

**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, 2005**

**Performed as Special Assistant Auditors  
for the Office of the Auditor General**

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49

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**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**

**OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Honorable Joseph A. Vermeire

Assistant Regional Superintendent  
(current and during the audit period)

Mr. John Flaherty

Office is 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.

**AUDITOR'S REPORTS**

The auditor's 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	3
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	2	-

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

Item No.    Page            Description

FINDINGS (GOVERNMENT AUDITING STANDARDS)

05-1            11            Inaccurate Expenditure Report  
05-2            12-14        Controls Over Compliance with Laws and Regulations

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2005

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

04-1            19            Reconciliation of Pooled Cash Account  
04-2            19            Reimbursement of Grant Expenses to Inappropriate Enterprise Fund

**INFORMAL EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on August 5, 2005. Attending were Mr. Joseph A. Vermeire, Regional Superintendent and Beth McGrath, CPA. Responses to the recommendations were provided by Mr. Joseph A. Vermeire, Regional Superintendent, on August 5, 2005.

**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 Clifton Gunderson LLP.

Based on their audit, the auditors expressed an unqualified opinion on Rock Island County Regional Office of Education No. 49's basic financial statements.

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

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, 2005, which collectively comprise the Rock Island County Regional Office of Education No. 49's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Rock Island County Regional Office of Education No. 49's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rock Island County Regional Office of Education No. 49, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 5, 2005 on our consideration of the Rock Island County Regional Office of Education No. 49's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 20 through 31 and page 58 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rock Island County Regional Office of Education No. 49's basic financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Clifton Gunderson LLP*

DeWitt, Iowa  
August 5, 2005



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, 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, 2005, which collectively comprise the Rock Island County Regional Office of Education No. 49's basic financial statements and have issued our report thereon dated August 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Rock Island County Regional Office of Education No. 49's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Rock Island County Regional Office of Education No. 49's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

## 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*. However, we noted certain immaterial instances of noncompliance which are required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as items 05-1 and 05-2.

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

*Clifton Henderson LLP*

DeWitt, Iowa  
August 5, 2005

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the Rock Island County Regional Office of Education No. 49 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Rock Island County Regional Office of Education No. 49's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Rock Island County Regional Office of Education No. 49's management. Our responsibility is to express an opinion on the Rock Island County Regional Office of Education No. 49's compliance based on our audit.

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

In our opinion, the Rock Island County Regional Office of Education No. 49 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## **Internal Control Over Compliance**

The management of the Rock Island County Regional Office of Education No. 49 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Rock Island County Regional Office of Education No. 49's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Clifton Gundersen LLP*

DeWitt, Iowa  
August 5, 2005

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2005**

**Section I: Summary of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?        yes   x   no
- Reportable condition(s) identified that are not considered to be material weaknesses?   x   yes        none reported
- Noncompliance material to financial statements noted?        yes   x   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        yes   x   no
- Reportable condition(s) identified that are not considered to be material weakness(es)?        yes   x   none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?        yes   x   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.287</u>	<u>Title IV - 21st Century Community Learning Centers (Project WIN)</u>
<u>84.287</u>	<u>Title IV - 21st Century Community Learning Centers (Lights On)</u>
<u>84.287</u>	<u>Title IV - 21st Century Community Learning Centers</u>
<u>84.287</u>	<u>Title IV - 21st Century Community Learning Centers (Edison)</u>
<u>84.287</u>	<u>Title IV - 21st Century Community Learning Centers (RIHS UTHS)</u>

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

Auditee qualified as low-risk auditee?   x   yes        no

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2005**

**Section II: Findings Related to the Financial Statements:**

**FINDING NO. 05-1 - Inaccurate Expenditure Report** (Repeat from 2004 - No. 04-3)

**Criteria/Specific Requirement:**

Expenditure reports for education programs submitted to the Illinois State Board of Education should be accurate.

**Condition:**

Rock Island County Regional Office of Education No. 49 included certain expenditures as both expense items and outstanding obligations in the expenditure report, thus doubling up the expenses reported on several state grants. The final expenditure reports submitted to ISBE accurately reflected the expenditures of the grant.

**Effect:**

The expenditure report that was submitted did not accurately reflect the outstanding obligation of the grant.

**Cause:**

The accounting software used to prepare the expenditure reports failed to clear obligations after they had been paid. The expense was then showing up as an expense and as an outstanding obligation, thus doubling up the expenses reported.

**Auditor's Recommendation:**

Rock Island County Regional Office of Education No. 49 should contact the software manufacturer to resolve this problem and should review cash balances on grants when preparing expenditure reports.

**Management's Response:**

Rock Island County Regional Office of Education No. 49 will contact the software manufacturer to resolve this problem and will review cash balances on grants when preparing expenditure reports in the future.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2005**

**Section II: Findings Related to the Financial Statements:**

**FINDING NO. 05-2 - Controls Over Compliance with Laws and Regulations**

**Criteria/specific requirement:**

A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands.

This mandate has existed in its current form since at least 1953.

B. The Illinois School Code 105 ILCS 5/3-14.21 requires the Regional Superintendent to inspect and survey all public schools under his or her supervision and notify the board of education or the trustees of schools in a district with trustees, in writing before July 30, whether or not schools are kept as required by law. The Regional Superintendent is to report his or her findings to the State Board of Education on forms provided by the State Board of Education.

C. The Illinois School Code 105 ILCS 5/3-14.17 requires that the Regional Superintendent notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amount of money distributed by him/her to the school treasurer, with the date of distribution.

**Condition:**

A. The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in its educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office reviews any exceptions or findings in audit reports for each of the school districts. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.

B. The Regional Office inspected and surveyed all public schools under their supervision and notified the board of education, or the trustees of schools in a district with trustees, in a timely fashion. However, the Regional Office did not use forms provided by the State Board of Education to report its findings.

C. The Regional Office did not notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, of the dates of distribution of monies by them to the school treasurer unless requested by the district.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2005**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 05-2 - Controls Over Compliance with Laws and Regulations (continued)**

**Effect:**

The Regional Office of Education No. 49 did not comply with statutory requirements.

**Cause:**

A. According to ROE Officials, this mandate is not possible due to the time requirement and knowledge necessary for a thorough review of every school district's books, accounts, and vouchers. The Regional Superintendent instead relies on audit opinions provided by the independent auditors of each school district.

B. According to the ROE Officials, the information was submitted timely but was not submitted using the forms provided by the State Board of Education.

C. According to the ROE Officials, the notification has not been done in the past several years unless it was requested by the Districts.

**Recommendation:**

The Regional Office of Education No. 49 should ensure they comply with all applicable provisions of the Illinois Compiled Statutes. Specifically, the Regional Office should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly. The Regional Office should also comply with the requirements 105 ILCS 5/3-14.21 and use the proper forms provided by the State Board of Education for reporting findings. The Regional Office should also forward the necessary financial information as required by 105 ILCS 5/3-14.17 to the proper entities prior to September 30 of each year.

**Management's Response:**

A. In 1953, there were 102 county superintendents and their duties were a lot less numerous than today. Few schools had budgets that exceeded \$500,000. Under such conditions, this law probably made sense. During the past 50+ years, various practices have evolved eliminating the need for this type of monitoring. In the 21st century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record & inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

We are grateful for the OAG's assistance in calling this to our collective attention because it provides the Regional Offices of Education with additional justification to request that the General Assembly delete this and other obsolete sections from the statutes. We will seek a legislative solution to this and other obsolete passages.



**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2005**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 05-2 - Controls Over Compliance with Laws and Regulations (continued)**

B. The Regional Office of Education No. 49 will submit finding information to the State Board of Education on forms provided by the State Board of Education in the future.

C. The Regional Office of Education No. 49 will notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amount of money distributed by him/her to the school treasurer, with the date of distribution as required by the Illinois School Code 105 ILCS 5/3-14.17.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005**

**Section III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NONCOMPLIANCE:**

None

**REPORTABLE CONDITIONS:**

None

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
June 30, 2005**

**FINDING NO. 05-1 - Inaccurate Expenditure Report**

Condition:

Rock Island County Regional Office of Education No. 49 included certain expenditures as both expense items and outstanding obligations in the expenditure report, thus doubling up the expenses reported on several state grants. The final expenditure reports submitted to ISBE accurately reflected the expenditures of the grant.

Plan:

Rock Island County Regional Office of Education No. 49 will contact the software manufacturer to resolve this problem and will review cash balances on grants when preparing expenditure reports in the future.

Anticipated Completion Date:

By September 30, 2005

Contact Person Responsible for Corrective Action:

Mr. Joseph A. Vermeire, Regional Superintendent

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**June 30, 2005**

**FINDING NO. 05-2 - Controls Over Compliance with Laws and Regulations**

Condition:

A. The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in its educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office reviews any exceptions or findings in audit reports for each of the school districts. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.

B. The Regional Office inspected and surveyed all public schools under their supervision and notified the board of education, or the trustees of schools in a district with trustees, in a timely fashion. However, the Regional Office did not use forms provided by the State Board of Education to report its findings.

C. The Regional Office did not notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, of the dates of distribution of monies by them to the school treasurer unless requested by the district.

Plan:

A. In 1953, there were 102 county superintendents and their duties were a lot less numerous than today. Few schools had budgets that exceeded \$500,000. Under such conditions, this law probably made sense. During the past 50+ years, various practices have evolved eliminating the need for this type of monitoring. In the 21st century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record & inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

We are grateful for the OAG's assistance in calling this to our collective attention because it provides the Regional Offices of Education with additional justification to request that the General Assembly delete this and other obsolete sections from the statutes. We will seek a legislative solution to this and other obsolete passages.

B. The Regional Office of Education No. 49 will submit finding information to the State Board of Education on forms provided by the State Board of Education in the future.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**June 30, 2005**

**FINDING NO. 05-2 - Controls Over Compliance with Laws and Regulations (continued)**

C. The Regional Office of Education No. 49 will notify the presidents of boards of trustees and the clerks and secretaries of school districts, on or before September 30, annually, of the amount of money distributed by him/her to the school treasurer, with the date of distribution as required by the Illinois School Code 105 ILCS 5/3-14.17.

Anticipated Completion Date:

As soon as possible

Contact Person Responsible for Corrective Action:

Mr. Joseph A. Vermeire, Regional Superintendent

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2005**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
04-1	Reconciliation of Pooled Cash Account	Resolved
04-2	Reimbursement of Grant Expenses to Inappropriate Enterprise Fund	Resolved
04-3	Inaccurate Expenditure Report	Repeated

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2005**

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, 2005. We encourage readers to consider this information in conjunction with Rock Island County Regional Office of Education No. 49's financial statements, which follow.

**2005 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$375,638 in fiscal year 2004 to \$403,664 in fiscal year 2005, while General Fund expenditures also increased from \$375,638 in fiscal year 2004 to \$403,664 in fiscal year 2005. Rock Island County Regional Office of Education No. 49's General Fund balance remained constant at \$0. The General Fund of Rock Island County Regional Office of Education No. 49 consists only of the ROE Operations grant, which increased this year by 23%.
- Institute Fund revenues increased \$15,429 from \$23,242 in fiscal year 2004 to \$38,671 in fiscal year 2005. The increase was primarily due to increased registrations due to a bubble in the five-year cycle of registration. Expenses in the Institute Fund decreased \$13,917 from \$32,239 in fiscal year 2004 to \$18,322 in fiscal year 2005. This decrease was primarily due to a one-time purchase in FY04 of computer scanning hardware to store past and current certification records.
- Education Fund revenues decreased from \$4,089,348 in fiscal year 2004 to \$3,518,099 in fiscal year 2005. Expenses also decreased from \$4,086,166 in fiscal year 2004 to \$3,521,281 in fiscal year 2005. The decrease in revenues and expenses in the Education Fund is due to a decrease in School Services grant funding from the State and finalization of a federal 21st Century Community Learning grant.
- Revenues increased in the Enterprise Workshop Fund in 2005 by \$236,183. This increase was primarily due to increased workshop participation by educators working to finish CPDU requirements toward recertification in FY05.
- Overall fiscal year 2005 revenues decreased 6% with overall 2005 expenses decreasing as well at 4%.



**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2005**

**USING THIS ANNUAL REPORT**

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Rock Island County Regional Office of Education No. 49's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Rock Island County Regional Office of Education No. 49 as a whole and present an overall view of Rock Island County Regional Office of Education No. 49's finances.

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

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

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

Other Supplemental Information provides detailed information about the Nonmajor Special Revenue Funds.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

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"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Revenues, Expenses, and Changes in Fund Net Assets</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets</li> <li>• Statement of Changes in Fiduciary Net Assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during 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 COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

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

***Government-wide Financial Statements***

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

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

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

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

***Fund Financial Statements***

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

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

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2005**

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

1) *Governmental funds*: Most of Rock Island County Regional Office of Education No. 49's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Rock Island County Regional Office of Education No. 49's programs.

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

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

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

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

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

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

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

The required financial statements for fiduciary funds includes a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets.

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

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Rock Island County Regional Office of Education No. 49, assets exceeded liabilities by \$841,898 as of June 30, 2005.

A portion of Rock Island County Regional Office of Education No. 49's net assets (16%) reflects its investment in capital assets (e.g., furniture and equipment), less any related debt used to acquire those assets that is still outstanding. Although Rock Island County Regional Office of Education No. 49's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

The following table presents a summary of Rock Island County Regional Office of Education No. 49's net assets for the fiscal year ended June 30, 2005 and 2004.

**2005**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
Current assets	\$ 677,374	\$ 585,062	\$ 1,262,436
Capital assets, net of accumulated depreciation	<u>93,975</u>	<u>44,357</u>	<u>138,332</u>
Total assets	<u>771,349</u>	<u>629,419</u>	<u>1,400,768</u>
Current liabilities	<u>558,278</u>	<u>592</u>	<u>558,870</u>
Net assets			
Invested in capital assets, net of related debt	93,975	44,357	138,332
Unrestricted	<u>119,096</u>	<u>584,470</u>	<u>703,566</u>
Total net assets	<u>\$ 213,071</u>	<u>\$ 628,827</u>	<u>\$ 841,898</u>

**2004**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
Current assets	\$ 307,126	\$ 549,598	\$ 856,724
Capital assets, net of accumulated depreciation	<u>103,429</u>	<u>52,124</u>	<u>155,553</u>
Total assets	<u>410,555</u>	<u>601,722</u>	<u>1,012,277</u>
Current liabilities	<u>82,723</u>	<u>-</u>	<u>82,723</u>
Net assets			
Invested in capital assets, net of related debt	103,429	52,124	155,553
Unrestricted	<u>224,403</u>	<u>549,598</u>	<u>774,001</u>
Total net assets	<u>\$ 327,832</u>	<u>\$ 601,722</u>	<u>\$ 929,554</u>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2005**

The largest portion of Rock Island County Regional Office of Education No. 49's net assets is unrestricted.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$703,566 and \$774,001 for 2005 and 2004, respectively.

**Changes in net assets.** Rock Island County Regional Office of Education No. 49's total revenue for the fiscal year ended June 30, 2005 was \$4,638,748. The total cost of all programs and services was \$4,726,404. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2005 and 2004.

<u>2005</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ -	\$ 780,752	\$ 780,752
Operating grants and contributions	3,522,852	-	3,522,852
General revenues			
Local sources	60,639	-	60,639
State sources	1,600	-	1,600
Investment earnings	-	4,302	4,302
On-behalf payments	<u>268,603</u>	<u>-</u>	<u>268,603</u>
Total revenues	<u>3,853,694</u>	<u>785,054</u>	<u>4,638,748</u>
<b>Expenses</b>			
Instructional services			
Salaries	674,800	-	674,800
Benefits	61,502	-	61,502
Purchased services	1,428,248	-	1,428,248
Supplies and materials	171,167	-	171,167
Capital outlay	14,535	-	14,535
Other objects	529	-	529
Payments to other governments	1,315,980	-	1,315,980
Depreciation	33,091	-	33,091
Administrative			
On-behalf payments	268,603	-	268,603
Other	<u>-</u>	<u>757,949</u>	<u>757,949</u>
Total expenses	<u>3,968,455</u>	<u>757,949</u>	<u>4,726,404</u>
Change in net assets	(114,761)	27,105	(87,656)
Beginning net assets	<u>327,832</u>	<u>601,722</u>	<u>929,554</u>
Ending net assets	<u>\$ 213,071</u>	<u>\$ 628,827</u>	<u>\$ 841,898</u>

Operating grants and contributions account for 76% of the total revenue. Rock Island County Regional Office of Education No. 49's expenses primarily relate to instructional services, which account for 78% of the total expenses.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**2004**

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ -	\$ 543,495	\$ 543,495
Operating grants and contributions	3,936,317	-	3,936,317
General revenues			
Local sources	47,603	-	47,603
State sources	1,000	-	1,000
Investment earnings	24	5,376	5,400
On-behalf payments	<u>265,788</u>	<u>-</u>	<u>265,788</u>
Total revenues	<u>4,250,732</u>	<u>548,871</u>	<u>4,799,603</u>
<b>Expenses</b>			
Instructional services			
Salaries	725,632	-	725,632
Benefits	78,096	-	78,096
Purchased services	795,159	-	795,159
Supplies and materials	302,106	-	302,106
Other objects	702	-	702
Payments to other governments	2,314,525	-	2,314,525
Depreciation	32,139	-	32,139
Administrative			
On-behalf payments	265,788	-	265,788
Other	<u>-</u>	<u>359,257</u>	<u>359,257</u>
Total expenses	<u>4,514,147</u>	<u>359,257</u>	<u>4,873,404</u>
Change in net assets	<u>\$ (263,415)</u>	<u>\$ 189,614</u>	<u>\$ (73,801)</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 87% of the total expenses.

**Governmental Activities**

Revenues for governmental activities were \$3,853,694 and \$4,250,732 and expenses were \$3,968,455 and \$4,514,147 for 2005 and 2004, 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 COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

<u>2005</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services		
Salaries	\$ 674,800	\$ (19,616)
Benefits	61,502	(2,446)
Purchased services	1,428,248	(70,023)
Supplies and materials	171,167	(17,918)
Capital outlay	14,535	22,948
Other objects	529	(529)
Payments to other governments	1,315,980	(56,325)
Depreciation	33,091	(33,091)
Administrative		
On-behalf payments	<u>268,603</u>	<u>(268,603)</u>
<b>Total expenses</b>	<b><u>\$ 3,968,455</u></b>	<b><u>\$ (445,603)</u></b>
 <u>2004</u>		
	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services		
Salaries	\$ 725,632	\$ (52,107)
Benefits	78,096	(5,286)
Purchased services	795,159	(128,804)
Supplies and materials	302,106	(59,927)
Capital outlay	-	28,777
Other objects	702	(223)
Payments to other governments	2,314,525	(62,333)
Depreciation	32,139	(32,139)
Administrative		
On-behalf payments	<u>265,788</u>	<u>(265,788)</u>
<b>Total expenses</b>	<b><u>\$ 4,514,147</u></b>	<b><u>\$ (577,830)</u></b>

- The cost of all governmental activities was \$3,968,455 and \$4,514,147 for 2005 and 2004, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$3,522,852 and \$3,936,317 for 2005 and 2004, respectively.

Net cost of governmental activities (\$445,603), was financed by general revenues, which are made up of primarily local and state sources (\$62,239) and on-behalf payments (\$268,603) for 2005.

Net cost of governmental activities (\$577,830), was financed by general revenues, which are made up of primarily local and state sources (\$48,603) and on-behalf payments (\$265,788) for 2004.



**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**Business-Type Activities**

Revenues for business type-activities were \$785,054 and \$548,871 and expenses were \$757,949 and \$359,257 for 2005 and 2004, respectively. Rock Island County Regional Office of Education No. 49's business-type activities include the Workshop Fund. Revenues of these activities were comprised of charges for service, local sources, and investment income.

Business-type activities increased with additional participation in workshops and increased fees due to decline in state support of ROE activities.

**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 \$119,096, above last year's ending fund balances of \$94,095.

**Governmental Fund Highlights**

The Institute Fund balance increased from \$88,385 in 2004 to \$108,734 in 2005. The increase was primarily due to increased registrations due to a bubble in the five-year cycle of registration.

The Education Fund balance remained fairly constant, decreasing only \$3,182 in 2005. This fund balance should remain constant since it is made up of grants that are required to be expended within the applicable grant year. This fact was seen as overall 2005 revenues decreased 13% due in part to a decrease in School Services grant funding from the State and finalization of a federal 21st Century Community Learning grant with overall 2005 expenses decreasing as well at 13%.

**Proprietary Fund Highlights**

Workshop Fund net assets increased from \$601,722 at June 30, 2004 to \$628,827 at June 30, 2005, representing an increase of approximately 5%. The Rock Island ROE worked hard to offer quality services at an economical price and to transfer funds to other governments in accordance with grants and resources resulting in a net asset increase for FY05.

**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.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

**CAPITAL ASSETS**

As of June 30, 2005, Rock Island County Regional Office of Education No. 49 had invested \$138,332 in capital assets, including furniture and equipment. This amount represents a net increase prior to depreciation of \$29,959 from last year. Total depreciation expense for the year was \$47,180.

The following schedules present capital asset balances net of depreciation for the fiscal years ended June 30, 2005 and 2004.

<u>2005</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 93,975	\$ 44,357	\$ 138,332
<u>2004</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 103,429	\$ 52,124	\$ 155,553

Additional information on Rock Island County Regional Office of Education No. 49's capital assets can be found in Note 3 on page 50 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.

FY06 will bring additional federal revenue through the approval of a Smaller Learning Communities grant of approximately \$500,000 per year in conjunction with three school districts. Offsetting will be the loss of a \$121,000 Truancy grant which the ROE is working to find additional income to continue the program. The Rock Island ROE will continue to watch its finances and work to serve its educational clients well.

**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 creditors 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.

## **BASIC FINANCIAL STATEMENTS**

**ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF NET ASSETS**  
**June 30, 2005**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 416,977	\$ 582,072	\$ 999,049
Due from other governments	260,397	-	260,397
Other assets	-	2,990	2,990
	<u>677,374</u>	<u>585,062</u>	<u>1,262,436</u>
Noncurrent assets:			
Capital assets, being depreciated, net	93,975	44,357	138,332
Total assets	<u>771,349</u>	<u>629,419</u>	<u>1,400,768</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	352,632	592	353,224
Due to other governments	84,108	-	84,108
Deferred revenue	121,538	-	121,538
Total liabilities	<u>558,278</u>	<u>592</u>	<u>558,870</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	93,975	44,357	138,332
Unrestricted	119,096	584,470	703,566
<b>Total net assets</b>	<u>\$ 213,071</u>	<u>\$ 628,827</u>	<u>\$ 841,898</u>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2005

**EXHIBIT B**

FUNCTIONS/PROGRAMS	Net (Expenses) Revenues and Changes in Net Assets			
	Program Revenues		Primary Government	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
Expenses				Total
Primary government:				
Governmental activities:				
Instructional services:				
Salaries	\$ 674,800	\$ 655,184	\$ (19,616)	\$ (19,616)
Benefits	61,502	59,056	(2,446)	(2,446)
Purchased services	1,428,248	1,358,225	(70,023)	(70,023)
Supplies and materials	171,167	153,249	(17,918)	(17,918)
Capital outlay	14,535	37,483	22,948	22,948
Other objects	529	-	(529)	(529)
Payments to other governments	1,315,980	1,259,655	(56,325)	(56,325)
Depreciation	33,091	-	(33,091)	(33,091)
Administrative:				
On-behalf payments	268,603	-	(268,603)	(268,603)
Total governmental activities	<u>3,968,455</u>	<u>3,522,852</u>	<u>(445,603)</u>	<u>(445,603)</u>
Business-type activities:				
Other	757,949	780,752	-	22,803
Total primary government	<u>\$ 4,726,404</u>	<u>\$ 3,522,852</u>	<u>(445,603)</u>	<u>(422,800)</u>
General revenues:				
Local sources			60,639	60,639
State sources			1,600	1,600
Investment earnings			-	4,302
On-behalf payments			268,603	268,603
Total general revenues			<u>330,842</u>	<u>335,144</u>
<b>CHANGES IN NET ASSETS</b>			(114,761)	(87,656)
<b>NET ASSETS, BEGINNING OF YEAR</b>			601,722	929,554
<b>NET ASSETS, END OF YEAR</b>			<u>\$ 213,071</u>	<u>\$ 841,898</u>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**June 30, 2005**

**EXHIBIT C**

	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 596	\$ 108,734	\$ 297,285	\$ 10,362	\$ 416,977
Due from other governments	-	-	260,397	-	260,397
<b>TOTAL ASSETS</b>	<b>\$ 596</b>	<b>\$ 108,734</b>	<b>\$ 557,682</b>	<b>\$ 10,362</b>	<b>\$ 677,374</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 596	-	\$ 352,036	-	\$ 352,632
Due to other governments	-	-	84,108	-	84,108
Deferred revenue	-	-	121,538	-	121,538
Total liabilities	596	-	557,682	-	558,278
<b>FUND BALANCES</b>					
Unreserved, reported in:					
Special revenue funds	-	108,734	-	10,362	119,096
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 596</b>	<b>\$ 108,734</b>	<b>\$ 557,682</b>	<b>\$ 10,362</b>	<b>\$ 677,374</b>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2005**

<b>Total fund balances - governmental funds (page 35)</b>	<b>\$ 119,096</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	93,975
<b>Net assets of governmental activities (page 33)</b>	<b>\$ 213,071</b>

These financial statements should be read only in connection with the  
accompanying independent auditor's report, summary of significant  
accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2005**

	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES:</b>					
Local sources	\$ -	\$ 38,671	\$ -	\$ 21,968	\$ 60,639
State sources	135,061	-	1,128,690	1,600	1,265,351
Federal sources	-	-	2,389,409	-	2,389,409
On-behalf payments	268,603	-	-	-	268,603
Total revenues	<u>403,664</u>	<u>38,671</u>	<u>3,518,099</u>	<u>23,568</u>	<u>3,984,002</u>
<b>EXPENDITURES:</b>					
Current:					
Education:					
Salaries	32,309	-	642,491	-	674,800
Benefits	3,812	-	57,654	36	61,502
Purchased services	50,877	17,345	1,346,348	13,678	1,428,248
Supplies and materials	8,951	288	160,437	1,491	171,167
Capital outlay	1,715	689	35,768	-	38,172
Other objects	-	-	-	529	529
Payments to other governments	37,397	-	1,278,583	-	1,315,980
On-behalf payments	268,603	-	-	-	268,603
Total expenditures	<u>403,664</u>	<u>18,322</u>	<u>3,521,281</u>	<u>15,734</u>	<u>3,959,001</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	20,349	(3,182)	7,834	25,001
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	88,385	3,182	2,528	94,095
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 108,734</u>	<u>\$ -</u>	<u>\$ 10,362</u>	<u>\$ 119,096</u>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to 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  
Year Ended June 30, 2005**

<b>Net change in fund balances (page 37)</b>		<b>\$ 25,001</b>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	\$ 23,637	
Depreciation expense	<u>(33,091)</u>	(9,454)
Revenues in the fund statements that were recognized in the Statement of Activities in the prior year.		<u>(130,308)</u>
<b>Change in net assets of governmental activities (page 34)</b>		<b><u><u>\$ (114,761)</u></u></b>

These financial statements should be read only in connection with the  
accompanying independent auditor's report, summary of significant  
accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2005**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	<b>Workshops</b>
Current assets:	
Cash and cash equivalents	\$ 582,072
Other assets	2,990
Total current assets	585,062
Noncurrent assets:	
Capital assets, net of accumulated depreciation	44,357
Total assets	629,419
<b>LIABILITIES</b>	
Accounts payable	592
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	44,357
Unrestricted	584,470
Total net assets	\$ 628,827

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2005**

	<u>Enterprise</u> <u>Fund</u> <u>Workshops</u>
Operating revenues:	
Charges for services	\$ 780,752
Operating expenses:	
Current:	
Education:	
Salaries	328,580
Benefits	23,816
Purchased services	229,513
Supplies and materials	22,717
Other objects	699
Payments to other governments	138,535
Depreciation expense	14,089
Total operating expenses	757,949
Operating income	22,803
Nonoperating revenues:	
Investment income	4,302
Income before contributions, gains/losses, and transfers	27,105
<b>Total net assets - beginning</b>	<b>601,722</b>
<b>Total net assets - ending</b>	<b>\$ 628,827</b>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2005**

	<b>Enterprise Fund Workshops</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from workshops	\$ 777,762
Payments to suppliers and providers of goods and services	(390,872)
Payments to employees	(352,396)
Net cash provided by operating activities	34,494
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	4,302
Purchase of capital assets	(6,322)
Net cash used in investing activities	(2,020)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	32,474
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	549,598
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 582,072
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 22,803
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	14,089
Change in assets and liabilities:	
Increase in other assets	(2,990)
Increase in accounts payable	592
<b>Net cash provided by operating activities</b>	\$ 34,494

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**June 30, 2005**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>37,878</u>
<b>LIABILITIES</b>	
Due to others	\$ 13,358
Due to other governments and agencies	<u>24,520</u>
Total liabilities	<u>\$ 37,878</u>

These financial statements should be read only in connection with the accompanying independent auditor's report, summary of significant accounting policies, and notes to financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2005**

The Rock Island County Regional Office of Education No. 49 was created when an Educational Service Region became a Regional Office of Education on August 7, 1995. The Rock Island County Regional Office of Education No. 49 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 Rock Island County Regional Office of Education No. 49 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 Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Rock Island County Regional Office of Education No. 49 has developed criteria to determine whether outside agencies with activities which benefit the citizens of Rock Island County Regional Office of Education No. 49, 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 Rock Island County Regional Office of Education No. 49 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 Rock Island Regional Office of Education No. 49 has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the Regional Office of Education No. 49's financial statements. In addition, the Regional Office of Education No. 49 is not aware of any entity which would exercise such oversight which would result in the Regional Office of Education No. 49 being considered a component unit of the entity.

B. Basis of Presentation

**Government-wide Financial Statements** - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of Rock Island County Regional Office of Education No. 49. 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 service.

The Statement of Net Assets presents Rock Island County Regional Office of Education No. 49's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2005**

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-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 reports the following major governmental funds:

The General Fund is the operating fund of Rock Island County Regional Office of Education No. 49. The General Fund accounts for all financial resources except those required to be accounted for in another fund.

The Institute Fund is used to account for the stewardship of the assets held in trust for the benefit of Rock Island County Regional Office of Education No. 49's teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops.

The Education Fund accounts for grant funds that are restricted as to their use. The following funds comprise the Education Fund:

Mathematics and Science Partnership - to account for grant monies received for, and payment of, the NIMS program.

21st Century - RIHS UTHS - to account for grant monies received for, and payment of, the 21st Century program at Rock Island High School and United Township High School.

21st Century Community Learning Centers - to account for grant monies received for, and payment of, the 21st Century program.

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

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2005**

Step Ahead - to account for grant monies received for, and payment of, the Step Ahead program.

Technology Program - to account for grant monies received for, and payment of, the HUB/LTC Technology Program.

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

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

Early Childhood Ages 0-3 - used 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 - used to account for grant monies received for, and payment of, expenses of early childhood education for children ages 3-5.

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

Lights On - to account for the grant monies received for, and payment of, expenses to provide extended day programming at Community Learning Centers.

Title I - Reading First - to account for grant monies received for, and payment of, expenses related to improving reading skills in Illinois schools.

Title I - Reading First Part B - to account for grant monies received for, and payment of, expenses related to improving reading skills in Illinois schools.

Project WIN - to account for grant monies received for, and payment of, expenses for the 21st Century Community Learning Centers Program.

Technology Enhancing Education - Competitive - to account for grant monies received for, and payment of, expenses related to enhancing education by using technology.

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

Rock Island County Regional Office of Education No. 49 reports the following nonmajor governmental funds:

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



**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2005**

School Bus Driver Training - to account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Supervisory Expense - to account for monies from the State of Illinois for expenditures incurred providing supervisory services in the County.

Summer Bridges - to account for monies received for, and payment of, expenditures for the summer bridges program.

Rock Island County Regional Office of Education No. 49's proprietary fund is the Enterprise, Workshops Fund. This fund is used to account for workshops provided by the Rock Island County Regional Office of Education No. 49.

Rock Island County Regional Office of Education No. 49 reports fiduciary funds which focus on net assets and changes in net assets. Rock Island County Regional Office of Education No. 49'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. The Regional Superintendent maintains the following Agency Funds:

Distributive - used to account for funds distributed by the Illinois State Board of Education to Rock Island County Regional Office of Education No. 49. Rock Island County Regional Office of Education No. 49 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. Rock Island County Regional Office of Education No. 49 is responsible for reimbursing the cost of employees' medical expenses.

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 provider have been satisfied.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2005**

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 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.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by Rock Island County Regional Office of Education No. 49.

Rock Island County Regional Office of Education No. 49 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, Rock Island County Regional Office of Education No. 49 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 net assets available to finance the program. It is Rock Island County Regional Office of Education No. 49's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of Rock Island County Regional Office of Education No. 49 applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, and Accounting Principles Board Opinions.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of Rock Island County Regional Office of Education No. 49'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.

Rock Island County Regional Office of Education No. 49 maintains its financial records on the cash basis. The financial statements of Rock Island County Regional Office of Education No. 49 are prepared by making memorandum adjusting entries to the cash basis financial records.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2005**

D. Assets, Liabilities and Fund Equity

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

Cash and investments - The cash and investment balances of Rock Island County Regional Office of Education No. 49 are valued at cost.

Capital assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by Rock Island County Regional Office of Education No. 49 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

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

Fund equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

E. Budgets and Budgetary Accounting

Rock Island County Regional Office of Education No. 49 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 Rock Island County Regional Office of Education No. 49 are subject to budget approval by the State of Illinois (ROE Operations, Mathematics and Science Partnership, 21st Century - RIHS UTHS, 21st Century Community Learning Centers, 21st Century - Edison, Step Ahead, Technology Program, Regional Safe Schools Program, Truants' Alt. and Optional Education, Early Childhood Ages 0-3, Early Childhood Ages 3-5, Early Childhood Pre-K, Lights On, Title I - Reading First, Title I - Reading First Part B, Project WIN, Technology Enhancing Education - Competitive, and McKinney Education for Homeless Children).

This information is an integral part of the accompanying financial statements.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 - CASH AND CASH EQUIVALENTS**

The deposit of Rock Island County Regional Office of Education No. 49 monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2005, the carrying amount of Rock Island County Regional Office of Education No. 49's deposits was \$1,036,927 and the bank balance was \$1,485,806.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, Rock Island County Regional Office of Education No. 49's deposits may not be returned. Rock Island County Regional Office of Education No. 49 does not have a deposit policy for custodial credit risk. As of June 30, 2005, all of Rock Island County Regional Office of Education No. 49's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in Rock Island County Regional Office of Education No. 49's name.

A reconciliation of cash as shown on the combined balance sheet for the primary government is as follows:

	<u>Carrying Amount</u>
Cash - Governmental Activities	\$ 416,977
Cash - Business-type Activities	582,072
Cash - Agency	<u>37,878</u>
<b>Total</b>	<b><u>\$1,036,927</u></b>

**NOTE 2 - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments as of June 30, 2005 are as follows:

Education Fund	
Step Ahead	
Due from ISBE	\$ 84,646
Early Childhood Ages 0-3	
Due from ISBE	6,000
Early Childhood Ages 3-5	
Due from ISBE	26,003
Early Childhood Pre-K	
Due from ISBE	7,677
Lights On	
Due from US Dept of Education	126,086
Project WIN	
Due from US Dept of Education	<u>9,985</u>
<b>Total</b>	<b><u>\$ 260,397</u></b>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2005 is as follows:

	<b>Balance June 30, 2004</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2005</b>
Governmental activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 226,445	\$ 23,637	\$ -	\$ 250,082
Accumulated depreciation	<u>(123,016)</u>	<u>(33,091)</u>	<u>-</u>	<u>(156,107)</u>
Governmental activities capital assets, net	<u>\$ 103,429</u>	<u>\$ (9,454)</u>	<u>\$ -</u>	<u>\$ 93,975</u>
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 73,566	\$ 6,322	\$ -	\$ 79,888
Accumulated depreciation	<u>(21,442)</u>	<u>(14,089)</u>	<u>-</u>	<u>(35,531)</u>
Business-type activities capital assets, net	<u>\$ 52,124</u>	<u>\$ (7,767)</u>	<u>\$ -</u>	<u>\$ 44,357</u>
Depreciation expense was charged as follows:				
Governmental activities:				
Instruction:				
Depreciation expense (unallocated)				<u>\$ 33,091</u>
Business-type activities:				
Other:				
Depreciation expense				<u>\$ 14,089</u>

**NOTE 4 - DUE TO OTHER GOVERNMENTS**

Amounts due to other governments as of June 30, 2005 are as follows:

Education Fund	
21 <sup>st</sup> Century Community Learning Centers	\$ 43,614
Due to ISBE	
21 <sup>st</sup> Century Edison	<u>40,494</u>
Due to ISBE	
<b>Total</b>	<u><u>\$ 84,108</u></u>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 5 - EMPLOYEE BENEFIT PLAN**

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

Rock Island County is a participating member of the Illinois Municipal Retirement Fund whose coverage includes all Rock Island County Regional Office of Education No. 49 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 Rock Island County Regional Office of Education No. 49 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 Rock Island County Regional Office of Education No. 49 are paid by the State of Illinois. Certain staff employees of Rock Island County Regional Office of Education No. 49's office are employed and paid by Rock Island County (other support staff and grant coordinators are paid by Rock Island County Regional Office of Education No. 49 through grant monies). Rock Island County Regional Office of Education No. 49 has no separate employee benefit plan.

Illinois Municipal Retirement Fund

Rock Island County Regional Office of Education No. 49's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)**

IMRF issues a financial report that includes financial statements and required supplemental information. The report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. Rock Island County Regional Office of Education No. 49 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 4.58 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 2 years.

For December 31, 2004, Rock Island County Regional Office of Education No. 49's annual pension cost of \$21,482 was equal to Rock Island County Regional Office of Education No. 49's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

**TREND INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$ 21,482	100%	\$ -
12/31/03	26,787	100%	-
12/31/02	28,232	100%	-
12/31/01	35,356	100%	-
12/31/00	35,664	100%	-
12/31/99	31,253	100%	-
12/31/98	26,481	100%	-
12/31/97	20,173	100%	-
12/31/96	14,314	100%	-
12/31/95	5,637	100%	-

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 6 - RETIREMENT PLANS**

Teachers' Retirement System of the State of Illinois

The Regional Office of Education 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 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. Active TRS members are required to contribute 9 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay one-half of one percent contribution to the Teachers' Health Insurance Security Fund, a separate fund in the State Treasury that is not a part of this retirement plan.

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

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of Rock Island County Regional Office of Education No. 49. For the year ended June 30, 2005, the State of Illinois contributions were based on 9 percent of creditable earnings, and Rock Island County Regional Office of Education No. 49 recognized revenue and expenditures of \$42,964 in pension contributions that the State of Illinois paid directly to TRS.

Rock Island County Regional Office of Education No. 49 makes four other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** For the year ended June 30, 2005, TRS-covered employers were required to contribute .58 percent of creditable earnings as the employer share of the 2.2 formula change. There were \$2,769 in contributions for the year ended June 30, 2005.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by Rock Island County Regional Office of Education No. 49, there is a statutory requirement for Rock Island County Regional Office of Education No. 49 to pay an additional contribution that is currently 10.5 percent of salaries paid from those funds. There were \$10,700 in contributions for the year ended June 30, 2005.



**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 6 - RETIREMENT PLANS (CONTINUED)**

- **Early Retirement Incentive.** Rock Island County Regional Office of Education No. 49 is required to make employer contributions to TRS for members who retired under the 1993 - 1995 Early Retirement Incentive. For each year of service purchased, members received an equal number of years of age. Employers contributed 20 percent of the highest salary used in the calculation of final average salary for each year purchased; member contributions were also required. Employer contributions could be made in a lump sum, over five years in quarterly installments, or under a different schedule approved by the TRS Board of Trustees. For the year ended June 30, 2005, there were no salaries that qualified for this plan.
- **Early Retirement Option.** Rock Island County Regional Office of Education No. 49 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the year ended June 30, 2005, there were no salaries that qualified for this plan.

**Changes**

Public Act 94-0004, which was signed into law on June 1, 2005, contained a number of provisions affecting employer and active member contributions. Most will not be effective or impact financial statements until the year ending June 30, 2006. The changes are summarized below:

- **Active member contributions.** The active member contribution rate will increase from the current 9.0 percent of creditable earnings to 9.4 percent beginning July 1, 2005. The increase is to help cover the cost of the new ERO program and will be refunded if the member does not retire under ERO.
- **State/federal contributions.** Under a policy adopted by the Board of Trustees before Public Act 94-0004 was enacted, the employer contribution rate for employees paid from federal funds will be the same as the rate paid by the state. Under Public Act 94-0004, the state contribution rate in FY 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in FY 2006 will be 7.06 percent, a decrease from the current 10.50 percent.
- **New employer contributions.**
  - **Salary increases over 6 percent.** If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increases over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.
  - **Sick leave in excess of normal allotment.** If employers grant sick leave near retirement in excess of the normal allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 6 - RETIREMENT PLANS (CONTINUED)**

- **Early Retirement Option.** In addition to the changes described above, the following changes were made to ERO:
  - Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the member's highest salary used in the calculation of final average salary to 117.5 percent.
  - The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.
  - A "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007.
  - Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

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, 2004. The report for the year ended June 30, 2005, is expected to be available in late 2005. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at [www.trs.state.il.us](http://www.trs.state.il.us).

**NOTE 7 - COMMON BANK ACCOUNT**

Rock Island County Regional Office of Education No. 49 does not maintain separate bank accounts for all funds. A common checking account is maintained for some General, Special Revenue, and Enterprise Funds (ROE Operations, Mathematics and Science Partnership, 21st Century - RIHS UTHS, 21st Century Community Learning Centers, 21st Century - Edison, Step Ahead, Technology Program, Regional Safe Schools Program, Truants' Alt. and Optional Education, Early Childhood Ages 0-3, Early Childhood Ages 3-5, Early Childhood Pre-K, Lights On, Title I - Reading First, Title I - Reading First Part B, Project WIN, Technology Enhancing Education - Competitive, McKinney Education for Homeless Children, General Educational Development, School Bus Driver Training, Supervisory Expense, Summer Bridges, and Workshops).

**NOTE 8 - 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 investment is made; i.e. the owner of the funds.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 8 - INTEREST EARNINGS ON PUBLIC FUNDS (CONTINUED)**

At June 30, 2005, undistributed interest earnings credited to other governments and organizations are as follows:

State and Federal Aid Distributive Fund	\$ <u>24,520</u>
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Interest earnings credited to other governments and organizations are distributed in cash or in lieu of cash and are used to pay for inservice training pursuant to agreements signed by the other governments and organizations with the Regional Superintendent.

**NOTE 9 - ON-BEHALF PAYMENTS**

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

The breakdown of on-behalf payments for the year ended June 30, 2005 is as follows:

Regional Superintendent salary	\$ 88,540
Regional Superintendent benefits (Includes State paid insurance)	19,211
Assistant Regional Superintendent salary	79,686
Assistant Regional Superintendent benefits (Includes State paid insurance)	2,335
County On-behalf payments	35,867
TRS On-behalf payments	<u>42,964</u>
<b>Total</b>	<b>\$ <u>268,603</u></b>

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

**NOTE 10 - NEW PRONOUNCEMENT**

Rock Island County Regional Office of Education No. 49 adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, during the year ended June 30, 2005. This statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This statement also establishes and modifies disclosure requirements for deposit risks.

This information is an integral part of the accompanying financial statements.

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

**ROCK ISLAND REGIONAL OFFICE OF EDUCATION NO. 49**  
**SCHEDULE OF FUNDING PROGRESS - IMRF (Unaudited)**  
**June 30, 2005**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/04	\$ 366,414	\$ 361,861	\$ (4,553)	101.26%	\$ 469,049	0.00%
12/31/03	318,320	291,509	(26,811)	109.20%	453,247	0.00%
12/31/02	272,565	231,582	(40,983)	117.70%	433,012	0.00%
12/31/01	248,273	207,793	(40,480)	119.48%	402,683	0.00%
12/31/00	194,121	163,369	(30,752)	118.82%	379,806	0.00%
12/31/99	145,113	147,431	2,318	98.43%	321,537	0.72%
12/31/98	95,928	112,228	16,300	85.48%	267,753	6.09%
12/31/97	58,622	75,248	16,626	77.91%	225,655	7.37%
12/31/96	29,276	42,126	12,850	69.50%	174,970	7.34%
12/31/95	8,489	17,108	8,619	49.62%	68,824	12.52%

On a market value basis, the actuarial value of assets as of December 31, 2004 is \$366,989. On a market basis, the funded ratio would be 101.42 percent.

**\*Digest of Changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2004 are based on the 1999-2001 Experience Study. The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For Regular members, fewer normal and early retirements are expected to occur.

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**OTHER SUPPLEMENTAL INFORMATION**

SCHEDULE 1

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND - ROE OPERATIONS  
 Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
State sources	\$ 124,193	\$ 135,061	\$ 135,061	\$ -
On-behalf payments	-	-	268,603	268,603
Total revenues	<u>124,193</u>	<u>135,061</u>	<u>403,664</u>	<u>268,603</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	40,000	32,000	32,309	(309)
Benefits	5,000	4,000	3,812	188
Purchased services	44,852	50,664	50,877	(213)
Supplies and materials	4,944	9,000	8,951	49
Capital outlay	1,000	2,000	1,715	285
Other objects	1,000	-	-	-
Payments to other governments	27,397	37,397	37,397	-
On-behalf payments	-	-	268,603	(268,603)
Total expenditures	<u>124,193</u>	<u>135,061</u>	<u>403,664</u>	<u>(268,603)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE 2

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2005

	Mathematics and Science Partnership	21st Century RIHS UTHS	21st Century Community Learning Centers	21st Century Edison	Step Ahead	Technology Program
	\$ 131,482	\$ 132,650	\$ 54,044	\$ 41,364	\$ (74,484)	\$ 3,889
	-	-	-	-	84,646	-
	\$ 131,482	\$ 132,650	\$ 54,044	\$ 41,364	\$ 10,162	\$ 3,889

ASSETS

Cash (overdrafts)  
 Due from other governments  
 Total assets

LIABILITIES AND  
 FUND BALANCE

LIABILITIES

Accounts payable  
 Due to other governments  
 Deferred revenue

Total liabilities

FUND BALANCE,  
 UNRESERVED

TOTAL LIABILITIES AND  
 FUND BALANCE,  
 UNRESERVED

	\$ 66,737	\$ 96,637	\$ 10,430	\$ 870	\$ 10,162	\$ 3,889
	-	-	43,614	40,494	-	-
	64,745	36,013	-	-	-	-
	131,482	132,650	54,044	41,364	10,162	3,889
	-	-	-	-	-	-
	\$ 131,482	\$ 132,650	\$ 54,044	\$ 41,364	\$ 10,162	\$ 3,889



SCHEDULE 2  
(CONTINUED)

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2005

	Regional Safe Schools Program	Truants' Alt. and Optional Education	Early Childhood Ages 0-3	Early Childhood Ages 3-5	Early Childhood Pre-K	Lights On
<b>ASSETS</b>						
Cash (overdrafts)	\$ 886	\$ 15,470	\$ 1,321	\$ (14,280)	\$ 46,808	\$ (79,774)
Due from other governments	-	-	6,000	26,003	7,677	126,086
Total assets	\$ 886	\$ 15,470	\$ 7,321	\$ 11,723	\$ 54,485	\$ 46,312
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 886	\$ 15,470	\$ 7,321	\$ 11,723	\$ 54,485	\$ 46,312
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	886	15,470	7,321	11,723	54,485	46,312
<b>FUND BALANCE, UNRESERVED</b>	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCE, UNRESERVED</b>	\$ 886	\$ 15,470	\$ 7,321	\$ 11,723	\$ 54,485	\$ 46,312

SCHEDULE 2  
(CONTINUED)

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2005

	Title I - Reading First	Title I - Reading First Part B	Project WIN	Technology Enhancing Education - Competitive	McKinney Education for Homeless Children	Total
<b>ASSETS</b>						
Cash (overdrafts)	\$ 765	\$ 7,923	\$ (9,985)	\$ 33,652	\$ 5,554	\$ 297,285
Due from other governments	-	-	9,985	-	-	260,397
Total assets	\$ 765	\$ 7,923	\$ -	\$ 33,652	\$ 5,554	\$ 557,682
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 765	\$ 7,923	\$ -	\$ 12,872	\$ 5,554	\$ 352,036
Due to other governments	-	-	-	-	-	84,108
Deferred revenue	-	-	-	20,780	-	121,538
Total liabilities	765	7,923	-	33,652	5,554	557,682
<b>FUND BALANCE, UNRESERVED</b>	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCE, UNRESERVED</b>	\$ 765	\$ 7,923	\$ -	\$ 33,652	\$ 5,554	\$ 557,682

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2005

	Mathematics and Science Partnership	21st Century RIHS UTHS	21st Century Community Learning Centers	21st Century Edison	Step Ahead	Technology Program
<b>REVENUES:</b>						
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,138
Federal sources	138,635	263,787	364,442	107,043	84,646	-
Total revenues	138,635	263,787	364,442	107,043	84,646	94,138
<b>EXPENDITURES:</b>						
Current:						
Education:						
Salaries	8,614	23,941	46,987	8,701	44,487	59,474
Benefits	1,006	2,261	7,931	1,063	5,250	5,224
Purchased services	75,252	227,437	295,124	95,101	18,038	24,098
Supplies and materials	32,448	13,330	14,400	2,178	16,871	2,500
Capital outlay	21,315	-	-	-	-	2,842
Payments to other governments	-	-	-	-	-	-
Total expenditures	138,635	266,969	364,442	107,043	84,646	94,138
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	-	(3,182)	-	-	-	-
<b>FUND BALANCE, UNRESERVED, BEGINNING OF YEAR</b>	-	3,182	-	-	-	-
<b>FUND BALANCE, UNRESERVED, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS

Year Ended June 30, 2005

SCHEDULE 3  
(CONTINUED)

	Regional Safe Schools Program	Truants' Alt. and Optional Education	Early Childhood Ages 0-3	Early Childhood Ages 3-5	Early Childhood Pre-K	Lights On
<b>REVENUES:</b>						
State sources	\$ 283,364	\$ 117,223	\$ 52,285	\$ 464,003	\$ 117,677	\$ -
Federal sources	83,450	-	-	-	-	333,583
Total revenues	366,814	117,223	52,285	464,003	117,677	333,583
<b>EXPENDITURES:</b>						
Current:						
Education:						
Salaries	37,967	77,798	36,693	189,435	20,282	6,199
Benefits	5,116	8,815	3,773	5,304	1,261	693
Purchased services	166,061	28,442	7,996	243,389	85,229	5,207
Supplies and materials	1,254	2,168	3,823	25,875	3,330	3,934
Capital outlay	-	-	-	-	7,575	-
Payments to other governments	156,416	-	-	-	-	317,550
Total expenditures	366,814	117,223	52,285	464,003	117,677	333,583
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	-	-	-	-	-	-
<b>FUND BALANCE, UNRESERVED, BEGINNING OF YEAR</b>	-	-	-	-	-	-
<b>FUND BALANCE, UNRESERVED, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE 3  
(CONTINUED)

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
Year Ended June 30, 2005

	Title I - Reading First	Title I - Reading First Part B	Project WIN	Technology Enhancing Education - Competitive	Title IV - Community Service	McKinney Education for Homeless Children	Total
<b>REVENUES:</b>							
State sources	\$ -	\$ -	-	\$ -	-	-	\$ 1,128,690
Federal sources	24,731	35,100	14,829	886,920	3,718	48,525	2,389,409
Total revenues	24,731	35,100	14,829	886,920	3,718	48,525	3,518,099
<b>EXPENDITURES:</b>							
Current:							
Education:							
Salaries	4,000	8,045	-	41,801	-	28,067	642,491
Benefits	300	315	-	5,185	-	4,157	57,654
Purchased services	12,970	18,905	-	36,875	403	5,821	1,346,348
Supplies and materials	7,461	7,835	-	9,235	3,315	10,480	160,437
Capital outlay	-	-	-	4,036	-	-	35,768
Payments to other governments	-	-	14,829	789,788	-	-	1,278,583
Total expenditures	24,731	35,100	14,829	886,920	3,718	48,525	3,521,281
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	-	-	-	-	-	-	(3,182)
<b>FUND BALANCE, UNRESERVED, BEGINNING OF YEAR</b>	-	-	-	-	-	-	3,182
<b>FUND BALANCE, UNRESERVED, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2005

	Mathematics and Science Partnership			21st Century - RIHS UTHS			21st Century Community Learning Centers				
	Budgeted Amounts		Variance with	Budgeted Amounts		Actual	Budgeted Amounts		Actual	Variance with	
	Original	Final	Final Budget	Original	Final	Amounts	Original	Final	Amounts	Final Budget	
REVENUES:											
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	203,380	203,380	(64,745)	299,800	299,800	263,787	375,000	375,000	364,442	(10,558)	
Total revenues	203,380	203,380	(64,745)	299,800	299,800	263,787	375,000	375,000	364,442	(10,558)	
EXPENDITURES:											
Current:											
Education:											
Salaries	29,000	29,000	20,386	21,000	21,000	23,941	50,000	50,000	46,987	3,013	
Benefits	4,250	4,250	3,244	3,060	3,060	2,261	8,000	8,000	7,931	69	
Purchased services	111,130	111,130	35,878	264,838	264,838	227,437	305,000	305,000	295,124	9,876	
Supplies and materials	39,000	39,000	6,552	10,902	10,902	13,330	12,000	12,000	14,400	(2,400)	
Capital outlay	20,000	20,000	(1,315)	-	-	-	-	-	-	-	
Payments to other governments	-	-	-	-	-	-	-	-	-	-	
Total expenditures	203,380	203,380	64,745	299,800	299,800	266,969	375,000	375,000	364,442	10,558	

DEFICIENCY OF REVENUES UNDER EXPENDITURES \$ -

FUND BALANCE, UNRESERVED, BEGINNING OF YEAR -

FUND BALANCE, UNRESERVED, END OF YEAR \$ -

SCHEDULE 4  
(CONTINUED)

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005

	21st Century - Edison			Step Ahead			Technology Program			Variance with Final Budget
	Budgeted Original	Actual Final	Variance with Final Budget	Budgeted Original	Actual Final	Variance with Final Budget	Budgeted Original	Actual Final	Variance with Final Budget	
<b>REVENUES:</b>										
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,138	\$ 94,138	\$ -	\$ -
Federal sources	147,537	107,043	(40,494)	247,389	84,646	(162,743)	-	-	-	-
<b>Total revenues</b>	<b>147,537</b>	<b>107,043</b>	<b>(40,494)</b>	<b>247,389</b>	<b>84,646</b>	<b>(162,743)</b>	<b>94,138</b>	<b>94,138</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>										
Current:										
Education:										
Salaries	9,500	8,701	799	110,200	44,487	65,713	60,415	59,474	941	941
Benefits	1,520	1,063	457	12,798	5,250	7,548	7,600	5,224	2,376	2,376
Purchased services	135,317	95,101	40,216	80,501	18,038	62,463	22,623	24,098	(1,475)	(1,475)
Supplies and materials	1,200	2,178	(978)	43,890	16,871	27,019	1,500	2,500	(1,000)	(1,000)
Capital outlay	-	-	-	-	-	-	2,000	2,842	(842)	(842)
Payments to other governments	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>147,537</b>	<b>107,043</b>	<b>40,494</b>	<b>247,389</b>	<b>84,646</b>	<b>162,743</b>	<b>94,138</b>	<b>94,138</b>	<b>-</b>	<b>-</b>

**DEFICIENCY OF REVENUES UNDER EXPENDITURES**

\$ -

**FUND BALANCE, UNRESERVED, BEGINNING OF YEAR**

\$ -

**FUND BALANCE, UNRESERVED, END OF YEAR**

\$ -

SCHEDULE 4  
(CONTINUED)

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005

	Regional Safe Schools Program *			Truants' Alt. and Optional Education			Early Childhood Ages 0-3				
	Budgeted Amounts		Variance with	Budgeted Amounts		Variance with	Budgeted Amounts		Variance with		
	Original	Final	Final Budget	Original	Final	Final Budget	Original	Final	Final Budget		
REVENUES:											
State sources	\$ -	\$ -	\$ 283,364	\$ 117,223	\$ 117,223	\$ -	\$ 52,285	\$ 52,285	\$ -	\$ -	\$ -
Federal sources	210,399	210,399	83,450	-	-	-	-	-	-	-	-
Total revenues	210,399	210,399	366,814	117,223	117,223	-	52,285	52,285	-	-	-
EXPENDITURES:											
Current:											
Education:											
Salaries	38,732	38,732	37,967	82,161	82,161	77,798	33,000	39,900	36,693	3,207	3,207
Benefits	7,854	7,854	5,116	9,600	9,600	8,815	835	4,000	3,773	227	227
Purchased services	163,313	163,313	166,061	23,917	23,917	28,442	11,950	6,500	7,996	(1,496)	(1,496)
Supplies and materials	500	500	1,254	1,545	1,545	2,168	6,500	1,885	3,823	(1,938)	(1,938)
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Payments to other governments	-	-	156,416	-	-	(156,416)	-	-	-	-	-
Total expenditures	210,399	210,399	366,814	117,223	117,223	117,223	52,285	52,285	52,285	-	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE, UNRESERVED, END OF YEAR	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Contains General State Aid Money not budgeted.



SCHEDULE 4  
(CONTINUED)

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005

	Early Childhood Ages 3-5			Early Childhood Pre-K			Lights On			Variance with Final Budget
	Budgeted Original	Actual Final	Variance with Final Budget	Budgeted Original	Actual Final	Variance with Final Budget	Budgeted Original	Actual Final	Variance with Final Budget	
<b>REVENUES:</b>										
State sources	\$ 432,003	\$ 464,003	\$ 32,000	\$ 120,000	\$ 117,677	\$ (12,323)	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-	1,276,653	1,276,653	333,583	(943,070)
<b>Total revenues</b>	<b>432,003</b>	<b>464,003</b>	<b>32,000</b>	<b>120,000</b>	<b>117,677</b>	<b>(12,323)</b>	<b>1,276,653</b>	<b>1,276,653</b>	<b>333,583</b>	<b>(943,070)</b>
<b>EXPENDITURES:</b>										
Current:										
Education:										
Salaries	194,750	189,435	5,315	42,500	20,282	2,201	89,842	89,842	6,199	83,643
Benefits	7,726	5,304	2,422	1,176	1,261	(334)	8,014	8,014	693	7,321
Purchased services	194,551	243,389	(48,838)	60,324	85,229	1,221	21,930	21,930	5,207	16,723
Supplies and materials	34,976	25,875	9,101	11,000	3,330	11,810	2,543	2,543	3,934	(1,391)
Capital outlay	-	-	-	5,000	7,575	(2,575)	-	-	-	-
Payments to other governments	-	-	-	-	-	-	1,154,324	1,154,324	317,550	836,774
<b>Total expenditures</b>	<b>432,003</b>	<b>464,003</b>	<b>(32,000)</b>	<b>120,000</b>	<b>117,677</b>	<b>12,323</b>	<b>1,276,653</b>	<b>1,276,653</b>	<b>333,583</b>	<b>943,070</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE, UNRESERVED, BEGINNING OF YEAR</b>										
<b>FUND BALANCE, UNRESERVED, END OF YEAR</b>										

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005

	Title I - Reading First			Title I - Reading First Part B			Project WIN					
	Budgeted Amounts		Variance with	Budgeted Amounts		Variance with	Budgeted Amounts		Variance with			
	Original	Final	Final Budget	Original	Final	Final Budget	Original	Final	Final Budget			
REVENUES:												
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	24,731	24,731	-	31,055	35,100	-	208,044	208,044	-	14,829	14,829	(193,215)
Total revenues	24,731	24,731	-	31,055	35,100	-	208,044	208,044	-	14,829	14,829	(193,215)
EXPENDITURES:												
Current:												
Education:												
Salaries	4,865	4,000	865	5,087	9,132	865	40,000	40,000	1,087	-	-	40,000
Benefits	300	300	-	300	300	-	1,713	1,713	(15)	-	-	1,713
Purchased services	12,700	12,970	(270)	16,802	16,802	(270)	5,000	5,000	(2,103)	-	-	5,000
Supplies and materials	6,866	7,461	(595)	8,866	8,866	(595)	1,894	1,894	1,031	-	-	1,894
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	159,437	159,437	-	-	-	144,608
Total expenditures	24,731	24,731	-	31,055	35,100	-	208,044	208,044	-	14,829	14,829	193,215
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE, UNRESERVED, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Technology Enhancing Education - Competitive			Title IV - Community Service		
	Budgeted Amounts Original	Actual Amounts Final	Variance with Final Budget	Budgeted Amounts Original	Actual Amounts Final	Variance with Final Budget
<b>REVENUES:</b>						
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	907,700	886,920	(20,780)	24,786	3,718	(21,068)
Total revenues	907,700	886,920	(20,780)	24,786	3,718	(21,068)
<b>EXPENDITURES:</b>						
Current:						
Education:						
Salaries	49,000	41,801	7,199	-	-	-
Benefits	8,510	5,185	3,325	-	-	-
Purchased services	34,536	36,875	(2,339)	11,459	403	11,056
Supplies and materials	11,600	9,235	2,365	13,327	3,315	10,012
Capital outlay	4,000	4,036	(36)	-	-	-
Payments to other governments	800,054	789,788	10,266	-	-	-
Total expenditures	907,700	886,920	20,780	24,786	3,718	21,068
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCE, UNRESERVED, BEGINNING OF YEAR</b>						
<b>FUND BALANCE, UNRESERVED, END OF YEAR</b>		\$ -			\$ -	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2005

	McKinney Education for Homeless Children				Total	
	Budgeted Amounts		Actual	Variance with		
	Original	Final	Amounts	Final Budget	Final Budget	
<b>REVENUES:</b>						
State sources	\$ -	\$ -	\$ -	\$ -	\$ 303,041	
Federal sources	48,000	48,525	48,525	-	(1,598,567)	
Total revenues	48,000	48,525	48,525	-	(1,295,526)	
<b>EXPENDITURES:</b>						
Current:						
Education:						
Salaries	30,000	30,000	28,067	1,933	238,489	
Benefits	3,800	3,800	4,157	(357)	32,318	
Purchased services	10,350	10,875	5,821	5,054	150,038	
Supplies and materials	3,850	3,850	10,480	(6,630)	41,035	
Capital outlay	-	-	-	-	(4,768)	
Payments to other governments	-	-	-	-	835,232	
Total expenditures	48,000	48,525	48,525	-	1,292,344	
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ (3,182)	
<b>FUND BALANCE, UNRESERVED, BEGINNING OF YEAR</b>					3,182	
<b>FUND BALANCE, UNRESERVED, END OF YEAR</b>					\$ -	

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49

COMBINING BALANCE SHEET

SCHEDULE 5

NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2005

	General Educational Development	School Bus Driver Training	Super- visory Expense	Summer Bridges	Total
Cash	\$ 9,375	\$ 933	\$ 54	\$ -	\$ 10,362
<b>ASSETS</b>					
<b>LIABILITIES AND FUND BALANCE</b>					
None	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCE, UNRESERVED</b>	9,375	933	54	-	10,362
<b>TOTAL LIABILITIES AND FUND BALANCE, UNRESERVED</b>	\$ 9,375	\$ 933	\$ 54	\$ -	\$ 10,362

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended June 30, 2005**

	<u>General Educational Development</u>	<u>School Bus Driver Training</u>	<u>Super- visory Expense</u>	<u>Summer Bridges</u>	<u>Total</u>
<b>REVENUES:</b>					
Local sources					
Services	\$ 10,304	\$ 1,000	\$ -	\$ 10,656	\$ 21,960
Interest	6	2	-	-	8
Total local sources	<u>10,310</u>	<u>1,002</u>	<u>-</u>	<u>10,656</u>	<u>21,968</u>
State sources	-	600	1,000	-	1,600
Total revenues	<u>10,310</u>	<u>1,602</u>	<u>1,000</u>	<u>10,656</u>	<u>23,568</u>
<b>EXPENDITURES:</b>					
Current:					
Education:					
Benefits	-	-	-	36	36
Purchased services	7,846	1,505	760	3,567	13,678
Supplies and materials	1,242	249	-	-	1,491
Other objects	-	-	529	-	529
Total expenditures	<u>9,088</u>	<u>1,754</u>	<u>1,289</u>	<u>3,603</u>	<u>15,734</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,222	(152)	(289)	7,053	7,834
<b>FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR</b>	<u>8,153</u>	<u>1,085</u>	<u>343</u>	<u>(7,053)</u>	<u>2,528</u>
<b>FUND BALANCE, UNRESERVED, END OF YEAR</b>	<u>\$ 9,375</u>	<u>\$ 933</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 10,362</u>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 June 30, 2005**

	<u>Distributive</u>	<u>Cafeteria Plan</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,520	\$ 13,358	\$ 37,878
<b>LIABILITIES</b>			
Due to others	\$ -	\$ 13,358	\$ 13,358
Due to other governments and agencies	24,520	-	24,520
Total liabilities	\$ 24,520	\$ 13,358	\$ 37,878

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES - AGENCY FUNDS**  
**Year Ended June 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,778	\$ 3,303,112	\$ 3,302,370	\$ 24,520
<b>LIABILITIES</b>				
Due to other governments and agencies	\$ 23,778	\$ 3,303,112	\$ 3,302,370	\$ 24,520
<b>CAFETERIA PLAN</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,594	\$ 61,972	\$ 64,208	\$ 13,358
<b>LIABILITIES</b>				
Due to others	\$ 15,594	\$ 61,972	\$ 64,208	\$ 13,358
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 39,372	\$ 3,365,084	\$ 3,366,578	\$ 37,878
<b>LIABILITIES</b>				
Due to others	\$ 15,594	\$ 61,972	\$ 64,208	\$ 13,358
Due to other governments and agencies	23,778	3,303,112	3,302,370	24,520
<b>TOTAL LIABILITIES</b>	<u>\$ 39,372</u>	<u>\$ 3,365,084</u>	<u>\$ 3,366,578</u>	<u>\$ 37,878</u>



**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT**  
**TREASURERS AND OTHER ENTITIES**  
**Year Ended June 30, 2005**

	<u>Regional Office of Education</u>
General State Aid	\$ 156,416
Bus Training	600
Truants Alternative	117,223
Regional Safe Schools	210,399
State Preschool At Risk	594,285
ROE Operations	135,061
Supervisory Expense	1,000
Learning Technology Center	94,138
Illinois Reading First	59,831
21st Century Community Learning Center	822,337
Mathematics and Science Partnerships	203,380
Technology Enhancing Education	<u>907,700</u>
	<u><u>\$ 3,302,370</u></u>

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2005

**SCHEDULE 10**

<u>Federal Grantor/Pass- Through Grantor, Program Title &amp; Major Program Designation</u>	<u>CFDA Number</u>	<u>Project Number (1st 8 digits) or Contract #</u>	<u>Expenditures 7/1/04- 6/30/2005</u>	<u>Oblig./ Encumb.</u>	<u>Final Status</u>
U.S. Dept. of Education (M) Title IV - 21st Century Community Learning Centers (Project WIN)	84.287	S287K010026	\$ 14,829	\$ -	\$ 14,829
(M) Title IV - 21st Century Community Learning Centers (Lights On)	84.287	S287A010746	333,583	-	333,583
U.S. Dept. of Education passed through Illinois State Board of Education:					
(M) Title IV - 21st Century Community Learning Centers	84.287	04-4421-00	33,056	-	33,056
(M) Title IV - 21st Century Community Learning Centers	84.287	05-4421-00	331,386	-	331,386
(M) Title IV - 21st Century Community Learning Centers (Edison)	84.287	05-4421-05	107,043	-	107,043
(M) Title IV - 21st Century Community Learning Centers (RIHS UTHS)	84.287	04-4421-04	3,182	-	3,182
	84.287	05-4421-04	263,787	-	263,787
			<u>1,086,866</u>	<u>-</u>	<u>1,086,866</u>
Mathematics and Science Partnership	84.366	05-4936-00	<u>138,635</u>	<u>-</u>	<u>138,635</u>
Technology Enhancing Education - Competitive	84.318	05-4972-00	<u>886,920</u>	<u>-</u>	<u>886,920</u>
Title I - Reading First Part B SEA Funds	84.357	05-4337-00	24,731	-	24,731
Title I - Reading First Part B SEA Funds	84.357	05-4337-02	35,100	-	35,100
			<u>59,831</u>	<u>-</u>	<u>59,831</u>
U.S. Dept. of Education passed through Lee/Ogle ROE: Stewart B. McKinney Education for Homeless Children and Youth Program	84.191	05-4920-00	<u>48,525</u>	<u>-</u>	<u>48,525</u>
U.S. Dept of Health and Human Services passed through Illinois State Board of Education:					
Title IV - Community Service	93.569	04-4420-00	<u>3,718</u>	<u>-</u>	<u>3,718</u>
General State Aid - Regional Safe Schools Program	93.558	05-3001-93	26,069	-	26,069
Regional Safe Schools Program	93.558	05-3696-00	57,381	-	57,381
			<u>83,450</u>	<u>-</u>	<u>83,450</u>
U.S. Dept. of Justice Step Ahead	16.710		<u>84,646</u>	<u>-</u>	<u>84,646</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,392,591</u>	<u>\$ -</u>	<u>\$ 2,392,591</u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005**

**NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Rock Island County Regional Office of Education No. 49 and is prepared 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.

**NOTE 2 - SUBRECIPIENTS**

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, Rock Island County Regional Office of Education No. 49 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA#</u>	<u>Amount Provided To Subrecipients</u>
Title IV - 21st Century Community Learning Centers (Lights On)	84.287	\$ 317,550
Title IV - 21st Century Community Learning Centers (Project WIN)	84.287	14,829
Regional Safe Schools Program	93.558	156,416
Technology Enhancing Education - Competitive	84.318	<u>789,788</u>
<b>Total</b>		<u>\$ 1,278,583</u>

**NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAMS**

The Title IV - 21st Century Community Learning Centers programs are to account for grant monies received for, and payment of, expenses related to providing after school and summer learning opportunities to students.

**NOTE 4 - NON-CASH ASSISTANCE**

N/A

**NOTE 5 - AMOUNT OF INSURANCE**

N/A

**NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING**

N/A

This information is an integral part of the accompanying schedule.