits	3,291	3,291	3,847	(556)	3,037	2,217	2,397	(180)
Purchased services	2,700	2,700	59,112	(56,412)	2,750	105,682	107,217	(1,535)
Supplies and materials	408	408	1,358	(950)	400	725	256	469
Payments to other governments	117,000	117,000	105,027	11,973	101,750	-	89,784	(89,784)
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 183,399</u>	<u>\$ (48,399)</u>	<u>\$ 118,050</u>	<u>\$ 118,050</u>	<u>\$ 209,727</u>	<u>\$ (91,677)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,426)</u>	<u>\$ (15,426)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-				(225)	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>				<u>\$ (15,651)</u>	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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		
<b>REVENUES:</b>								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	88,538	88,538	114,698	26,160	135,000	135,000	197,842	62,842
Total revenues	<u>\$ 88,538</u>	<u>\$ 88,538</u>	<u>\$ 114,698</u>	<u>\$ 26,160</u>	<u>\$ 135,000</u>	<u>135,000</u>	<u>\$ 197,842</u>	<u>\$ 62,842</u>
<b>EXPENDITURES:</b>								
Current:								
Education:								
Salaries	\$ 8,303	\$ 8,303	\$ 8,259	\$ 44	\$ 12,379	\$ 12,379	\$ 12,393	\$ (14)
Benefits	2,488	2,488	2,489	(1)	3,503	3,503	3,493	10
Purchased services	1,747	1,747	42,209	(40,462)	3,250	3,250	99,509	(96,259)
Supplies and materials	-	-	-	-	1,000	1,000	1,537	(537)
Payments to other governments	76,000	76,000	61,741	14,259	114,868	114,868	80,415	34,453
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 88,538</u>	<u>\$ 88,538</u>	<u>\$ 114,698</u>	<u>\$ (26,160)</u>	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 197,347</u>	<u>\$ (62,347)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 495</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-				(495)	
<b>FUND BALANCE, END OF YEAR</b>			<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, 2013**

**SCHEDULE 5**

<b>Title IV - 21st Century Washington Junior High School</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	135,000	135,000	161,818	26,818
Total revenues	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 161,818</u>	<u>\$ 26,818</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	\$ 12,379	\$ 12,379	\$ 12,513	\$ (134)
Benefits	3,503	3,503	3,513	(10)
Purchased services	2,700	2,700	31,688	(28,988)
Supplies and materials	418	418	755	(337)
Payments to other governments	116,000	116,000	113,349	2,651
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 161,818</u>	<u>\$ (26,818)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	\$ -	<u><u>\$ -</u></u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			<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, 2013**

**SCHEDULE 5**

	<b>Class Room Cubed</b>			<b>Variance with Final Budget</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	
<b>REVENUES:</b>				
State sources	\$ 1,000,000	\$ 1,000,000	\$ 76,574	\$ (923,426)
Federal sources	-	-	-	-
Total revenues	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 76,574</u>	<u>\$ (923,426)</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	\$ 127,500	\$ 150,790	\$ 49,120	\$ 101,670
Benefits	22,500	26,610	8,558	18,052
Purchased services	765,000	739,600	18,229	721,371
Supplies and materials	75,000	75,000	667	74,333
Payments to other governments	-	-	-	-
Capital outlay	10,000	8,000	-	8,000
Total expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 76,574</u>	<u>\$ 923,426</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>	

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2013**

**SCHEDULE 6**

	<u>General Education Development</u>	<u>School Bus Driver Training</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,882	\$ 2,826	\$ 30,708
Due from other governments	287	120	407
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 28,169</b>	<b>\$ 2,946</b>	<b>\$ 31,115</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 226	\$ 307	\$ 533
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES</b>			
Restricted	\$ 27,943	\$ 2,639	\$ 30,582
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	\$ 27,943	\$ 2,639	\$ 30,582
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 28,169</b>	<b>\$ 2,946</b>	<b>\$ 31,115</b>
	<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 JUNE 30, 2013**

**SCHEDULE 7**

	<u>General Education Development</u>	<u>School Bus Driver Training</u>	<u>Total</u>
<b>REVENUES:</b>			
Local sources	\$ 15,069	\$ 1,064	\$ 16,133
State sources	-	802	802
Other sources	-	-	-
Total revenues	<u>\$ 15,069</u>	<u>\$ 1,866</u>	<u>\$ 16,935</u>
<b>EXPENDITURES:</b>			
Current:			
Education:			
Salaries	\$ 8,902	\$ -	\$ 8,902
Benefits	1,495	-	1,495
Purchased services	9,455	1,599	11,054
Supplies and materials	-	-	-
Capital Outlay	-	-	-
Total expenditures	<u>\$ 19,852</u>	<u>\$ 1,599</u>	<u>\$ 21,451</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (4,783)</b>	<b>\$ 267</b>	<b>\$ (4,516)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>32,726</u>	<u>2,372</u>	<u>35,098</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 27,943</u></u>	<u><u>\$ 2,639</u></u>	<u><u>\$ 30,582</u></u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2013

	<u>Distributive</u>	<u>Cafeteria Plan</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 30,019</u>	<u>\$ 16,837</u>	<u>\$ 46,856</u>
<b>LIABILITIES</b>			
Due to others	\$ -	\$ 16,837	\$ 16,837
Due to other governments and agencies	<u>30,019</u>	<u>-</u>	<u>30,019</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 30,019</u>	<u>\$ 16,837</u>	<u>\$ 46,856</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, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 81,271	\$ 4,053,894	\$ 4,105,146	\$ 30,019
<b>LIABILITIES</b>				
Due to other governments and agencies	\$ 81,271	\$ 4,053,894	\$ 4,105,146	\$ 30,019
 <b>CAFETERIA PLAN</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,897	\$ 31,413	\$ 28,473	\$ 16,837
<b>LIABILITIES</b>				
Due to others	\$ 13,897	\$ 31,413	\$ 28,473	\$ 16,837
 <b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 95,168	\$ 4,085,307	\$ 4,133,619	\$ 46,856
<b>LIABILITIES</b>				
Due to others	\$ 13,897	\$ 31,413	\$ 28,473	\$ 16,837
Due to other governments and agencies	81,271	4,053,894	4,105,146	30,019
<b>TOTAL LIABILITIES</b>	<b>\$ 95,168</b>	<b>\$ 4,085,307</b>	<b>\$ 4,133,619</b>	<b>\$ 46,856</b>

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, 2013**

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	<u>CFDA Number</u>	<u>Project #</u>	<u>Expenditures 7/1/2012 - 6/30/2013</u>
U.S. Department of Education passed through Illinois State Board of Education:			
Title IV - 21st Century (Edison) <b>M</b>	84.287	12-4421-05	\$ 50,120
Title IV - 21st Century (Edison) <b>M</b>	84.287	13-4421-05	88,711
Title IV - 21st Century (John Deere Middle School) <b>M</b>	84.287	13-4421-09	93,750
Title IV - 21st Century (Washington Junior High) <b>M</b>	84.287	12-4421-02	29,813
Title IV - 21st Century (Washington Junior High) <b>M</b>	84.287	13-4421-02	132,005
Title IV - 21st Century (Moline High School) <b>M</b>	84.287	12-4421-03	96,357
Title IV - 21st Century (Moline High School) <b>M</b>	84.287	13-4421-03	100,990
Title IV - 21st Century (Rock Island High School) <b>M</b>	84.287	12-4421-04	39,973
Title IV - 21st Century (Rock Island High School) <b>M</b>	84.287	13-4421-04	74,725
Title IV - 21st Century (Primary Academy) <b>M</b>	84.287	12-4421-01	59,947
Title IV - 21st Century (Primary Academy) <b>M</b>	84.287	13-4421-01	123,452
Title IV - 21st Century (United Township High School) <b>M</b>	84.287	12-4421-21	104,710
Title IV - 21st Century (United Township High School) <b>M</b>	84.287	13-4421-21	105,017
Title IV - 21st Century (Glenview Middle School) <b>M</b>	84.287	12-4421-22	39,722
Title IV - 21st Century (Glenview Middle School) <b>M</b>	84.287	13-4421-22	124,837
Title IV - 21st Century (Hanson Elementary School) <b>M</b>	84.287	13-4421-13	112,902
Total Title IV-21st Century			<u>\$ 1,377,031</u>
Title II - Teacher Quality	84.367	13-4935-02	<u>\$ 6,000</u>
Mathematics and Science Partnership	84.366	12-4936-10	\$ 14,619
Mathematics and Science Partnership	84.366	12-4936-40	64,011
Mathematics and Science Partnership	84.366	13-4936-40	112,144
Mathematics and Science Partnership	84.366	13-4936-50	77,171
Mathematics and Science Partnership	84.366	13-4936-51	47,567
Total Mathematics and Science Partnership			<u>\$ 315,512</u>
Total passed through Illinois State Board of Education			<u>\$ 1,698,543</u>
U.S. Dept. of Education passed through Lee/Ogle Regional Office of Education #47:			
McKinney Education for Homeless Children	84.196	13-4920-00	<u>18,492</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	12-4331-SS	\$ 16,541
Regional System of Support Provider (RESPRO)	84.010A	13-4331-SS	153,333
Total Regional System of Support Provider (RESPRO)			<u>169,874</u>
Total expenditures of federal awards			<u>\$ 1,886,909</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, 2013

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 program of the Rock Island County Regional Office of Education No. 49 is the Title IV – 21<sup>st</sup> Century (CFDA # 84.287). These Title IV – 21<sup>st</sup> Century funds are used to finance after school activities.

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.