

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, 2014

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, 2013 to present)

Assistant Regional Superintendent

Mr. Joseph Vermeire (Interim/Part-Time)
(July 1, 2013 to November 15, 2013)

Mr. Terry Spranger (Interim/Part-Time)
(November 16, 2013 to February 15, 2014)

Mr. Clayton Naylor (Interim/Part -Time)
(February 16, 2014 to June 30, 2014)

Ms. Jodie Atteberry (Full Time)
(July 1, 2014 to present)

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> | | | |
| 2014-001 | 15 | Controls over Financial Statement Preparation | Material Weakness |
| 2014-002 | 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 December 5, 2014. Attending were Tammy Muerhoff, Regional Superintendent, and Michael Remmele, auditor. Responses to the recommendations were provided by Tammy Muerhoff on May 12, 2015.

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.



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

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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, 2014, 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2014, 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Expenditures of Federal Awards, as required by 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Expenditures of Federal Awards are the responsibility of management and were 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and 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 July 12, 2015 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
July 12, 2015



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, 2014, 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 July 12, 2015. 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*.

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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rock Island County Regional Office of Education No. 49's internal control. 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 were 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 2014-001 and 2014-002 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
July 12, 2015



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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, 2014. 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, 2014.

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
July 12, 2015

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section I -- Summary of Auditor's Results

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, 2014
(CONTINUED)

Identification of major programs:

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

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

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

FINDING NO. 2014-001 - Controls Over Financial Statement Preparation (Repeat of prior years findings: 13-001, 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, we 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, 2014

FINDING NO. 2014-001 - Controls Over Financial Statement Preparation (Repeat of prior years findings: 13-001, 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, 2014

**FINDING NO. 2014-002 - Departure from Generally Accepted Accounting Principles
(Repeat of prior years findings: 13-002, 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, 2014.

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, 2014

**FINDING NO. 2014-002 - Departure from Generally Accepted Accounting Principles
(Repeat of prior years findings: 13-002, 12-2, 11-2 and 10-2)**

Recommendation:

The ROE No. 49 should 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, 2014

None for the year ended June 30, 2014.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding No. 2014-001 – Controls Over Financial Statement Preparation (Repeat of prior years findings: 13-001, 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, we 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, 2014

**Finding No. 2014-002 – Departure from Generally Accepted Accounting Principles
(Repeat of prior years findings: 13-002, 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, 2014.

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, 2014

| <u>Finding No.</u> | <u>Condition</u> | <u>Current Status</u> |
|------------------------|--|-----------------------|
| 13-001 | Controls over financial statement preparation | Repeated 2014-001 |
| 13-002 | Departure from Generally Accepted Accounting Principles | Repeated 2014-002 |

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, 2014

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, 2014. We encourage readers to consider this information in conjunction with Rock Island County Regional Office of Education No. 49's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$590,238 in fiscal year 2013 to \$687,614 in fiscal year 2014. General Fund expenditures increased from \$590,238 in fiscal year 2013 to \$687,614 in fiscal year 2014. The increase in revenues and expenditures is due to an increase in the On-behalf payments.
- Institute Fund revenues decreased from \$49,693 in fiscal year 2013 to \$36,371 in fiscal year 2014, a 27% decrease from 2013. This decrease is due to a decrease in application and registration fee income. Expenditures in the Institute Fund decreased from \$59,758 in fiscal year 2013 to \$39,696 in fiscal year 2014. The decrease in expenditures was primarily due to the salary of the Certification Specialist being paid out of the Institute fund in 2013 and there was a decrease in the salary of the Certification Specialist being paid out of the Institute Fund in 2014.
- Education Fund revenues decreased from \$3,969,798 in fiscal year 2013 to \$3,922,497 in fiscal year 2014. Expenditures increased from \$3,882,903 in fiscal year 2013 to \$3,901,771 in fiscal year 2014. The decrease in revenues is primarily due to a slight decrease in grant funding allocations for FY14. The increase in expenditures is primarily due to grants finalizing grants before year end FY14.
- Enterprise Workshop Fund revenues decreased 6% from \$348,710 in fiscal year 2013 to \$326,612 in fiscal year 2014. Enterprise Workshop Fund expenditures decreased 30% from \$324,444 in fiscal year 2013 to \$228,614 in fiscal year 2014. The fluctuation in revenues and expenditures is spread across multiple workshops. The revenue fluctuation has no clear factor creating these changes. Expenditures under the category of purchased services were down due to the reduced use of third parties.
- Government-wide revenues increased 1% from \$4,899,336 in fiscal year 2013 to \$4,954,160 in fiscal year 2014. Government-wide expenses increased less than 1% from \$4,867,053 in fiscal year 2013 to \$4,871,795 in fiscal year 2014.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 2014

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

| Figure A-1 | | | | |
|--|--|--|---|--|
| Major Features of the Government-wide and Fund Financial Statements | | | | |
| | Government-wide Statements | Fund Statements | | |
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire Rock Island County Regional Office of Education No. 49 (except fiduciary funds) | The activities of Rock Island County Regional Office of Education No. 49 that are not proprietary or fiduciary, such as grants and statutory funds | Activities Rock Island County Regional Office of Education No. 49 operates similar to private businesses: Workshops | Instances in which Rock Island County Regional Office of Education No. 49 administers resources on behalf of someone else, such as the Distributive Fund |
| Required financial statements | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Fund Net Position • Statement of Cash Flows | <ul style="list-style-type: none"> • Statement of Fiduciary Net Position |
| 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, 2014

**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, 2014

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, 2014

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 \$753,523 as of June 30, 2014.

A portion of Rock Island County Regional Office of Education No. 49's net position (8%) 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, 2014 and 2013.

2014

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|---|---|---|--------------------------|
| Current assets | \$ 609,041 | \$ 578,251 | \$ 1,187,292 |
| Capital assets, net of accumulated depreciation | 51,174 | 7,382 | 58,556 |
| Total assets | <u>660,215</u> | <u>585,633</u> | <u>1,245,848</u> |
| Current liabilities | <u>478,608</u> | <u>13,717</u> | <u>492,325</u> |
| Net position | | | |
| Invested in capital assets, net of related debt | 51,174 | 7,382 | 58,556 |
| Unrestricted | - | 564,534 | 564,534 |
| Restricted for educational purposes | 130,433 | - | 130,433 |
| Total net position | <u>\$ 181,607</u> | <u>\$ 571,916</u> | <u>\$ 753,523</u> |

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

2013

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|---|---|---|---------------------|
| Current assets | \$ 1,334,439 | \$ 483,937 | \$ 1,818,376 |
| Capital assets, net of accumulated depreciation | 50,287 | 10,761 | 61,048 |
| 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 | 146,953 | - | 146,953 |
| Total net position | <u>\$ 197,240</u> | <u>\$ 473,918</u> | <u>\$ 671,158</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 \$564,534 and \$463,157 for 2014 and 2013, 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, 2014 was \$4,954,160. The total cost of all programs and services was \$4,871,795. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and 2013.

2014

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|------------------------------------|---|---|---------------------|
| Revenues: | | | |
| Program revenues | | | |
| Charges for services | \$ - | \$ 326,612 | \$ 326,612 |
| Operating grants and contributions | 3,996,192 | - | 3,996,192 |
| General revenues | | | |
| Local sources | 50,454 | - | 50,454 |
| On-behalf payments | 580,902 | - | 580,902 |
| Total revenues | <u>4,627,548</u> | <u>326,612</u> | <u>4,954,160</u> |

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

2014

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|--|---|---|---------------------|
| Expenses: | | | |
| Instructional services | | | |
| Salaries | \$ 1,095,574 | \$ 107,350 | \$ 1,202,924 |
| Benefits | 133,519 | 18,004 | 151,523 |
| Purchased services | 2,149,466 | 82,143 | 2,231,609 |
| Supplies and materials | 178,317 | 16,114 | 194,431 |
| Payments to other governments | 486,265 | - | 486,265 |
| Depreciation | 19,138 | 5,003 | 24,141 |
| Administrative | | | |
| On-behalf payments | <u>580,902</u> | <u>-</u> | <u>580,902</u> |
| Total expenses | <u>4,643,181</u> | <u>228,614</u> | <u>4,871,795</u> |
| Change in net position | (15,633) | 97,998 | 82,365 |
| Net position, beginning of year | <u>197,240</u> | <u>473,918</u> | <u>671,158</u> |
| Net position, end of year | <u>\$ 181,607</u> | <u>\$ 571,916</u> | <u>\$ 753,523</u> |

Operating grants and contributions account for 81% of the total revenue. Rock Island County Regional Office of Education No. 49's expenses primarily relate to instructional services, which account for 88% of the total expenses.

2013

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|------------------------------------|---|---|---------------------|
| Revenues: | | | |
| 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 | <u>476,801</u> | <u>-</u> | <u>476,801</u> |
| 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, 2014

| <u>2013</u> | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|--|---|---|---------------------|
| Expenses: | | | |
| 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 |
| Net position, beginning of year | <u>189,223</u> | <u>449,652</u> | <u>638,875</u> |
| Net position, end of year | <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.

Governmental Activities

Revenues for governmental activities were \$4,550,626 and \$4,627,548 and expenses were \$4,542,609 and \$4,643,181 for 2013 and 2014, 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, 2014

| <u>2014</u> | <u>Total Expenses</u> | <u>Net (Expenses) Revenues</u> |
|-------------------------------|------------------------------|---------------------------------------|
| Instructional services | | |
| Salaries | \$ 1,095,574 | \$ (9,665) |
| Benefits | 133,519 | (3,455) |
| Purchased services | 2,149,466 | (50,560) |
| Supplies and materials | 178,317 | (146) |
| Payments to other governments | 486,265 | - |
| Depreciation | 19,138 | (19,138) |
| Capital outlay | - | 16,877 |
| Administrative | | |
| On-behalf payments | <u>580,902</u> | <u>(580,902)</u> |
| Total expenses | <u>\$ 4,643,181</u> | <u>\$ (646,989)</u> |
| | | |
| <u>2013</u> | <u>Total Expenses</u> | <u>Net (Expenses) Revenues</u> |
| 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> |
| Total expenses | <u>\$ 4,542,609</u> | <u>\$ (534,396)</u> |

- The cost of all governmental activities was \$4,542,609 and \$4,643,181 for 2013 and 2014, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$4,008,213 and \$3,996,192 for 2013 and 2014, respectively.

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.

Net cost of governmental activities (\$646,989), was financed by general revenues, which are made up of local (\$50,454) and on-behalf payments (\$580,902) for 2014.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Business-Type Activities

Revenues for business-type activities were \$348,710 and \$326,612 and expenses were \$324,444 and \$228,614 for 2013 and 2014, 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 \$117,523, above last year's ending fund balance of \$100,224, primarily due to funds being received in a more timely manner in FY14.

Governmental Fund Highlights

The Institute Fund balance decreased from \$103,278 in 2013 to \$99,953 in 2014. Both revenues and expenses were down due to fewer conferences during the year. There was no significant changes in the revenue to expense ratio between fiscal year 2013 and 2014.

The Education Fund deficit balance decreased from \$(33,636) in 2013 to \$(12,910) in 2014. The main reason for the change in fund balance was that more FY14 funds were received in a timely manner in comparison to FY13.

Proprietary Fund Highlights

Workshop Fund net position increased from \$473,918 at June 30, 2013 to \$571,916 at June 30, 2014, representing an increase of approximately 21%. The increase was due to lower purchased services paid to third parties.

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, 2014, Rock Island County Regional Office of Education No. 49 had invested \$58,556 in capital assets, including furniture and equipment. Total depreciation expense for the year was \$24,141.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

The following schedules present capital asset balances net of depreciation for the fiscal years ended June 30, 2014 and 2013.

| <u>2014</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|-------------------------|---|--|---------------------|
| Furniture and equipment | \$ 51,174 | \$ 7,382 | \$ 58,556 |

| <u>2013</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|-------------------------|---|--|---------------------|
| Furniture and equipment | \$ 50,287 | \$ 10,761 | \$ 61,048 |

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 \$7 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 FY15.

ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

**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, 2014

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|---------------------|
| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 187,140 | \$ 316,885 | \$ 504,025 |
| Due from other governments | 674,337 | - | 674,337 |
| Due (to) from other funds | (252,436) | 252,436 | - |
| Other assets | - | 8,930 | 8,930 |
| Total current assets | <u>\$ 609,041</u> | <u>\$ 578,251</u> | <u>\$ 1,187,292</u> |
| Noncurrent assets: | | | |
| Capital assets, being depreciated, net | 51,174 | 7,382 | 58,556 |
| Total assets | <u>\$ 660,215</u> | <u>\$ 585,633</u> | <u>\$ 1,245,848</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 417,956 | \$ 11,377 | \$ 429,333 |
| Accrued expenses | 23,567 | 2,340 | 25,907 |
| Unearned revenues | 37,085 | - | 37,085 |
| Total liabilities | <u>\$ 478,608</u> | <u>\$ 13,717</u> | <u>\$ 492,325</u> |
| NET POSITION | | | |
| Net investment in capital assets | \$ 51,174 | \$ 7,382 | \$ 58,556 |
| Unrestricted | - | 564,534 | 564,534 |
| Restricted for educational purposes | 130,433 | - | 130,433 |
| Total net position | <u>\$ 181,607</u> | <u>\$ 571,916</u> | <u>\$ 753,523</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, 2014

EXHIBIT B

| FUNCTIONS/PROGRAMS | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | |
|---------------------------------|-------------------------|---------------------------------|---|--|------------------------------------|---------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | Primary Government | | <u>Total</u> |
| | | | | <u>Governmental Activities</u> | <u>Business-Type Activites</u> | |
| PRIMARY GOVERNMENT | | | | | | |
| Government activities: | | | | | | |
| Instructional services: | | | | | | |
| Salaries | \$ 1,095,574 | \$ - | \$ 1,085,909 | \$ (9,665) | \$ - | \$ (9,665) |
| Benefits | 133,519 | - | 130,064 | (3,455) | - | (3,455) |
| Purchased services | 2,149,466 | - | 2,098,906 | (50,560) | - | (50,560) |
| Supplies and materials | 178,317 | - | 178,171 | (146) | - | (146) |
| Payments to other governments | 486,265 | - | 486,265 | - | - | - |
| Depreciation | 19,138 | - | - | (19,138) | - | (19,138) |
| Capital outlay | - | - | 16,877 | 16,877 | - | 16,877 |
| Administrative: | | | | | | |
| On-behalf payments | 580,902 | - | - | (580,902) | - | (580,902) |
| Total governmental activities | \$ 4,643,181 | \$ - | \$ 3,996,192 | \$ (646,989) | \$ - | \$ (646,989) |
| Business-type activities: | | | | | | |
| Other | 228,614 | 326,612 | - | - | 97,998 | 97,998 |
| Total primary government | \$ 4,871,795 | \$ 326,612 | \$ 3,996,192 | \$ (646,989) | \$ 97,998 | \$ (548,991) |
| General revenues: | | | | | | |
| Local sources | | | | \$ 50,454 | \$ - | \$ 50,454 |
| On-behalf payments | | | | 580,902 | - | 580,902 |
| Total general revenues | | | | \$ 631,356 | \$ - | \$ 631,356 |
| Change in net position | | | | \$ (15,633) | \$ 97,998 | \$ 82,365 |
| Net Position - beginning | | | | 197,240 | 473,918 | 671,158 |
| Net Position - Ending | | | | \$ 181,607 | \$ 571,916 | \$ 753,523 |

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, 2014

EXHIBIT C

| | <u>Special Revenue</u> | | | | <u>Total Governmental Funds</u> |
|---|-------------------------|---------------------------|---------------------------|--------------------------------------|---|
| | <u>General Fund</u> | <u>Institute Fund</u> | <u>Education Fund</u> | <u>Other Non-Major Funds</u> | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 99,953 | \$ 55,648 | \$ 31,539 | \$ 187,140 |
| Due from other funds | - | - | - | - | - |
| Due from other governments | - | - | 674,145 | 192 | 674,337 |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ 99,953</u> | <u>\$ 729,793</u> | <u>\$ 31,731</u> | <u>\$ 861,477</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ 417,956 | \$ - | \$ 417,956 |
| Accrued expenses | - | - | 22,316 | 1,251 | 23,567 |
| Due to other funds | - | - | 252,436 | - | 252,436 |
| Unearned revenue | - | - | 37,085 | - | 37,085 |
| Total liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 729,793</u> | <u>\$ 1,251</u> | <u>\$ 731,044</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | \$ - | \$ - | \$ 12,910 | \$ - | \$ 12,910 |
| FUND BALANCES | | | | | |
| Restricted | \$ - | \$ 99,953 | \$ - | \$ 30,480 | \$ 130,433 |
| Unassigned | - | - | (12,910) | - | (12,910) |
| Total fund balances | <u>\$ -</u> | <u>\$ 99,953</u> | <u>\$ (12,910)</u> | <u>\$ 30,480</u> | <u>\$ 117,523</u> |
| TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES | <u>\$ -</u> | <u>\$ 99,953</u> | <u>\$ 729,793</u> | <u>\$ 31,731</u> | <u>\$ 861,477</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, 2014**

| | | |
|---|----|---------|
| Total fund balances - governmental funds | \$ | 117,523 |
|---|----|---------|

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

| | | |
|--|--|--------|
| Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds. | | 12,910 |
|--|--|--------|

| | | |
|---|--|--------|
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. | | 51,174 |
|---|--|--------|

| | | |
|--|-----------|-----------------------|
| Net position of governmental activities | \$ | <u>181,607</u> |
|--|-----------|-----------------------|

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT E

| | <u>Special Revenue</u> | | | | <u>Total Governmental Funds</u> |
|--|-------------------------|---------------------------|---------------------------|-------------------------------------|---|
| | <u>General Fund</u> | <u>Institute Fund</u> | <u>Education Fund</u> | <u>Other Nonmajor Funds</u> | |
| REVENUES: | | | | | |
| Local sources | \$ - | \$ 36,371 | \$ - | \$ 14,083 | \$ 50,454 |
| State sources | 106,712 | - | 2,633,986 | 802 | 2,741,500 |
| Federal sources | - | - | 1,288,511 | - | 1,288,511 |
| On-behalf payments | 580,902 | - | - | - | 580,902 |
| Total revenues | <u>\$ 687,614</u> | <u>\$ 36,371</u> | <u>\$ 3,922,497</u> | <u>\$ 14,885</u> | <u>\$ 4,661,367</u> |
| EXPENDITURES: | | | | | |
| Salaries | \$ - | \$ - | \$ 1,094,507 | \$ 1,067 | \$ 1,095,574 |
| Benefits | - | - | 133,335 | 184 | 133,519 |
| Purchased services | 106,712 | 39,550 | 1,992,616 | 10,588 | 2,149,466 |
| Supplies and materials | - | 146 | 178,171 | - | 178,317 |
| Payments to other governments | - | - | 486,265 | - | 486,265 |
| On-behalf payments | 580,902 | - | - | - | 580,902 |
| Capital outlay | - | - | 16,877 | 3,148 | 20,025 |
| Total expenditures | <u>\$ 687,614</u> | <u>\$ 39,696</u> | <u>\$ 3,901,771</u> | <u>\$ 14,987</u> | <u>\$ 4,644,068</u> |
| NET CHANGE IN FUND BALANCES | \$ - | \$ (3,325) | \$ 20,726 | \$ (102) | \$ 17,299 |
| FUND BALANCE, BEGINNING OF YEAR | <u>-</u> | <u>103,278</u> | <u>(33,636)</u> | <u>30,582</u> | <u>100,224</u> |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ 99,953</u> | <u>\$ (12,910)</u> | <u>\$ 30,480</u> | <u>\$ 117,523</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, 2014**

Net change in fund balance \$ 17,299

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 considered
"unavailable" revenues and are deferred inflows of resources
in the governmental funds.

| | | |
|----------------------------------|-----------------|----------|
| Current year unavailable revenue | \$ 12,910 | |
| Prior year unavailable revenue | <u>(46,729)</u> | (33,819) |

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 | \$ 20,025 | |
| Depreciation expense | <u>(19,138)</u> | 887 |

Change in net position of governmental activities \$ (15,633)

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, 2014

| | Enterprise Fund <u>Workshops</u> |
|---|---|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 316,885 |
| Other assets | 8,930 |
| Due from other funds | 252,436 |
| Total current assets | \$ 578,251 |
| Noncurrent assets: | |
| Capital assets, net of accumulated depreciation | 7,382 |
| Total assets | \$ 585,633 |
| LIABILITIES | |
| Accounts payable | \$ 11,377 |
| Accrued expenses | 2,340 |
| Total liabilities | \$ 13,717 |
| NET POSITION | |
| Net investment in capital assets | \$ 7,382 |
| Unrestricted | 564,534 |
| Total net position | \$ 571,916 |

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, 2014

| | Enterprise Fund <u>Workshops</u> |
|---|---|
| Operating revenues: | |
| Charges for services | \$ 326,612 |
| Operating expenses: | |
| Current: | |
| Education | |
| Salaries | \$ 107,350 |
| Benefits | 18,004 |
| Purchased services | 82,143 |
| Supplies and materials | 16,114 |
| Payments to other government | - |
| Depreciation expense | 5,003 |
| Total operating expense | \$ 228,614 |
| Operating Income | \$ 97,998 |
| Transfer from general fund | - |
| Change in Net Position | \$ 97,998 |
| Net Position - Beginning of year | 473,918 |
| Net Position - End of year | \$ 571,916 |

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, 2014**

| | <u>Enterprise Fund Workshops</u> |
|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from workshops | \$ 322,622 |
| Payments to suppliers and providers of goods and services | (93,781) |
| Payments to other funds | (252,436) |
| Payments to employees | (136,893) |
| Net cash used for operating activities | <u>\$ (160,488)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Purchase of capital assets | <u>\$ (1,624)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | \$ (162,112) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>478,997</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 316,885</u> |
| Reconciliation of operating income to net cash provided by (used for) operating activities: | |
| Operating income | \$ 97,998 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | |
| Depreciation | 5,003 |
| Change in assets and liabilities: | |
| Increase in other assets | (3,990) |
| Increase in due from other funds | (252,436) |
| Increase in accounts payable | 4,476 |
| Decrease in accrued expenses | (11,539) |
| Net cash used for operating activities | <u>\$ (160,488)</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, 2014**

| | <u>Agency Funds</u> |
|--------------------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ <u>40,799</u> |
| LIABILITIES | |
| Due to plan participants | \$ 10,773 |
| Due to other government and agencies | <u>30,026</u> |
| Total liabilities | <u>\$ 40,799</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, 2014

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, 2014

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:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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, 2014

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

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

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

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

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

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation – continued

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

Title IV – 21st Century – Hanson Elementary School – to account for grant monies received for, and payment of, the 21st 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.

Race To The Top – to improve the quality of early childhood programs and to close the gap for high need children.

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, 2014

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, 2014

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 unavailable revenue in the governmental fund financial statements but recognized as current revenue in the government-wide 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, 2014

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, Deferred Inflows of Resources 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.

Deferred inflows of resources – 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 year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consists of unexpended grant proceeds.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities, Deferred inflows of Resources 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. There are no funds restricted by grant agreement or contract. 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: Mathematics and Science Partnership.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities, Deferred Inflows of Resources 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 21st Century Edison Jr. High, Truants' Alt. and Optional Education, Early Childhood Ages 0-3, Early Childhood Ages 3-5, Title IV 21st Century Glenview Middle School, Title IV 21st Century Primary, Title IV 21st Century United Township High School, Title IV 21st Century-Rock Island High School, Title IV 21st Century Moline High School, Title IV 21st Century Washington Junior High School, Title IV 21st Century Hanson Elementary School and Teacher Quality 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, 2014, the carrying amount of the ROE's deposits was \$544,824 and the bank balance was \$721,792.

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, 2014, all of the ROE's deposits were covered by FDIC insurance of \$250,000 and another \$471,792 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, 2014

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, 2014, the ROE had investments with carrying and fair values of \$31,886 invested in the Illinois Funds Money Market Fund. The balance includes \$1,860 in the institute fund and \$30,026 in the distributive fund.

Credit Risk - At June 30, 2014, 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 and Statement of Fiduciary Net Position is as follows:

| | <u>Carrying Amount</u> |
|--|----------------------------|
| Cash and cash equivalents – Governmental Activities: | |
| Bank Deposits | \$185,280 |
| Cash and cash equivalents – Governmental Activities: | |
| Illinois Funds | 1,860 |
| Cash and cash equivalents – Business-type Activities | <u>316,885</u> |
| Total Statement of Net Position | <u>\$504,025</u> |
| Cash and cash equivalents – Fiduciary Activities: | |
| Illinois Funds | \$30,026 |
| Cash and cash equivalents – Fiduciary Activities: | |
| Bank Deposits | <u>10,773</u> |
| Total Statement of Fiduciary Net Position | <u>\$40,799</u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

NOTE 3: DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2014 are as follows:

Education Fund – Due from ISBE

| | |
|---|-------------------------|
| Due Less Than 60 Days | |
| Title IV – 21 st Century Primary | \$ 58,849 |
| Title IV – 21 st Century Edison Jr. High School | 28,301 |
| Title IV – 21 st Century Rock Island High School | 32,428 |
| Title IV – 21 st Century Moline High School | 9,742 |
| Title IV – 21 st Century Washington Jr. High School | 46,622 |
| Title IV – 21 st Century United Township High School | 53,791 |
| Title IV – 21 st Century Glenview Middle School | 23,425 |
| Title IV – 21 st Century Hanson Elementary School | 3,986 |
| Truants' Alt. and Optional Education | 11,293 |
| McKinney Education for Homeless Children | 4,474 |
| Early Childhood Ages 0-3 | 22,333 |
| Early Childhood Ages 3-5 | 301,718 |
| Regional Safe Schools Program | 3,279 |
| Mathematics & Science Partnership | 51,107 |
| Teacher Quality Program | 250 |
| Due Over 60 Days | |
| Mathematics & Science Partnerships | 12,910 |
| Due from state governments | |
| RESPRO | 9,637 |
| Other Nonmajor Funds - Due from Local governments | |
| School Bus Driver Training | <u>192</u> |
| Total | <u>\$674,337</u> |

Total Due from Other Governments

Amounts due to other governments as of June 30, 2014 are as follows:

Agency Fund - Due to various local governmental agencies

| | |
|--------------|-----------------|
| Distributive | <u>\$30,026</u> |
|--------------|-----------------|

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 4: CAPITAL ASSETS

Governmental Activities:

Capital asset activity for the year ended June 30, 2014 is as follows:

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|--|----------------------------|-----------------|-------------|-----------------------------|
| Furniture and equipment | \$ 129,006 | \$ 20,025 | \$ - | \$ 149,031 |
| Accumulated depreciation | <u>(78,719)</u> | <u>(19,138)</u> | <u>-</u> | <u>(97,857)</u> |
| Governmental activities capital assets, net | <u>\$ 50,287</u> | <u>\$ 887</u> | <u>\$ -</u> | <u>\$ 51,174</u> |

Business-type Activities:

Capital asset activity for the year ended June 30, 2014 is as follows:

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|----------------------------|-------------------|-------------|-----------------------------|
| Furniture and equipment | \$ 31,063 | \$ 1,624 | \$ - | \$ 32,687 |
| Accumulated depreciation | <u>(20,302)</u> | <u>(5,003)</u> | <u>-</u> | <u>(25,305)</u> |
| Business-type activities capital assets, net | <u>\$ 10,761</u> | <u>\$ (3,620)</u> | <u>\$ -</u> | <u>\$ 7,382</u> |

Depreciation expense was charged as follows:

Governmental activities:

Instruction:

Depreciation expense \$ 19,138

Business-type activities:

Other:

Depreciation expense \$ 5,003

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.

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 2013 was 9.52 percent. The ROE also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

NOTE 5: EMPLOYEE BENEFIT PLAN - continued

Annual Pension Cost. The required contribution for calendar year 2013 was \$47,300.

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> |
|-----------------------------------|--|--|----------------------------------|
| 12/31/13 | \$ 47,300 | 100% | \$ - |
| 12/31/12 | 55,161 | 100% | - |
| 12/31/11 | 66,638 | 100% | - |

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 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 employer Regular plan's overfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 113.84 percent funded. The actuarial accrued liability for benefits was \$530,584 and the actuarial value of assets was \$604,008, resulting in an overfunded actuarial accrued liability (UAAL) of \$73,424. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$496,847. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as required supplementary information (RSI) 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, 2014

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 for the year ended June 30, 2014 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, 2013 and 2012.

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, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$275,706 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the contribution rates were 28.05 percent (\$188,607) and 24.91 percent (\$189,485), 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, 2014

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 ended June 30, 2014 were \$3,913. Contributions for the years ending June 30, 2013 and June 30, 2012, were \$3,979 and \$4,300, 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 has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$104,138 were paid from federal and special trust funds that required employer contributions of \$36,875. For the years ended June 30, 2013 and June 30, 2012, required ROE contributions were \$60,350 and \$40,317, respectively.

- Early Retirement Option (ERO)

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

The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2014, 2013, and 2012, the ROE made no payments in employer ERO contributions.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014, 2013, and 2012, 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 (17.29 percent of salary during the year ended June 30, 2014).

For the years ended June 30, 2014, 2013 and 2012, 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, 2013. The report for the year ended June 30, 2014 is expected to be available in late 2014.

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 not enrolled in Medicare may participate in the State administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

- **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 .97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$8,563, and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were .92 and .88 percent of pay, respectively. State contributions on behalf of ROE employees were \$8,193 and \$8,100, respectively.

- **Employer contributions to the THIS Fund.** The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was .72 percent during the year ended June 30, 2014 and .69 and .66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the employer paid \$4,858 to the THIS fund. For the years ended June 30, 2013 and June 30, 2012, the ROE paid \$4,734 and \$4,970 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 current reports are 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, 2014

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 are made; i.e. the owner of the funds.

At June 30, 2014, undistributed interest earnings or receipts credited to other governments and organizations are as follows:

| | |
|---|------------------|
| State and Federal Aid Distributive Fund | <u>\$ 30,026</u> |
|---|------------------|

Interest earnings credited to other governments and organizations are distributed in cash or in lieu of cash and are used to pay for in service 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, 2014 is as follows:

| | |
|---|--------------------------|
| Regional Superintendent salary | \$ 109,464 |
| Regional Superintendent benefits (Includes State paid insurance) | 31,520 |
| Assistant Regional Superintendent salary | 98,544 |
| Assistant Regional Superintendent benefits (Includes State paid insurance) | 1,429 |
| County On-behalf payments | 55,676 |
| TRS On-behalf payments | 275,706 |
| THIS On-behalf payments | <u>8,563</u> |
| Total | <u>\$ 580,902</u> |

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, 2014

NOTE 9: DEFICIT FUND BALANCES

At June 30, 2014, the following fund had a deficit fund balance.

Education Fund:

| | |
|-------------------------------------|------------|
| Mathematics and Science Partnership | \$(12,910) |
|-------------------------------------|------------|

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 2014 Rock Island County Regional Office of Education No. 49 implemented Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. These statements had no impact on the financial statements for Rock Island County Regional Office of Education No. 49. The Rock Island County Regional Office of Education No. 49 also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This clarified GASB Statement No. 63’s presentation of deferred inflows and outflows 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, 2014:

| <u>Fund</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|------------------|---------------------------------|-------------------------------|
| Proprietary Fund | \$252,436 | \$ - |
| Education Funds | <u>\$ -</u> | <u>\$252,436</u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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: PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ended June 30, 2015. The revised requirements establish new financial reporting requirements, including additional note disclosures and required supplementary information, for state and local governments that provide their employees with pension benefits. At this time, the effect of the statement on the financial statements is indeterminable; however, the Statement of Net Position may be adjusted to include a significant liability for the government's proportionate share of the employee pension plans' unfunded liabilities.

NOTE 15: SUBSEQUENT EVENTS

The ROE assessed events that have occurred subsequent to June 30, 2014 through July 12, 2015, 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, 2014

| 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) |
|--------------------------------|--|---|------------------------------------|--|---------------------------|---|
| 12/31/2013 | \$ 604,008 | \$ 530,584 | \$ (73,424) | 113.84 | \$ 496,847 | 0.00 |
| 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 101.69%

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, 2014

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

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2014**

| | General State Aid | General Fund | Total |
|--|----------------------------------|-------------------------|--------------------|
| REVENUES: | | | |
| Local sources | \$ - | \$ - | \$ - |
| State sources | 106,712 | - | 106,712 |
| On-behalf payments | - | 580,902 | 580,902 |
| Total revenues | <u>\$ 106,712</u> | <u>\$ 580,902</u> | <u>\$ 687,614</u> |
| EXPENDITURES: | | | |
| Salaries | \$ - | \$ - | \$ - |
| Benefits | - | - | - |
| Purchased services | 106,712 | - | 106,712 |
| Supplies and materials | - | - | - |
| Payments to other governments | - | - | - |
| On-behalf payments | - | 580,902 | 580,902 |
| Capital outlay | - | - | - |
| Total expenditures | <u>\$ 106,712</u> | <u>\$ 580,902</u> | <u>\$ 687,614</u> |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ - |
| FUND BALANCE, BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2014

SCHEDULE 3

| | Title IV - 21st Century Primary | Title IV - 21st Century Edison Jr. High | Title IV - 21st Century Rock Island High School | Title IV - 21st Century Moline High School | Title IV - 21st Century Washington Jr. High School | Title IV - 21st Century United Township High School |
|---|---------------------------------------|--|--|---|---|--|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due from other governments | 58,849 | 28,301 | 32,428 | 9,742 | 46,622 | 53,791 |
| Total Assets | \$ 58,849 | \$ 28,301 | \$ 32,428 | \$ 9,742 | \$ 46,622 | \$ 53,791 |
| LIABILITIES & FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 49,327 | \$ 14,502 | \$ 10,574 | \$ - | \$ 19,436 | \$ 10,245 |
| Accrued expenses | - | - | - | 1,552 | - | 3,917 |
| Due to other funds | 9,522 | 13,799 | 21,854 | 8,190 | 27,186 | 39,629 |
| Unearned Revenue | - | - | - | - | - | - |
| Total liabilities | \$ 58,849 | \$ 28,301 | \$ 32,428 | \$ 9,742 | \$ 46,622 | \$ 53,791 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| FUND BALANCES | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Liabilities, Deferred Inflows & Fund Balance | \$ 58,849 | \$ 28,301 | \$ 32,428 | \$ 9,742 | \$ 46,622 | \$ 53,791 |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2014

SCHEDULE 3

| | <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> | <u>Truants' Alt. and Optional Education</u> | <u>McKinney Education for Homeless Children</u> |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 17,901 | \$ - | \$ - | \$ - |
| Due from other governments | 23,425 | 3,986 | 22,333 | 301,718 | 11,293 | 4,474 |
| Total Assets | <u>\$ 23,425</u> | <u>\$ 3,986</u> | <u>\$ 40,234</u> | <u>\$ 301,718</u> | <u>\$ 11,293</u> | <u>\$ 4,474</u> |
| LIABILITIES & FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 866 | \$ 200 | \$ 38,456 | \$ 259,517 | \$ - | \$ - |
| Accrued expenses | - | - | 1,778 | 6,584 | - | - |
| Due to other funds | 22,559 | 3,786 | - | 35,617 | 11,293 | 4,474 |
| Unearned Revenue | - | - | - | - | - | - |
| Total liabilities | <u>\$ 23,425</u> | <u>\$ 3,986</u> | <u>\$ 40,234</u> | <u>\$ 301,718</u> | <u>\$ 11,293</u> | <u>\$ 4,474</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| FUND BALANCES | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Liabilities, Deferred Inflows & Fund Balance | <u>\$ 23,425</u> | <u>\$ 3,986</u> | <u>\$ 40,234</u> | <u>\$ 301,718</u> | <u>\$ 11,293</u> | <u>\$ 4,474</u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2014

SCHEDULE 3

| ASSETS | <u>RESPRO</u> | <u>Race to the Top</u> | <u>Mathematics and Science Partnership</u> | <u>ROE Operations Fund</u> | <u>Technology for Success</u> | <u>Class Room Cubed</u> |
|---|-----------------|----------------------------|--|------------------------------------|-----------------------------------|---------------------------------|
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 540 | \$ 2,091 | \$ 34,994 |
| Due from other governments | 9,637 | - | 64,017 | - | - | - |
| Total Assets | <u>\$ 9,637</u> | <u>\$ -</u> | <u>\$ 64,017</u> | <u>\$ 540</u> | <u>\$ 2,091</u> | <u>\$ 34,994</u> |
| LIABILITIES & FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 14,048 | \$ 540 | \$ - | \$ - |
| Accrued expenses | - | - | 5,329 | - | - | - |
| Due to other funds | 9,637 | - | 44,640 | - | - | - |
| Unearned Revenue | - | - | - | - | 2,091 | 34,994 |
| Total liabilities | <u>\$ 9,637</u> | <u>\$ -</u> | <u>\$ 64,017</u> | <u>\$ 540</u> | <u>\$ 2,091</u> | <u>\$ 34,994</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | \$ - | \$ - | \$ 12,910 | \$ - | \$ - | \$ - |
| FUND BALANCES | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unassigned | - | - | (12,910) | - | - | - |
| Total fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (12,910)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Liabilities, Deferred Inflows & Fund Balance | <u>\$ 9,637</u> | <u>\$ -</u> | <u>\$ 64,017</u> | <u>\$ 540</u> | <u>\$ 2,091</u> | <u>\$ 34,994</u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2014

SCHEDULE 3

| | Regional Safe Schools Program | Teacher Quality Program | Total |
|---|--|--|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 122 | \$ - | \$ 55,648 |
| Due from other governments | 3,279 | 250 | 674,145 |
| Total Assets | \$ 3,401 | \$ 250 | \$ 729,793 |
| LIABILITIES & FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 245 | \$ - | \$ 417,956 |
| Accrued expenses | 3,156 | - | 22,316 |
| Due to other funds | - | 250 | 252,436 |
| Unearned Revenue | - | - | 37,085 |
| Total liabilities | \$ 3,401 | \$ 250 | \$ 729,793 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | \$ - | \$ - | \$ 12,910 |
| FUND BALANCES | | | |
| Restricted | \$ - | \$ - | \$ - |
| Unassigned | - | - | (12,910) |
| Total fund balances | \$ - | \$ - | \$ (12,910) |
| Total Liabilities, Deferred Inflows & Fund Balance | \$ 3,401 | \$ 250 | \$ 729,793 |

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, 2014

SCHEDULE 4

| | Title IV - 21st Century Primary | Title IV - 21st Century Edison Jr. High | Title IV - 21st Century Rock Island High School | Title IV - 21st Century Moline High School | Title IV - 21st Century Washington Jr. High School | Title IV - 21st Century United Township High School |
|--|---------------------------------------|--|--|---|---|--|
| REVENUES: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - |
| Federal sources | 93,954 | 45,953 | 62,883 | 81,909 | 80,736 | 135,289 |
| Total revenues | <u>\$ 93,954</u> | <u>\$ 45,953</u> | <u>\$ 62,883</u> | <u>\$ 81,909</u> | <u>\$ 80,736</u> | <u>\$ 135,289</u> |
| EXPENDITURES: | | | | | | |
| Salaries | \$ 7,197 | \$ 2,880 | \$ 4,020 | \$ 6,991 | \$ 4,608 | \$ 4,142 |
| Benefits | 2,202 | 120 | 1,243 | 2,295 | 1,768 | 1,503 |
| Purchased services | 1,582 | 25,877 | 242 | 266 | 1,069 | 1,541 |
| Supplies and materials | 54 | - | - | - | 184 | - |
| Payments to other governments | 82,919 | 17,076 | 57,378 | 72,357 | 73,107 | 112,452 |
| Capital Outlay | - | - | - | - | - | - |
| Total expenditures | <u>\$ 93,954</u> | <u>\$ 45,953</u> | <u>\$ 62,883</u> | <u>\$ 81,909</u> | <u>\$ 80,736</u> | <u>\$ 119,638</u> |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,651 |
| FUND BALANCE, BEGINNING OF YEAR | - | - | - | - | - | (15,651) |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 4

| | Title IV - 21st Century Glenview Middle School | Title IV - 21st Century Hanson Elementary School | Early Childhood Ages 0-3 | Early Childhood Ages 3-5 | Truants' Alt. and Optional Education | McKinney Education for Homeless Children |
|--|---|---|---|---|---|---|
| REVENUES: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | 283,828 | 2,097,393 | 62,071 | - |
| Federal sources | 166,720 | 71,477 | - | - | - | 11,835 |
| Total revenues | <u>\$ 166,720</u> | <u>\$ 71,477</u> | <u>\$ 283,828</u> | <u>\$ 2,097,393</u> | <u>\$ 62,071</u> | <u>\$ 11,835</u> |
| EXPENDITURES: | | | | | | |
| Salaries | \$ 11,102 | \$ 14,192 | \$ 70,005 | \$ 676,896 | \$ 48,577 | \$ 7,138 |
| Benefits | 4,367 | 4,738 | 12,004 | 37,259 | 8,423 | 1,226 |
| Purchased services | 118,906 | 1,317 | 179,689 | 1,353,419 | 5,071 | 1,807 |
| Supplies and materials | 866 | (116) | 15,130 | 29,819 | - | 1,664 |
| Payments to other governments | 19,630 | 51,346 | - | - | - | - |
| Capital Outlay | - | - | 7,000 | - | - | - |
| Total expenditures | <u>\$ 154,871</u> | <u>\$ 71,477</u> | <u>\$ 283,828</u> | <u>\$ 2,097,393</u> | <u>\$ 62,071</u> | <u>\$ 11,835</u> |
| NET CHANGE IN FUND BALANCE | \$ 11,849 | \$ - | \$ - | \$ - | \$ - | \$ - |
| FUND BALANCE, BEGINNING OF YEAR | (11,849) | - | - | - | - | - |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 4

| | <u>RESPRO</u> | <u>Race to the Top</u> | <u>Mathematics and Science Partnership</u> | <u>ROE Operations Fund</u> | <u>Technology for Success</u> | <u>Class Room Cubed</u> |
|--|--------------------|----------------------------|--|------------------------------------|-----------------------------------|---------------------------------|
| REVENUES: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | 33,531 | 36,889 | 35,889 |
| Federal sources | 6,660 | 4,750 | 519,220 | - | - | - |
| Total revenues | <u>\$ 6,660</u> | <u>\$ 4,750</u> | <u>\$ 519,220</u> | <u>\$ 33,531</u> | <u>\$ 36,889</u> | <u>\$ 35,889</u> |
| EXPENDITURES: | | | | | | |
| Salaries | \$ 12,974 | \$ 4,750 | \$ 120,400 | \$ 22,821 | \$ 30,082 | \$ 24,141 |
| Benefits | 4,935 | - | 34,173 | 824 | 5,225 | 3,950 |
| Purchased services | 1,844 | - | 219,496 | 8,602 | 1,582 | 7,712 |
| Supplies and materials | - | - | 128,955 | 1,284 | - | 86 |
| Payments to other governments | - | - | - | - | - | - |
| Capital Outlay | - | - | 9,877 | - | - | - |
| Total expenditures | <u>\$ 19,753</u> | <u>\$ 4,750</u> | <u>\$ 512,901</u> | <u>\$ 33,531</u> | <u>\$ 36,889</u> | <u>\$ 35,889</u> |
| NET CHANGE IN FUND BALANCE | \$ (13,093) | \$ - | \$ 6,319 | \$ - | \$ - | \$ - |
| FUND BALANCE, BEGINNING OF YEAR | <u>13,093</u> | <u>-</u> | <u>(19,229)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (12,910)</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, 2014**

SCHEDULE 4

| | Regional Safe Schools Program | Teacher Quality Program | Total |
|--|--|--|---------------------|
| REVENUES: | | | |
| Local sources | \$ - | \$ - | \$ - |
| State sources | 84,385 | - | 2,633,986 |
| Federal sources | - | 7,125 | 1,288,511 |
| Total revenues | <u>\$ 84,385</u> | <u>\$ 7,125</u> | <u>\$ 3,922,497</u> |
| EXPENDITURES: | | | |
| Salaries | \$ 21,591 | \$ - | \$ 1,094,507 |
| Benefits | 7,080 | - | 133,335 |
| Purchased services | 55,469 | 7,125 | 1,992,616 |
| Supplies and materials | 245 | - | 178,171 |
| Payments to other governments | - | - | 486,265 |
| Capital Outlay | - | - | 16,877 |
| Total expenditures | <u>\$ 84,385</u> | <u>\$ 7,125</u> | <u>\$ 3,901,771</u> |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ 20,726 |
| FUND BALANCE, BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>(33,636)</u> |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (12,910)</u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| | Title IV - 21st Century Primary | | | |
|--|------------------------------------|-------------------|------------------|----------------------|
| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 112,500 | 112,500 | 93,954 | (18,546) |
| Total revenues | <u>\$ 112,500</u> | <u>\$ 112,500</u> | <u>\$ 93,954</u> | <u>\$ (18,546)</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 6,738 | \$ 6,738 | \$ 7,197 | \$ (459) |
| Benefits | 2,134 | 2,134 | 2,202 | (68) |
| Purchased services | 3,270 | 3,270 | 1,582 | 1,688 |
| Supplies and materials | 358 | 358 | 54 | 304 |
| Payments to other governments | 100,000 | 100,000 | 82,919 | 17,081 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 112,500</u> | <u>\$ 112,500</u> | <u>\$ 93,954</u> | <u>\$ 18,546</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | \$ - | <u>\$ -</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | <u>\$ -</u> | |

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 5

| | Title IV - 21st Century Edison Jr. High School | | | |
|--|---|---------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 61,000 | 61,000 | 45,953 | (15,047) |
| Total revenues | <u>\$ 61,000</u> | <u>\$ 61,000</u> | <u>\$ 45,953</u> | <u>\$ (15,047)</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 4,680 | \$ 4,680 | \$ 2,880 | \$ 1,800 |
| Benefits | 1,417 | 1,417 | 120 | 1,297 |
| Purchased services | 2,545 | 2,545 | 25,877 | (23,332) |
| Supplies and materials | 358 | 358 | - | 358 |
| Payments to other governments | 52,000 | 52,000 | 17,076 | 34,924 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 61,000</u> | <u>\$ 61,000</u> | <u>\$ 45,953</u> | <u>\$ 15,047</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | \$ - | <u><u>\$ -</u></u> |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | <u><u>\$ -</u></u> | |

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 5

| Title IV - 21st Century Rock Island High School | | | | |
|--|-------------------------|------------------|---------------------------|---------------------------------------|
| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 59,025 | 59,025 | 62,883 | 3,858 |
| Total revenues | <u>\$ 59,025</u> | <u>\$ 59,025</u> | <u>\$ 62,883</u> | <u>\$ 3,858</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 4,442 | \$ 4,442 | \$ 4,020 | \$ 422 |
| Benefits | 1,307 | 1,307 | 1,243 | 64 |
| Purchased services | 2,832 | 2,832 | 242 | 2,590 |
| Supplies and materials | 444 | 444 | - | 444 |
| Payments to other governments | | - | 57,378 | (57,378) |
| Capital outlay | 50,000 | 50,000 | - | 50,000 |
| Total expenditures | <u>\$ 59,025</u> | <u>\$ 59,025</u> | <u>\$ 62,883</u> | <u>\$ (3,858)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | \$ - | <u>\$ -</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | <u>\$ -</u> | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| | Title IV - 21st Century Moline High School | | | |
|--|---|---------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 112,500 | 112,500 | 81,909 | (30,591) |
| Total revenues | <u>\$ 112,500</u> | <u>112,500</u> | <u>\$ 81,909</u> | <u>\$ (30,591)</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 8,636 | \$ 8,636 | \$ 6,991 | \$ 1,645 |
| Benefits | 2,646 | 2,646 | 2,295 | 351 |
| Purchased services | 2,850 | 2,850 | 266 | 2,584 |
| Supplies and materials | 368 | 368 | - | 368 |
| Payments to other governments | 98,000 | 98,000 | 72,357 | 25,643 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 112,500</u> | <u>\$ 112,500</u> | <u>\$ 81,909</u> | <u>\$ 30,591</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>-</u> | |
| FUND BALANCE, END OF YEAR | | | <u><u>\$ -</u></u> | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| Title IV - 21st Century Washington Junior High School | | | | |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 112,500 | 112,500 | 80,736 | (31,764) |
| Total revenues | <u>\$ 112,500</u> | <u>\$ 112,500</u> | <u>\$ 80,736</u> | <u>\$ (31,764)</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 6,738 | \$ 6,738 | \$ 4,608 | \$ 2,130 |
| Benefits | 2,134 | 2,134 | 1,768 | 366 |
| Purchased services | 3,270 | 3,270 | 1,069 | 2,201 |
| Supplies and materials | 358 | 358 | 184 | 174 |
| Payments to other governments | 100,000 | 100,000 | 73,107 | 26,893 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 112,500</u> | <u>\$ 112,500</u> | <u>\$ 80,736</u> | <u>\$ 31,764</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | <u><u>\$ -</u></u> | |

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 5

| Title IV - 21st Century United Township High School | | | | |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 118,050 | 118,050 | 135,289 | 17,239 |
| Total revenues | <u>\$ 118,050</u> | <u>118,050</u> | <u>\$ 135,289</u> | <u>\$ 17,239</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 9,708 | \$ 9,708 | \$ 4,142 | \$ 5,566 |
| Benefits | 2,952 | 2,952 | 1,503 | 1,449 |
| Purchased services | 3,340 | 3,340 | 1,541 | 1,799 |
| Supplies and materials | 200 | 200 | - | 200 |
| Payments to other governments | 101,850 | 101,850 | 112,452 | (10,602) |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 118,050</u> | <u>\$ 118,050</u> | <u>\$ 119,638</u> | <u>\$ (1,588)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | \$ 15,651 | <u>\$ 15,651</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>(15,651)</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ -</u> | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| Title IV - 21st Century Glenview Middle School | | | | |
|---|--------------------------|--------------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 150,000 | 150,000 | 166,720 | 16,720 |
| | | | | |
| Total revenues | <u>\$ 150,000</u> | <u>\$ 150,000</u> | <u>\$ 166,720</u> | <u>\$ 16,720</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 11,412 | \$ 11,412 | \$ 11,102 | \$ 310 |
| Benefits | 3,431 | 3,431 | 4,367 | (936) |
| Purchased services | 4,594 | 4,594 | 118,906 | (114,312) |
| Supplies and materials | 563 | 563 | 866 | (303) |
| Payments to other governments | 130,000 | 130,000 | 19,630 | 110,370 |
| Capital outlay | - | - | - | - |
| | | | | |
| Total expenditures | <u>\$ 150,000</u> | <u>\$ 150,000</u> | <u>\$ 154,871</u> | <u>\$ (4,871)</u> |
| NET CHANGE IN FUND BALANCE | | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,849</u> | <u>\$ 11,849</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>(11,849)</u> | |
| FUND BALANCE, END OF YEAR | | | <u><u>\$ -</u></u> | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| Title IV - 21st Century Hanson Elementary School | | | | |
|---|-------------------------|---------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 138,000 | 138,000 | 71,477 | (66,523) |
| Total revenues | <u>\$ 138,000</u> | <u>\$ 138,000</u> | <u>\$ 71,477</u> | <u>\$ (66,523)</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 10,627 | \$ 10,627 | \$ 14,192 | \$ (3,565) |
| Benefits | 3,302 | 3,302 | 4,738 | (1,436) |
| Purchased services | 3,746 | 3,746 | 1,317 | 2,429 |
| Supplies and materials | 425 | 425 | (116) | 541 |
| Payments to other governments | 119,900 | 119,900 | 51,346 | 68,554 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 138,000</u> | <u>\$ 138,000</u> | <u>\$ 71,477</u> | <u>\$ 66,523</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | \$ - | <u>\$ -</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | <u>\$ -</u> | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| | Early Childhood Ages 0-3 | | | |
|--|--------------------------|-------------|-------------|---------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| State sources | \$ 228,946 | \$ 228,946 | \$ 283,828 | \$ 54,882 |
| Federal sources | - | - | - | - |
| Total revenues | \$ 228,946 | \$ 228,946 | \$ 283,828 | \$ 54,882 |
| EXPENDITURES: | | | | |
| Salaries | \$ 110,119 | \$ 84,119 | \$ 70,005 | \$ 14,114 |
| Benefits | 18,907 | 10,907 | 12,004 | (1,097) |
| Purchased services | 98,429 | 121,429 | 179,689 | (58,260) |
| Supplies and materials | 1,491 | 12,491 | 15,130 | (2,639) |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | 7,000 | (7,000) |
| Total expenditures | \$ 228,946 | \$ 228,946 | \$ 283,828 | \$ (54,882) |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ - | \$ - |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | \$ - | |

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 5

| | Early Childhood Ages 3-5 | | | |
|--|---------------------------------|---------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| REVENUES: | | | | |
| State sources | \$ 1,820,808 | \$ 1,820,808 | \$ 2,097,393 | \$ 276,585 |
| Federal sources | - | - | - | - |
| Total revenues | <u>\$ 1,820,808</u> | <u>\$ 1,820,808</u> | <u>\$ 2,097,393</u> | <u>\$ 276,585</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ 754,497 | \$ 580,497 | \$ 676,896 | \$ (96,399) |
| Benefits | 42,728 | 37,328 | 37,259 | 69 |
| Purchased services | 993,683 | 1,119,683 | 1,353,419 | (233,736) |
| Supplies and materials | 6,700 | 60,100 | 29,819 | 30,281 |
| Payments to other governments | 23,200 | 23,200 | - | 23,200 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 1,820,808</u> | <u>\$ 1,820,808</u> | <u>\$ 2,097,393</u> | <u>\$ (276,585)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | \$ - | <u>\$ -</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | <u>\$ -</u> | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| | Truants' Alt. and Optional Education | | | |
|--|--------------------------------------|-------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| REVENUES: | | | | |
| State sources | \$ 62,071 | \$ 62,071 | \$ 62,071 | \$ - |
| Federal sources | - | - | - | - |
| | \$ 62,071 | \$ 62,071 | \$ 62,071 | \$ - |
| EXPENDITURES: | | | | |
| Salaries | \$ 49,846 | \$ 49,846 | \$ 48,577 | \$ 1,269 |
| Benefits | 8,558 | 8,558 | 8,423 | 135 |
| Purchased services | 3,667 | 3,667 | 5,071 | (1,404) |
| Supplies and materials | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| | \$ 62,071 | \$ 62,071 | \$ 62,071 | \$ - |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ - | \$ - |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | \$ - | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| | Mathematics and Science Partnership | | | |
|--|--|--------------|-----------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 320,000 | 448,000 | 519,220 | 71,220 |
| | \$ 320,000 | \$ 448,000 | \$ 519,220 | \$ 71,220 |
| EXPENDITURES: | | | | |
| Salaries | \$ 81,100 | \$ 100,100 | \$ 120,400 | \$ (20,300) |
| Benefits | 23,014 | 25,994 | 34,173 | (8,179) |
| Purchased services | 109,045 | 159,263 | 219,496 | (60,233) |
| Supplies and materials | 81,780 | 123,582 | 128,955 | (5,373) |
| Payments to other governments | 21,000 | 35,000 | - | 35,000 |
| Capital outlay | 4,061 | 4,061 | 9,877 | (5,816) |
| | \$ 320,000 | \$ 448,000 | \$ 512,901 | \$ (64,901) |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ 6,319 | \$ 6,319 |
| FUND BALANCE, BEGINNING OF YEAR | | | (19,229) | |
| FUND BALANCE, END OF YEAR | | | \$ (12,910) | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| | ROE Operations | | | Variance with Final Budget |
|--|------------------|-----------|-------------------|----------------------------------|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| REVENUES: | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 33,531 | 33,531 | 33,531 | - |
| Total revenues | \$ 33,531 | \$ 33,531 | \$ 33,531 | \$ - |
| EXPENDITURES: | | | | |
| Salaries | \$ 23,709 | \$ 23,709 | \$ 22,821 | \$ 888 |
| Benefits | 839 | 839 | 824 | 15 |
| Purchased services | 8,683 | 8,683 | 8,602 | 81 |
| Supplies and materials | 300 | 300 | 1,284 | (984) |
| Payments to other governments | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Total expenditures | \$ 33,531 | \$ 33,531 | \$ 33,531 | \$ - |
| NET CHANGE IN FUND BALANCE | | | - | |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | \$ - | |

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 5

| | Regional Safe Schools Program | | | |
|--|--------------------------------------|--------------|----------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| REVENUES: | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 85,028 | 85,028 | 84,385 | (643) |
| On-behalf payments | - | - | - | - |
| Total revenues | \$ 85,028 | \$ 85,028 | \$ 84,385 | \$ (643) |
| EXPENDITURES: | | | | |
| Salaries | \$ 24,258 | \$ 24,258 | \$ 21,591 | \$ 2,667 |
| Benefits | 4,277 | 4,277 | 7,080 | (2,803) |
| Purchased services | 4,403 | 4,403 | 55,469 | (51,066) |
| Supplies and materials | 300 | 300 | 245 | 55 |
| Payments to other governments | 51,790 | 51,790 | - | 51,790 |
| Capital Outlay | - | - | - | - |
| Total expenditures | \$ 85,028 | \$ 85,028 | \$ 84,385 | \$ 643 |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ - | \$ - |
| FUND BALANCE, BEGINNING OF YEAR | | | - | |
| FUND BALANCE, END OF YEAR | | | \$ - | |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

| | Teacher Quality Program | | | |
|--|--------------------------------|---------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Federal sources | 5,250 | 5,250 | 7,125 | 1,875 |
| Total revenues | <u>\$ 5,250</u> | <u>\$ 5,250</u> | <u>\$ 7,125</u> | <u>\$ 1,875</u> |
| EXPENDITURES: | | | | |
| Salaries | \$ - | \$ - | \$ - | \$ - |
| Benefits | - | - | - | - |
| Purchased services | 5,250 | 5,250 | 7,125 | (1,875) |
| Supplies and materials | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 5,250</u> | <u>\$ 5,250</u> | <u>\$ 7,125</u> | <u>\$ (1,875)</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>-</u> | |
| FUND BALANCE, END OF YEAR | | | <u><u>\$ -</u></u> | |

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014**

SCHEDULE 6

| | <u>General Education Development</u> | <u>School Bus Driver Training</u> | <u>Total</u> |
|--|--|---|------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 27,666 | \$ 3,873 | \$ 31,539 |
| Due from other governments | - | 192 | 192 |
| TOTAL ASSETS | <u>\$ 27,666</u> | <u>\$ 4,065</u> | <u>\$ 31,731</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Accrued payroll | 1,251 | - | 1,251 |
| Total liabilities | \$ 1,251 | \$ - | \$ 1,251 |
| FUND BALANCES | | | |
| Restricted | \$ 26,415 | \$ 4,065 | \$ 30,480 |
| Unassigned | - | - | - |
| Total fund balances | <u>\$ 26,415</u> | <u>\$ 4,065</u> | <u>\$ 30,480</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 27,666</u> | <u>\$ 4,065</u> | <u>\$ 31,731</u> |

SCHEDULE 7

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, 2014

| | <u>General Education Development</u> | <u>School Bus Driver Training</u> | <u>Total</u> |
|--|--|---|-------------------------|
| REVENUES: | | | |
| Local sources | \$ 10,941 | \$ 3,142 | \$ 14,083 |
| State sources | - | 802 | 802 |
| Other sources | - | - | - |
| Total revenues | <u>\$ 10,941</u> | <u>\$ 3,944</u> | <u>\$ 14,885</u> |
| EXPENDITURES: | | | |
| Salaries | \$ 1,067 | \$ - | \$ 1,067 |
| Benefits | 184 | - | 184 |
| Purchased services | 8,070 | 2,518 | 10,588 |
| Supplies and materials | - | - | - |
| Other objects | - | - | - |
| Capital Outlay | 3,148 | - | 3,148 |
| Total expenditures | <u>\$ 12,469</u> | <u>\$ 2,518</u> | <u>\$ 14,987</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (1,528) | \$ 1,426 | \$ (102) |
| FUND BALANCE, BEGINNING OF YEAR | <u>27,943</u> | <u>2,639</u> | <u>30,582</u> |
| FUND BALANCE, END OF YEAR | <u><u>\$ 26,415</u></u> | <u><u>\$ 4,065</u></u> | <u><u>\$ 30,480</u></u> |

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2014

| | <u>Distributive</u> | <u>Cafeteria Plan</u> | <u>Total</u> |
|---------------------------------------|---------------------|---------------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | <u>\$ 30,026</u> | <u>\$ 10,773</u> | <u>\$ 40,799</u> |
| LIABILITIES | | | |
| Due to plan participants | \$ - | \$ 10,773 | \$ 10,773 |
| Due to other governments and agencies | <u>30,026</u> | <u>-</u> | <u>30,026</u> |
| TOTAL LIABILITIES | <u>\$ 30,026</u> | <u>\$ 10,773</u> | <u>\$ 40,799</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, 2014**

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---------------------------------------|----------------------------|---------------------|---------------------|-----------------------------|
| DISTRIBUTIVE | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 30,019 | \$ 3,779,508 | \$ 3,779,501 | \$ 30,026 |
| LIABILITIES | | | | |
| Due to other governments and agencies | \$ 30,019 | \$ 3,779,508 | \$ 3,779,501 | \$ 30,026 |
| CAFETERIA PLAN | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 16,837 | \$ 28,970 | \$ 35,034 | \$ 10,773 |
| LIABILITIES | | | | |
| Due to plan participants | \$ 16,837 | \$ 28,970 | \$ 35,034 | \$ 10,773 |
| TOTAL - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 46,856 | \$ 3,808,478 | \$ 3,814,535 | \$ 40,799 |
| LIABILITIES | | | | |
| Due to plan participants | \$ 16,837 | \$ 28,970 | \$ 35,034 | \$ 10,773 |
| Due to other governments and agencies | 30,019 | 3,779,508 | 3,779,501 | 30,026 |
| TOTAL LIABILITIES | \$ 46,856 | \$ 3,808,478 | \$ 3,814,535 | \$ 40,799 |

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, 2014**

| Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u> | <u>CFDA Number</u> | <u>Project #</u> | Expenditures 7/1/2013 - <u>6/30/2014</u> |
|--|------------------------|------------------|--|
| U.S. Department of Education passed through Illinois State Board of Education: | | | |
| Title IV - 21st Century (Edison) M | 84.287 | 13-4421-05 | \$ 2,789 |
| Title IV - 21st Century (Edison) M | 84.287 | 14-4421-05 | 43,164 |
| Title IV - 21st Century (Washington Junior High) M | 84.287 | 13-4421-02 | 2,995 |
| Title IV - 21st Century (Washington Junior High) M | 84.287 | 14-4421-02 | 77,741 |
| Title IV - 21st Century (Moline High School) M | 84.287 | 13-4421-03 | 34,010 |
| Title IV - 21st Century (Moline High School) M | 84.287 | 14-4421-03 | 47,899 |
| Title IV - 21st Century (Rock Island High School) M | 84.287 | 13-4421-04 | 13,813 |
| Title IV - 21st Century (Rock Island High School) M | 84.287 | 14-4421-04 | 49,070 |
| Title IV - 21st Century (Primary Academy) M | 84.287 | 13-4421-01 | 7,801 |
| Title IV - 21st Century (Primary Academy) M | 84.287 | 14-4421-01 | 86,153 |
| Title IV - 21st Century (United Township High School) M | 84.287 | 13-4421-21 | 13,032 |
| Title IV - 21st Century (United Township High School) M | 84.287 | 14-4421-21 | 106,605 |
| Title IV - 21st Century (Glenview Middle School) M | 84.287 | 13-4421-22 | 23,415 |
| Title IV - 21st Century (Glenview Middle School) M | 84.287 | 14-4421-22 | 131,455 |
| Title IV - 21st Century (Hanson Elementary School) M | 84.287 | 13-4421-13 | 25,098 |
| Title IV - 21st Century (Hanson Elementary School) M | 84.287 | 14-4421-13 | 46,379 |
| Total Title IV-21st Century | | | \$ 711,419 |
| Title II - Teacher Quality | 84.367 | 13-4935-02 | \$ 1,875 |
| Title II - Teacher Quality | 84.367 | 14-4935-02 | 5,250 |
| Total Title II - Teacher Quality | | | \$ 7,125 |
| Mathematics and Science Partnership M | 84.366 | 13-4936-40 | \$ 27,855 |
| Mathematics and Science Partnership M | 84.366 | 13-4936-50 | 82,829 |
| Mathematics and Science Partnership M | 84.366 | 13-4936-51 | 104,051 |
| Mathematics and Science Partnership M | 84.366 | 14-4936-50 | 136,573 |
| Mathematics and Science Partnership M | 84.366 | 14-4936-51 | 161,593 |
| Total Mathematics and Science Partnership | | | \$ 512,901 |
| Total passed through Illinois State Board of Education | | | \$ 1,231,445 |
| U.S. Dept. of Education passed through Lee/Ogle Regional Office of Education #47: | | | |
| McKinney Education for Homeless Children | 84.196 | 14-4920-00 | \$ 11,835 |
| U.S. Dept. of Education passed through Champaign-Ford Regional Office of Education #09: | | | |
| Race to the Top | 84.413A | 14-4901-00 | \$ 4,750 |
| 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 | 14-4331-SS | \$ 19,753 |
| Total expenditures of federal awards | | | \$ 1,267,783 |

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, 2014

1. BASIS OF PRESENTATION

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

2. DESCRIPTIONS OF FEDERAL PROGRAMS AUDITED AS A MAJOR PROGRAM

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

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.