

STATE OF ILLINOIS
ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For the Year Ended June 30, 2017

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

For the Year Ended June 30, 2017

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ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

For the Year Ended June 30, 2017

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ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

OFFICIALS

For the Year Ended June 30, 2017

Regional Superintendent
(Current and During the Audit Period)

Ms. Susan Sarfaty

Assistant Regional Superintendent
(Current, beginning February 16, 2018)

Dr. Jed Deets

Assistant Regional Superintendent
(November 1, 2017 through February 15, 2018)

Dr. Rosella Wamser

Assistant Regional Superintendent
(During the Audit Period, through July 27, 2017)

Mr. Ryan Wamser

Office is located at:

1000 South Illinois Street
Belleville, IL 62220

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMPLIANCE REPORT SUMMARY

For the Year Ended June 30, 2017

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

AUDITORS' REPORT

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

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	0	1
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	1	1

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
None			
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
None			
<i>PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
None			
<i>PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</i>			
2016-001	14	Required Certifications Not Obtained	Significant Deficiency and Noncompliance

EXIT CONFERENCE

An informal exit conference was held with the management of St. Clair County Regional Office of Education No. 50 on September 28, 2017. The prior finding not repeated was discussed with management of the St. Clair County Regional Office of Education.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2017

The audit of the accompanying basic financial statements of the St. Clair County Regional Office of Education No. 50 was performed by Doehring, Winders & Co. LLP.

Based on their audit, the auditors expressed an unmodified opinion on the St. Clair County Regional Office of Education No. 50's basic financial statements.

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Clair County Regional Office of Education No. 50, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the St. Clair County Regional Office of Education No. 50's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 St. Clair County Regional Office of Education No. 50, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15a through 15h, and the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Illinois Municipal Retirement Fund, and Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund on pages 53 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Clair County Regional Office of Education No. 50's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2018, on our consideration of the St. Clair County Regional Office of Education No. 50'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 solely 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 effectiveness of the St. Clair County Regional Office of Education No. 50's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Clair County Regional Office of Education No. 50's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 13, 2018

DOEHRING, WINDERS & Co. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Clair County Regional Office of Education No. 50, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise St. Clair County Regional Office of Education No. 50's basic financial statements, and have issued our report thereon dated April 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Clair County Regional Office of Education No. 50's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Clair County Regional Office of Education No. 50's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Clair County Regional Office of Education No. 50's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Clair County Regional Office of Education No. 50'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the St. Clair County Regional Office of Education No. 50's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Clair County Regional Office of Education No. 50's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 13, 2018

DOEHRING, WINDERS & Co. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited St. Clair County Regional Office of Education No. 50's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of St. Clair County Regional Office of Education No. 50's major federal programs for the year ended June 30, 2017. The St. Clair County Regional Office of Education No. 50's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the St. Clair County Regional Office of Education No. 50's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 St. Clair County Regional Office of Education No. 50's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the St. Clair County Regional Office of Education No. 50's compliance.

Opinion on Each Major Federal Program

In our opinion, the St. Clair County Regional Office of Education No. 50 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of St. Clair County Regional Office of Education No. 50 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the St. Clair County Regional Office of Education No. 50's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Clair County Regional Office of Education No. 50's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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Mattoon, Illinois
April 13, 2018

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements in accordance with GAAP

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? None reported
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs

- Material weakness identified? No
- Significant deficiency identified? No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I School Improvement and Accountability
84.377A	School Improvement Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Section II - Financial Statement Findings

None

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

Section III - Federal Award Findings

None

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2017

2016-001	Required Certifications Not Obtained	Not repeated
	During the current audit, audit testing indicated the St. Clair County Regional Office of Education No. 50 implemented corrective action to obtain required certifications from subrecipients.	

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

The discussion and analysis of St. Clair County Regional Office of Education #50's (ROE) financial performance provides an overall narrative review of the ROE's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at the ROE's performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the ROE's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the ROE's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

This section is a summary of the ROE's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year.

2017 FINANCIAL HIGHLIGHTS

- The ROE's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is used to measure the ROE's financial health. The net position of the ROE's governmental activities on June 30, 2017 was (\$1,967,542) due to a net pension liability of \$5,048,914 and deferred inflows of \$703,036. This is a decrease of \$250,606 or 14.6% from fiscal year 2016 net position of (\$1,716,936). The net position of the ROE's enterprise fund was \$175,859 an increase of \$18,528 or 11.8% from fiscal year 2016. The total net position for the ROE primary government is (\$1,791,683) which is a decrease of \$232,078 or 14.9% from fiscal year 2016. The governmental activities and overall decrease in net position is primarily due to changes in balances related to pension funds. There was an increase in the State of Illinois Teachers' Retirement System (TRS) net pension liability of \$1,725,206 and an increase in the Illinois Municipal Retirement Fund (IMRF) net pension liability of \$249,098. These changes were offset by a net increase in TRS and IMRF deferred outflows of \$1,051,872 and a net decrease in TRS and IMRF deferred inflows of \$598,673.
- General governmental revenues account for \$1,945,262 in revenue, or 33.1% of all governmental revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,939,358 or 66.9% of total governmental revenues.
- The ROE governmental activities had \$6,135,226 in expenses; only \$3,939,358 of these expenses were offset by operating grants and contributions. The ROE had adequate general revenues and other reserves to provide for the rest of the ROE's expenses.
- Among major funds, the General Fund had \$1,113,699 in revenues and \$1,098,656 in expenditures. The General Fund's fund balance increased by \$15,043 or 2.2% over the prior year.
- Capital assets purchased during the year totaled \$23,068. In the governmental activities, capital assets net of depreciation increased by \$4,509. In the Enterprise Fund, capital assets net of depreciation decreased by \$456. For the combined total, capital assets net of depreciation increased by \$4,053.
- The ROE has no long-term debt.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the ROE's basic financial statements. The ROE's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the ROE's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The Statement of Net Position presents information on all the ROE's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the ROE is improving or deteriorating.

The Statement of Activities presents information showing how the ROE's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the ROE that are principally supported by grants, contracts and contributions, and governmental activities. The governmental activities of the ROE include instructional services and administrative expenses. The government-wide financial statements can be found on pages 16 – 17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the ROE can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the ROE's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Fund statements provide a detailed short-term view of the ROE's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the ROE's current financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 19 and 21, respectively.

The ROE maintains individual governmental funds in accordance with both the Regional Office of Education Accounting Manual and the Accounting Manual for Public School Districts issued by the Illinois State Board of Education. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined together and presented in these reports as other non-major funds.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

The basic governmental fund financial statements can be found on pages 18 and 20.

Proprietary funds. The ROE has two funds in the Enterprise Fund. The Local Workshop Fund holds any excess funds collected from Workshops and/or Technology Services. These funds are used solely to offset Workshop and Technology Services incurred due to less than anticipated registrations or more than anticipated materials and services. The second fund is the American Institute for Research Housing Fund which holds the funds paid to the ROE for housing staff from the American Institute for Research. The ROE's proprietary statements can be found on pages 22 – 24.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the ROE's budget process.

Required Supplementary Information regarding the ROE's pension plans are included on pages 53 – 55 of this report.

The ROE does not adopt a combined annual operating budget for all funds, but does adopt individual budgets for some grants in the Education Fund. A budgetary comparison statement has been provided for those grants in the Education Fund. This supplemental information can be found on pages 68 – 81 of this report.

Additionally, a Schedule of Expenditures of Federal Awards is required by the Uniform Guidance and can be found on page 84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. Net position may serve over time as a useful indicator of government's financial position. In the case of the ROE, liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$1,791,683 as of June 30, 2017.

The ROE's Net Position includes assets of \$484,300 restricted for use in the Institute Fund, GED Fund, Bus Driver Training Fund and the National School Breakfast and Lunch account. It also includes capital assets of \$32,645. However, the ROE's net position is severely impacted by the net pension liability of \$5,048,914 which includes \$4,872,243 for the State of Illinois Teachers' Retirement System (TRS) and \$176,671 for the Illinois Municipal Retirement Fund and deferred inflows of \$703,036 for TRS, which results in the negative net position of \$1,791,683.

The ROE's financial position is a product of several financial transactions including the net result of activities, the acquisition and disposal of capital assets and the depreciation of capital assets. The following table presents a summary of the ROE's net position for the fiscal year ended June 30, 2017 compared to prior year.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
Current assets	\$ 1,430,148	\$ 1,550,231	\$ 158,829	\$ 181,005	\$ 1,588,977	\$ 1,731,236
Capital assets	27,024	31,533	1,568	1,112	28,592	32,645
Net pension asset	72,427	-	-	-	72,427	-
Total Assets	1,529,599	1,581,764	160,397	182,117	1,689,996	1,763,881
Deferred outflows	1,510,877	2,562,749	-	-	1,510,877	2,562,749
Current liabilities	308,666	360,105	3,066	6,258	311,732	366,363
Net pension liability	3,147,037	5,048,914	-	-	3,147,037	5,048,914
Total Liabilities	3,455,703	5,409,019	3,066	6,258	3,458,769	5,415,277
Deferred inflows	1,301,709	703,036	-	-	1,301,709	703,036
Net position						
Investment in						
capital assets	27,024	31,533	1,568	1,112	28,592	32,645
Restricted - other	425,800	484,300	-	-	425,800	484,300
Restricted - net						
pension asset	72,427	-	-	-	72,427	-
Unrestricted	(2,242,187)	(2,483,375)	155,763	174,747	(2,086,424)	(2,308,628)
Total Net Position	\$ (1,716,936)	\$ (1,967,542)	\$ 157,331	\$ 175,859	\$ (1,559,605)	\$ (1,791,683)

Changes in net position. The ROE's total revenues for the fiscal year ended June 30, 2017 were \$5,980,553. The total cost of all programs and services was \$6,212,631. The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2016 and 2017.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2016	2017	2016	2017	2016	2017	2016-2017
Revenues:							
Program revenues:							
Operating grants/ contributions	\$ 3,474,888	\$ 3,939,358	\$ -	\$ -	\$ 3,474,888	\$ 3,939,358	13.4%
Charges for services	-	-	98,556	95,037	98,556	95,037	-3.6%
General revenues:							
Local sources	262,653	260,170	-	-	262,653	260,170	-0.9%
State sources	295,186	283,724	-	-	295,186	283,724	-3.9%
On behalf payments							
Local	425,708	372,080	-	-	425,708	372,080	-12.6%
State	704,944	1,024,547	-	-	704,944	1,024,547	45.3%
Loss on disposal of capital assets	-	(476)	-	-	-	(476)	-
Interest	1,799	5,217	162	896	1,961	6,113	211.7%
Total revenues	<u>5,165,178</u>	<u>5,884,620</u>	<u>98,718</u>	<u>95,933</u>	<u>5,263,896</u>	<u>5,980,553</u>	<u>13.6%</u>
Expenses:							
Instructional services	3,833,995	4,738,599	-	-	3,833,995	4,738,599	23.6%
On behalf payments	1,130,652	1,396,627	-	-	1,130,652	1,396,627	23.5%
Workshop/testing expenses	-	-	112,888	77,405	112,888	77,405	-31.4%
Total expenses	<u>4,964,647</u>	<u>6,135,226</u>	<u>112,888</u>	<u>77,405</u>	<u>5,077,535</u>	<u>6,212,631</u>	<u>22.4%</u>
Increase (decrease) in net position	200,531	(250,606)	(14,170)	18,528	186,361	(232,078)	-224.5%
Net position	<u>(1,917,467)</u>	<u>(1,716,936)</u>	<u>171,501</u>	<u>157,331</u>	<u>(1,745,966)</u>	<u>(1,559,605)</u>	<u>10.7%</u>
Net position – ending	<u>\$ (1,716,936)</u>	<u>\$ (1,967,542)</u>	<u>\$ 157,331</u>	<u>\$ 175,859</u>	<u>\$ (1,559,605)</u>	<u>\$ (1,791,683)</u>	<u>-14.9%</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

Governmental activities. The following table presents the cost of two major ROE functional activities: instructional services and administrative expenses. Administrative expenses include social work and guidance services, operation & maintenance, pupil transportation, food service, planning and evaluation, and fiscal services. The table also shows each function's net cost (total cost less charges for services generated by the activities and grants provided for specific programs). The net cost shows the amount funded by the General Revenues. Instructional Services expenses increased 23.6%, but operating grants, state and local revenues increased to cover them. Administrative expenses and net costs were significantly higher due to increases in State of Illinois Teachers' Retirement System on behalf contributions.

	Total Expenses	Net (Expense) Revenue
Instructional services	\$ 4,738,599	\$ (799,241)
Administrative expense	1,396,627	(1,396,627)
Total expenses	\$ 6,135,226	\$ (2,195,868)

Enterprise activities. The following table presents the cost of the ROE's workshop and housing funds. The majority of related expenses are salaries and benefits, contract labor and travel, and supplies and materials for the workshop seminars, and housing expenses for the American Institute of research. The table also shows the fund's net cost (total cost less charges for services generated by the activities). Total expense is down from 2016 due to a decrease in technology expenses.

	Total Expenses	Net (Expense) Revenue
Workshop/testing/housing costs	\$ 77,405	\$ 17,632

FINANCIAL ANALYSIS OF THE ROE'S FUNDS

As noted earlier, the ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the ROE's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the ROE's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the ROE's net resources available for spending at the end of the fiscal year.

The financial performance of the ROE as a whole is reflected in its governmental funds. As the ROE completed the year, its governmental funds reported a combined fund balance of \$1,107,909 which is an increase of \$19,392 over the previous year.

The General Fund is the principal operating fund of the ROE. The fund balance of the General Fund for the fiscal year ending June 30, 2017, increased by \$15,043. The fund balance of Other Governmental Funds showed a combined net increase and loss of \$4,349. \$62,825 of this increase was in Institute Fund and was the result of higher than normal registration and application fees. Teachers pay fees on a 5 year cycle, which does not match the flow of teacher training expenses.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

Enterprise Funds. The net position reported in the Enterprise Fund as of June 30, 2017 was \$175,859, an increase of \$18,528. The increase was a result of a decrease in technology salaries paid by the Enterprise Fund due to the funding of certain state sourced grants from the prior year. The remaining Enterprise funds provide a good reserve to ensure that the ROE can continue to offer high quality workshops for teachers and administrators and solid technology assistance to schools.

BUDGETARY HIGHLIGHTS

Over the course of the year, the ROE revised the budgets for most grant programs in the Education Fund. These budget adjustments were the result of revisions in the plan to accomplish specific goals and activities outlined in the grant programs.

A schedule showing the original and final budget amounts compared to the ROE's actual financial activity for the Education Fund grants is provided in this report as supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2017, the ROE's total capital assets at cost for Governmental Activities and Business-type Activities were \$511,776 and \$39,961 respectively, including furniture and equipment. This amount represents a decrease of \$52,636 for the Governmental Activities and a decrease of \$1,191 for the Business-type Activities from the previous year. Additions and deletions during fiscal year 2017 totaled \$23,068 and \$75,704, respectively, for Governmental Activities. There were no capital asset additions during fiscal year 2017 for Business-type Activities.

Total accumulated depreciation as of June 30, 2017 for Governmental Activities and Business-type Activities was \$480,243 and \$38,849 respectively, and total depreciation expense for Governmental Activities and Business-type Activities for the fiscal year 2017 was \$18,083 and \$456 respectively, and prior depreciation on assets deleted in fiscal year 2017 was \$75,228 for Governmental Activities and \$1,191 for Business-type Activities, resulting in total Investment in Capital Assets at June 30, 2017 for Governmental Activities and Business Type Activities of \$31,533 and \$1,112 respectively. Overall, net capital assets increased \$4,509 for Governmental Activities and decreased \$456 for Business-type Activities compared to June 30, 2016.

Additional information on the ROE's capital assets can be found in Note 3 on pages 36 – 37 of this report.

Debt Administration. At June 30, 2017, the ROE had no long term debt.

Current Issues

The St. Clair County ROE is financially stable. The ROE has committed itself to financial excellence for many years. In addition, the ROE's system of financial planning, budgeting and internal financial controls is well regarded.

The ROE plans to continue its sound fiscal management to meet the challenges of the future and insure that taxpayer dollars are spent properly and in accordance with its mission to provide quality services to students, teachers, administrators, parents and community members.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

The Net Pension Liability reflected in the financial statements highlights the serious problems in the State of Illinois Teachers' Retirement System pension fund. Beginning with fiscal year 2015, each employer is showing a prorated portion of the State's pension liability on its government wide financial statements. This amounts to \$5,048,914 net pension liability for the ROE in fiscal year 2017, which includes \$4,872,243 for TRS and \$176,671 for IMRF.

The unassigned fund balance of the ROE has been sufficient to handle the most recent economic downturn and state budget impasses. State funding for core grant programs has decreased significantly. The Safe School program and ROE School Services grant have each been cut 65% since 2009. In addition, General State Aid continues to be prorated, further reducing funds available for the Safe School Program. The ROE continues to charge tuition to offset the shortfall in Safe School and this has covered the deficit in this program for 2017. A Professional Development Coop continues to provide adequate funding for workshops requested by school districts. These measures will allow the ROE to maintain all services for the coming year without exhausting limited reserves.

The ROE will be looking for ways to reallocate existing resources to meet the needs of schools in a climate of decreasing and late revenue.

CONTACTING THE ROE'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Finance Manager of the St. Clair County Regional Office of Education, 1000 South Illinois Street, Belleville, IL 62220 or by phone (618) 825-3938.

BASIC FINANCIAL STATEMENTS

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,024,887	\$ 178,069	\$ 1,202,956
Accounts receivable	1,006	4,302	5,308
Due from (to) other funds	1,381	(1,381)	-
Due from other governments:			
Local	73,092	15	73,107
State	177,935	-	177,935
Federal	271,930	-	271,930
Total current assets	<u>1,550,231</u>	<u>181,005</u>	<u>1,731,236</u>
Noncurrent assets:			
Capital assets, net of depreciation	<u>31,533</u>	<u>1,112</u>	<u>32,645</u>
Total noncurrent assets	<u>31,533</u>	<u>1,112</u>	<u>32,645</u>
Total assets	<u>1,581,764</u>	<u>182,117</u>	<u>1,763,881</u>
Deferred outflows of resources			
Deferred outflows related to pensions	<u>2,562,749</u>	<u>-</u>	<u>2,562,749</u>
Liabilities			
Current liabilities:			
Accounts payable	105,889	3,417	109,306
Salary and benefits payable	111,900	2,841	114,741
Unearned revenue	34,798	-	34,798
Due to other governments:			
Local	107,518	-	107,518
Total current liabilities	<u>360,105</u>	<u>6,258</u>	<u>366,363</u>
Noncurrent liabilities:			
Net pension liability	<u>5,048,914</u>	<u>-</u>	<u>5,048,914</u>
Total liabilities	<u>5,409,019</u>	<u>6,258</u>	<u>5,415,277</u>
Deferred inflows of resources			
Deferred inflows related to pensions	<u>703,036</u>	<u>-</u>	<u>703,036</u>
Net position			
Investment in capital assets	31,533	1,112	32,645
Restricted - other	484,300	-	484,300
Unrestricted	<u>(2,483,375)</u>	<u>174,747</u>	<u>(2,308,628)</u>
Total net position	<u>\$ (1,967,542)</u>	<u>\$ 175,859</u>	<u>\$ (1,791,683)</u>

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 2,404,765	\$ -	\$ 2,072,782	\$ (331,983)	\$ -	\$ (331,983)
Purchased services	1,049,300	-	962,167	(87,133)	-	(87,133)
Supplies and materials	185,501	-	168,530	(16,971)	-	(16,971)
Other objects	110	-	-	(110)	-	(110)
Payments to other governments	418,185	-	420,674	2,489	-	2,489
Pension expense	662,655	-	315,205	(347,450)	-	(347,450)
Depreciation	18,083	-	-	(18,083)	-	(18,083)
Administrative:						
On-behalf payments - local	372,080	-	-	(372,080)	-	(372,080)
On-behalf payments - state	1,024,547	-	-	(1,024,547)	-	(1,024,547)
Total governmental activities	<u>6,135,226</u>	<u>-</u>	<u>3,939,358</u>	<u>(2,195,868)</u>	<u>-</u>	<u>(2,195,868)</u>
Business-type activities						
Fees for services	<u>77,405</u>	<u>95,037</u>	<u>-</u>	<u>-</u>	<u>17,632</u>	<u>17,632</u>
Total business-type activities	<u>77,405</u>	<u>95,037</u>	<u>-</u>	<u>-</u>	<u>17,632</u>	<u>17,632</u>
Total primary government	<u>\$ 6,212,631</u>	<u>\$ 95,037</u>	<u>\$ 3,939,358</u>	<u>(2,195,868)</u>	<u>17,632</u>	<u>(2,178,236)</u>
General Revenues:						
Local sources				260,170	-	260,170
State sources				283,724	-	283,724
On-behalf payments - local				372,080	-	372,080
On-behalf payments - state				1,024,547	-	1,024,547
Loss on disposal of capital assets				(476)	-	(476)
Interest				5,217	896	6,113
Total general revenues				<u>1,945,262</u>	<u>896</u>	<u>1,946,158</u>
Change in net position				(250,606)	18,528	(232,078)
Net position - beginning				<u>(1,716,936)</u>	<u>157,331</u>	<u>(1,559,605)</u>
Net position - ending				<u>\$ (1,967,542)</u>	<u>\$ 175,859</u>	<u>\$ (1,791,683)</u>

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Education Fund	Institute Fund	Nonmajor Funds	Eliminations	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 455,936	\$ 104,072	\$ 347,775	\$ 117,104	\$ -	\$ 1,024,887
Accounts receivable	766	-	-	240	-	1,006
Due from other funds	254,748	-	-	-	(253,367)	1,381
Due from other governments						
Local	37,299	35,663	-	130	-	73,092
State	-	177,935	-	-	-	177,935
Federal	-	271,930	-	-	-	271,930
Total assets	\$ 748,749	\$ 589,600	\$ 347,775	\$ 117,474	\$ (253,367)	\$ 1,550,231
Liabilities						
Accounts payable	\$ 10,467	\$ 95,338	\$ 40	\$ 44	\$ -	\$ 105,889
Salary and benefits payable	29,215	81,863	216	606	-	111,900
Due to other funds	-	253,367	-	-	(253,367)	-
Unearned revenue	-	34,798	-	-	-	34,798
Due to other governments						
Local	3,241	104,277	-	-	-	107,518
Total liabilities	42,923	569,643	256	650	(253,367)	360,105
Deferred inflows of resources						
Unavailable revenue	13,596	68,621	-	-	-	82,217
Fund balance (deficit)						
Restricted	-	19,957	347,519	116,824	-	484,300
Assigned	75,305	-	-	-	-	75,305
Unassigned	616,925	(68,621)	-	-	-	548,304
Total fund balance (deficit)	692,230	(48,664)	347,519	116,824	-	1,107,909
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 748,749	\$ 589,600	\$ 347,775	\$ 117,474	\$ (253,367)	\$ 1,550,231

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

June 30, 2017

Total Fund balances - governmental funds		\$ 1,107,909
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		31,533
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds</p>		82,217
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:</p>		
IMRF deferred outflows of resources	\$ 534,391	
TRS deferred outflows of resources	2,028,358	
IMRF deferred inflows of resources	-	
TRS deferred inflows of resources	<u>(703,036)</u>	1,859,713
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
IMRF net pension liability	(176,671)	
TRS net pension liability	<u>(4,872,243)</u>	<u>(5,048,914)</u>
Net position of governmental activities		<u><u>\$ (1,967,542)</u></u>

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Revenues:						
Local sources	\$ 166,746	\$ 307,668	\$ 81,436	\$ 11,988	\$ -	\$ 567,838
On-behalf payments - local	372,080	-	-	-	-	372,080
State sources	286,736	352,078	-	1,825	-	640,639
On-behalf payments - state	286,096	-	-	-	-	286,096
Federal sources	-	3,225,523	-	-	-	3,225,523
Interest	2,041	941	1,661	574	-	5,217
Total revenues	1,113,699	3,886,210	83,097	14,387	-	5,097,393
Expenditures:						
Instructional Services						
Salaries and benefits	323,870	2,060,516	6,237	14,142	-	2,404,765
Purchased services	74,115	956,472	13,609	5,104	-	1,049,300
Supplies and materials	17,827	167,533	82	59	-	185,501
Other objects	110	-	-	-	-	110
Payments to other governments	-	418,185	-	-	-	418,185
Pension expense	24,558	313,340	344	654	-	338,896
Payments made on-behalf of region	658,176	-	-	-	-	658,176
Capital outlay	-	23,068	-	-	-	23,068
Total expenditures	1,098,656	3,939,114	20,272	19,959	-	5,078,001
Excess (deficiency) of revenues over (under) expenditures	15,043	(52,904)	62,825	(5,572)	-	19,392
Net change in fund balance	15,043	(52,904)	62,825	(5,572)	-	19,392
Fund balances - beginning	677,187	4,240	284,694	122,396	-	1,088,517
Fund balances (deficit) - ending	<u>\$ 692,230</u>	<u>\$ (48,664)</u>	<u>\$ 347,519</u>	<u>\$ 116,824</u>	<u>\$ -</u>	<u>\$ 1,107,909</u>

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

Net change in fund balances		\$ 19,392
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred inflows of resources in the governmental funds.</p>		
Current year unavailable revenue	\$ 82,217	
Prior year unavailable revenue	<u>(32,965)</u>	49,252
<p>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.</p>		
Capital outlay	\$ 23,068	
Loss on disposal of capital assets	(476)	
Depreciation	<u>(18,083)</u>	4,509
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net pension expense		<u>(323,759)</u>
Change in net position of governmental activities		<u><u>\$ (250,606)</u></u>

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Nonmajor Enterprise Fund American Institute for Research Housing	Local Workshops	Total
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 178,069	\$ 178,069
Accounts receivable	4,302	-	4,302
Due from other governments			
Local	-	15	15
Total current assets	4,302	178,084	182,386
Noncurrent assets			
Capital assets, net of depreciation	-	1,112	1,112
Total noncurrent assets	-	1,112	1,112
Total assets	4,302	179,196	183,498
Liabilities			
Current liabilities			
Accounts payable	2,921	496	3,417
Salary and benefits payable	-	2,841	2,841
Due to other funds	1,381	-	1,381
Total current liabilities	4,302	3,337	7,639
Total liabilities	4,302	3,337	7,639
Net position			
Net investment in capital assets	-	1,112	1,112
Unrestricted	-	174,747	174,747
Total net position	\$ -	\$ 175,859	\$ 175,859

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND

For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Nonmajor Enterprise Fund American Institute for Research Housing	Local Workshops	Total
Operating revenues			
Registration and tech fees	\$ -	\$ 79,128	\$ 79,128
Contract services	15,909	-	15,909
Total operating revenues	15,909	79,128	95,037
Operating expenses			
Salaries and benefits	-	4,945	4,945
Purchased services	14,844	52,339	67,183
Supplies and materials	1,070	1,211	2,281
Depreciation	-	456	456
Pension expense	-	2,540	2,540
Total operating expenses	15,914	61,491	77,405
Operating income (loss)	(5)	17,637	17,632
Nonoperating revenue			
Interest	5	891	896
Total nonoperating revenue	5	891	896
Change in net position	-	18,528	18,528
Net position - beginning	-	157,331	157,331
Net position - ending	\$ -	\$ 175,859	\$ 175,859

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended June 30, 2017

	Business-Type Activities- Enterprise Funds		
	Nonmajor Enterprise Fund American Institute for Research Housing	Local Workshops	Total
Cash flows from operating activities			
Receipts from customers	\$ 14,607	\$ 81,838	\$ 96,445
Payments to suppliers and providers of goods and services	(12,993)	(53,054)	(66,047)
Payments to employees	-	(7,710)	(7,710)
Net cash provided by operating activities	<u>1,614</u>	<u>21,074</u>	<u>22,688</u>
Cash flows from noncapital financing activities			
Cash payments (to) from other funds	(1,619)	61,283	59,664
Net cash provided by (used for) noncapital financing activities	<u>(1,619)</u>	<u>61,283</u>	<u>59,664</u>
Cash flows from investing activities			
Interest	5	891	896
Net cash provided by investing activities	<u>5</u>	<u>891</u>	<u>896</u>
Net increase in cash and cash equivalents	-	83,248	83,248
Cash and cash equivalents - beginning	-	94,821	94,821
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 178,069</u>	<u>\$ 178,069</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (5)	\$ 17,637	\$ 17,632
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	456	456
Changes in assets and liabilities:			
(Increase) in accounts receivable	(1,302)	-	(1,302)
Decrease in due from other governments	-	2,710	2,710
Increase in accounts payable	2,921	496	3,417
(Decrease) in salary and benefits payable	-	(225)	(225)
Net cash provided by operating activities	<u>\$ 1,614</u>	<u>\$ 21,074</u>	<u>\$ 22,688</u>

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 50 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education No. 50 is presented to assist in understanding the Regional Office of Education No. 50's financial statements. The financial statements and notes are representations of the Regional Office of Education No. 50's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

FINANCIAL REPORTING ENTITY

The Regional Office operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The Regional Office of Education No. 50 encompasses St. Clair County. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education No. 50 and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105.

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; to evaluate the schools in the region; examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 50's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under her control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education No. 50, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL REPORTING ENTITY (Continued)

For the period ended June 30, 2017, the Regional Office of Education No. 50 applied for, received, and administered several State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 50. Such activities are reported as a single major special revenue fund (i.e. within the Education Fund).

SCOPE OF THE REPORTING ENTITY

The Regional Office of Education No. 50's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education No. 50 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education No. 50, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education No. 50 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 districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education No. 50 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 50 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education No. 50 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

In 2017, the Regional Office of Education No. 50 implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The Regional Office of Education No. 50 implemented these standards during the current year. The implementation of GASB Statement No. 74 establishes standards for the financial reports of defined benefit OPEB plans administered through trusts that meet specified criteria. GASB Statement No. 82 implementation clarifies the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee or plan member contribution requirements. GASB Statement No. 77, *Tax Abatements*, GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - An amendment of GASB Statement No. 14*, also became effective for the current year, but these statements had no impact on the Regional Office of Education No. 50's financial statements.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education No. 50's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education No. 50 has two business-type activities that rely on fees and charges for support.

The Regional Office of Education No. 50's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education No. 50 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 50's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements and the net position and changes in net position presented in the government-wide financial statements.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue received more than 60 days after the end of the current period is deferred in the governmental fund financial statements but is recognized as current revenue in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

Revenue received after the Regional Office's availability period are reported as deferred inflows of resources in the fund financial statements but are recognized as current revenue in the government-wide financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

The proprietary fund is accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current position) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education No. 50; therefore, revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education No. 50 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 resources available to finance the program. It is Regional Office of Education No. 50's policy to first apply restricted funds to such programs, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned, if any.

FUND ACCOUNTING

The Regional Office of Education No. 50 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education No. 50 uses governmental and proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Regional Office of Education No. 50 are typically reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental and proprietary fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education No. 50 has presented all major funds that met the above qualifications.

The Regional Office of Education No. 50 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education No. 50. It is used to account for all financial resources in the Region except those required to be accounted and reported for in other funds. General Fund includes the following:

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

Educational Service Region (ESR) General Operations Account – This program is used to account for local monies received for, and payment of, expenditures in connection with general administration activities.

Payroll Clearing Fund – This program is used to account for funds received and disbursed by the Regional Superintendent for payroll costs.

Worker Compensation Escrow Fund – This program is used to account for funds received for, and payments of, worker compensation insurance policy premiums.

Young Authors Conference – This program is used to account for monies received for, and payment of, expenditures for the annual Young Authors Conference.

General State Aid - Sec 18-8 (includes State Aid Loss Limit) – This program is used to account for grant monies received for, and payment of, expenditures related to any educational purposes consistent with State and local requirements subject to applicable federal requirements.

Fingerprinting Fund– This program is used to account for the fees received from school districts, other local entities or individuals that pay for the use of the fingerprinting services provided.

Building Fund – This program is used to account for local monies received for, and payment of, expenditures necessary for the operation of the building.

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary and major capital projects) that are restricted to expenditures for specified purposes.

Major special revenue funds include the following:

Education Fund – This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

McKinney-Vento Education for Homeless Children and Youth – This program uses federal funds to provide training and technical assistance to school districts in 16 counties to assist school officials in understanding and complying with the McKinney-Vento Act.

Title I School Improvement and Accountability – This program uses federal funding to provide assistance to those schools/school districts that do not meet Adequate Yearly Progress (AYP) as defined by the No Child Left Behind Act.

Bilingual Education Downstate TPI – This program is used to account for grant monies received for, and payment of, expenditures to teach children for whom English is a second language.

Federal Special Education Preschool Discretionary – This fund is used to account for federal grant monies received for, and payment of, expenditures related to services provided to educators, parents, and providers working with children (birth to five) with disabilities.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Mental Health Parent Resource – This program is used to account for grant monies received for, and payment of, expenditures related to support truancy intervention and prevention through case coordination, resource linkage, and parent training.

National School Breakfast and Lunch – This program is used to account for State and federal grant monies received for, and payment of, expenditures to provide breakfast and lunch to the Safe School students.

Regional Safe Schools – This program provides funding for an alternative school program for disruptive youth in grades 6-9 whom have been removed from the regular school setting due to continuous disruptions in the classroom.

Pilot Regional Safe School Cooperative Education Program - This program is used to account for grant monies received for, and payment of expenditures related to providing suspended or expelled youth at the Regional Safe School with alternative cooperative education including classroom work and experience in the private sector.

Stay In School Monitoring – This program is used to account for monies received for and payment of expenditures related to increasing high school graduation rates, decreasing dropouts and improving attendance by providing a certified teacher in an off school district site for suspended students.

ROE School Services – This program is used to account for grant monies received for, and payment of, expenditures to assist schools in all areas of school improvement.

Title II – Teacher Quality Leadership Grant – This program is used to account for federal grant monies received for, and payment of, expenditures related to providing teachers and principals training in teacher and principal evaluations.

Truants Alternative Optional Education Program (TAOEP) - To account for grant monies received for, and payment of expenditures for TAOEP. This program provides assistance to students and families when students have excessive absenteeism.

Title I School Improvement Grant - Lincoln – This program is used to account for federal grant monies received for, and payment of expenditures related to assisting a school district in the implementation of an approved intervention plan designed to raise student achievement in a priority school, Lincoln School.

Title I School Improvement Grant - Bush – This program is used to account for federal grant monies received for, and payment of expenditures related to assisting a school district in the implementation of an approved intervention plan designed to raise student achievement in a priority school, Gordon Bush Elementary School.

Title I School Improvement Grant - Mason Clark – This program is used to account for federal grant monies received for, and payment of expenditures related to assisting a school district in the implementation of an approved intervention plan designed to raise student achievement in a priority school, Mason Clark School.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Title I School Improvement Grant - Meridian Elementary – This program is used to account for federal grant monies received for, and payment of expenditures related to assisting a school district in the implementation of an approved intervention plan designed to raise student achievement in a priority school, Meridian Elementary School.

Illinois Mathematics and Science Partnership - Science – This program is used to account for federal grant monies received for, and payment of expenditures related to increasing the academic achievement of students in science by enhancing the content knowledge and teaching skills of classroom teachers.

Illinois Mathematics and Science Partnership - Math – This program is used to account for federal grant monies received for, and payment of expenditures related to increasing the academic achievement of students in mathematics by enhancing the content knowledge and teaching skills of classroom teachers.

Institute Fund – This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses for meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Additionally, the Regional Office of Education No. 50 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education Fund are grouped under this fund for financial statement presentation. Nonmajor special revenue funds include the following:

General Education Development – This program accounts for the receipts and expenses pertaining to the G.E.D./High School Equivalency program for high school dropouts.

Bus Driver Training – This program accounts for State and local receipts and expenses as a result of training school district bus drivers.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education No. 50 on a cost reimbursement basis are reported. The major proprietary fund is as follows:

Local Workshops – This fund is used to account for the workshop fees and fees for technology services of the Regional Office of Education No. 50.

The Regional Office of Education No. 50 reports the following nonmajor proprietary fund:

American Institute for Research Housing – This fund is used to account for rent payments received from the American Institute for Research Housing program that operates out of the same building as the Regional Office of Education No. 50.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance - the portion of a Governmental Fund's net position that are not available to be spent, either short term or long term in either form or through legal restrictions. The Regional Office of Education No. 50 has no nonspendable fund balances.

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

Committed Fund Balance - the portion of a Governmental Fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education No. 50 has no committed fund balances.

Assigned Fund Balance - the portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts' fund balances are assigned: Young Authors Conference, Fingerprinting Fund, and Building Fund.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts' fund balances are unassigned: ESR General Operations Account, General State Aid – Sec 18-8, Truants Alternative Optional Education Program, Regional Safe Schools, and Pilot Regional Safe School Cooperative Education Program.

NET POSITION

Equity is classified as net position and displayed in three components:

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

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

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

BUDGET INFORMATION

The Regional Office of Education No. 50 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education or other granting authority; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the Education Fund do not have separate budgets.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGET INFORMATION (Continued)

Comparisons of budgeted and actual results for the following programs are presented as supplementary information: McKinney-Vento Education for Homeless Children & Youth, Title I School Improvement and Accountability, Federal Special Education Preschool Discretionary, Regional Safe Schools, Pilot Regional Safe Schools Cooperative Education Program, ROE School Services, Title II – Teacher Quality Leadership Grant, Truants Alternative Optional Education, Title I School Improvement Grant – Lincoln, Title I School Improvement Grant – Bush, Title I School Improvement Grant – Mason Clark, Title I School Improvement Grant – Meridian Elementary, Illinois Mathematics and Science Partnership – Science, and Illinois Mathematics and Science Partnership – Math.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education No. 50 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Deskjet printers/UPS	3 years
Computer, Laser printers, Fax machines	4 years
Cameras, Projectors, Camcorders, Copiers, Televisions, PA systems	5 years
Software systems	6 years
Furniture and Typewriters	8 years
Refrigerators	10 years

COMPENSATED ABSENCES

Non-exempt, full-time employees earn vacation time according to their length of service: 10 days per year for the first four years of service, 15 days per year starting with the fifth year of service, and 20 days per year starting with the thirteenth year of service. Vacation time is prorated for employees working between 16 and 40 hours per week. Temporary employees, non-exempt employees who work less than 16 hours per week, and exempt employees do not earn vacation days. Vacation time must be used within the same project year in which it was earned and unused vacation time at the end of a project year is forfeited.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES (Continued)

All projects in which salary expense is incurred have a year-end consistent with the Regional Office of Education No. 50's year-end of June 30; therefore, no liability is accrued. Employees receive up to 12 sick days annually and the unused portion is accumulated and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and, therefore, no liability is accrued.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

UNEARNED REVENUE

The Regional Office of Education No. 50 reports unearned revenue in the governmental fund Balance Sheet. Unearned revenue arises when grant funds received are unexpended or obligated at year end.

REVENUE FROM FEDERAL AND STATE GRANTS

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

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

GASB Statement No. 65 reclassified as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Decreases in net position or fund balances that relate to future periods are reported as deferred outflows of resources. Increases in net position or fund balances that relate to future periods are reported as deferred inflows of resources. When an asset is recorded in the governmental fund financial statements but the revenue is not available, the Regional Office reports a deferred inflow of resources until such time as the revenue becomes available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are not available if they are received more than 60 days after the end of the fiscal year.

2 DEPOSITS AND INVESTMENTS

The Regional Office of Education No. 50 does not have a formal investment policy. The Regional Office of Education No. 50 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

BANK DEPOSITS

At June 30, 2017, the carrying amount of the Regional Office of Education No. 50's Government-wide deposits were \$1,202,956, and the bank balances were \$1,291,058. Of the total bank balances as of June 30, 2017, \$254,184 was invested in Illinois Funds Money Market Fund, \$785,874 was collateralized by securities pledged by the Regional Office of Education No. 50's financial institution in the name of the Regional Office, and the remaining balance was secured by federal depository insurance.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

2 DEPOSITS AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it.

To guard against custodial credit risk for deposits with financial institutions, the St. Clair County Regional Office of Education No. 50's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the St. Clair County Regional Office of Education No. 50.

INVESTMENTS

The Regional Office of Education No. 50's, only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2017, the Regional Office of Education No. 50 had investments with carrying and fair value of \$254,184 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2017, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

3 CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education No. 50 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases are capitalized when purchased for business-type activities. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2017:

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

3 CAPITAL ASSETS (Continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities				
Equipment	\$ 491,841	\$ 21,300	\$ 69,568	\$ 443,573
Furniture and fixtures	72,571	1,768	6,136	68,203
Governmental activities total assets	<u>564,412</u>	<u>23,068</u>	<u>75,704</u>	<u>511,776</u>
Less accumulated depreciation	<u>537,388</u>	<u>18,083</u>	<u>75,228</u>	<u>480,243</u>
Governmental activities investment in capital assets, net	<u>\$ 27,024</u>	<u>\$ 4,985</u>	<u>\$ 476</u>	<u>\$ 31,533</u>
Business-type activities				
Equipment	\$ 17,820	\$ -	\$ 1,191	\$ 16,629
Furniture and fixtures	23,332	-	-	23,332
Business-type activities total assets	<u>41,152</u>	<u>-</u>	<u>1,191</u>	<u>39,961</u>
Less accumulated depreciation	<u>39,584</u>	<u>456</u>	<u>1,191</u>	<u>38,849</u>
Business-type activities investment in capital assets, net	<u>\$ 1,568</u>	<u>\$ (456)</u>	<u>\$ -</u>	<u>\$ 1,112</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2017 of \$18,083 and \$456 was charged to governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

The Regional Office of Education No. 50's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 50's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2016, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	44
Inactive Plan Members entitled to but not yet receiving benefits	54
Active Plan Members	<u>26</u>
Total	<u><u>124</u></u>

CONTRIBUTIONS

As set by statute, the Regional Office of Education No. 50's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 50's annual contribution rate for calendar year 2016 was 8.82%. For the calendar year ended December 31, 2016, the Regional Office of Education No. 50 contributed \$82,912 to the plan. The Regional Office of Education No. 50 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

The Regional Office of Education No. 50's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

SINGLE DISCOUNT RATE

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

CHANGES IN THE NET PENSION LIABILITY (ASSET)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2015	\$ 5,407,902	\$ 5,480,329	\$ (72,427)
Changes for the year:			
Service Cost	99,362	-	99,362
Interest on the Total Pension Liability	399,575	-	399,575
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	219,322	-	219,322
Changes of Assumptions	-	-	-
Contributions - Employer	-	82,912	(82,912)
Contributions - Employees	-	42,654	(42,654)
Net Investment Income	-	349,736	(349,736)
Benefit Payments, including Refunds of Employee Contributions	(270,663)	(270,663)	-
Other (Net Transfer)	-	(6,141)	6,141
Net Changes	447,596	198,498	249,098
Balances at December 31, 2016	\$ 5,855,498	\$ 5,678,827	\$ 176,671

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability (Asset)	\$ 848,794	\$ 176,671	\$ (357,711)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2017, the Regional Office of Education No. 50 recognized pension expense of \$201,686. At June 30, 2017, the Regional Office of Education No. 50 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actuarial experience	\$ 63,099	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	434,172	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	497,271	-
<i>Pension contributions made subsequent to the measurement date</i>	37,120	-
Total Deferred Amounts Related to Pensions	\$ 534,391	\$ -

\$37,120 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2018.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2017	\$ 206,476	\$ -
2018	143,377	-
2019	136,950	-
2020	10,468	-
2021	-	-
Thereafter	-	-
Total	<u>\$ 497,271</u>	<u>\$ -</u>

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education No. 50 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. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. 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 TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/forms-and-publications>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

BENEFITS PROVIDED

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system services prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

CONTRIBUTIONS

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 50.

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 50. For the year ended June 30, 2017, the State of Illinois contributions recognized by the Regional Office of Education No. 50 were based on the State's proportionate share of collective net pension liability associated with the Regional Office of Education No. 50, and the Regional Office of Education No. 50 recognized revenue and expenditures of \$738,451 in pension contributions from the State of Illinois.

2.2 FORMULA CONTRIBUTIONS

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ending June 30, 2017 were \$5,839 and are deferred because they were paid after the June 30, 2016 measurement date.

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS

When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 50, there is a statutory requirement for the Regional Office of Education No. 50 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$672,590 were paid from federal and special trust funds that required employer contributions of \$259,216. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

EMPLOYER RETIREMENT COST CONTRIBUTIONS

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 50 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education No. 50 paid no employer contributions under the ERO program for retirements that occurred before July 1, 2016.

The Regional Office of Education No. 50 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the Regional Office of Education No. 50 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2017, the Regional Office of Education No. 50 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the Regional Office of Education No. 50. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 4,872,243
State's proportionate share of the net pension liability associated with the employer	<u>7,519,404</u>
	<u>\$ 12,391,647</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The Regional Office of Education No. 50's proportion of the net pension liability was based on the Regional Office of Education No. 50's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2016, the Regional Office of Education No. 50's proportion was 0.0061723935 percent, which was an increase of .0013684955 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education No. 50 recognized pension expense of \$738,451 and revenue of \$738,451 for support provided by the State. For the year ended June 30, 2017, the Regional Office of Education No. 50 recognized pension expense of \$464,721. At June 30, 2017, the Regional Office of Education No. 50 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,026	\$ 3,304
Net difference between projected and actual earnings on pension plan investments	137,650	-
Changes of assumptions	418,453	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,171,174	699,732
Employer contributions subsequent to the measurement date	265,055	-
	\$ 2,028,358	\$ 703,036

\$265,055 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education No. 50 as a reduction of their net pension liabilities in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	121,534
2019		121,534
2020		447,208
2021		313,239
2022		56,752
	\$	1,060,267

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50 percent
Salary increase:	Varies by amount of service credit
Investment rate of return:	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.5 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
	<u>100%</u>	

DISCOUNT RATE

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION NO. 50'S PROPORTIONATE SHARE OF THE NET POSITION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education No. 50's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Employer's proportionate share of the net pension liability	\$ 5,958,952	\$ 4,872,243	\$ 3,984,691

TRS FIDUCIARY NET POSITION

Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

6 OTHER POST EMPLOYMENT BENEFITS

TEACHER'S HEALTH INSURANCE SECURITY FUND

The Regional Office of Education No. 50 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to THIS Fund.

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

ON BEHALF CONTRIBUTIONS TO THIS FUND

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 50. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$11,239, and the Regional Office of Education No. 50 recognized revenue and expenditures of this amount during the year.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

State contributions intended to match active member contributions during the years ended June 30, 2016 and June 30, 2015, were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of the Regional Office of Education employees were \$11,871 and \$8,018, respectively.

EMPLOYER CONTRIBUTIONS TO THIS FUND

The Regional Office of Education No. 50 also makes contributions to the THIS Fund. The Regional Office of Education No. 50's THIS Fund contribution was 0.84 percent during the year ended June 30, 2017, and 0.80 and 0.76 percent during the years ended June 30, 2016 and June 30, 2015, respectively. For the year ended June 30, 2017, the Regional Office of Education No. 50 paid \$8,429 to the THIS Fund, which was 100% of the required contribution. For the years ended June 30, 2016 and June 30, 2015, the Regional Office of Education No. 50 paid \$7,602 and \$5,974, respectively, which was 100 percent of the required contribution.

FURTHER INFORMATION ON THIS FUND

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current report is listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST

PLAN DESCRIPTION

The St. Clair County Regional Office of Education No. 50 contributes to the Egyptian Area Schools Employee Benefit Trust (the "Trust"), a cost-sharing multiple-employer defined benefit health care plan administered by the Board of Managers of the Trust. The Trust provides medical benefits to active and retired employees of over 180 participating employers. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. A copy of the financial report may be obtained by writing to the Egyptian Area Schools Employee Benefit Trust, c/o Meritain Health, 1109 Hartman Lane, Suite 202, Shiloh, IL 62221, or by calling Meritain Health at (866) 588-2431, Option 3 x 6105. The financial report is also posted on the Trust's website at www.egtrust.org.

FUNDING POLICY

The Trust Agreement establishing the Trust provides that contribution rates are established and may be modified by the Board of Managers of the Trust. Contribution rates are normally adjusted as of September 1 each year. As of June 30, 2017, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

	Plan A	Plan B	Plan C
Employee (Retiree)	\$763	\$692	\$595
Employee + spouse	\$1,576	\$1,424	\$1,233
Employee + child(ren)	\$1,523	\$1,372	\$1,191
Family	\$1,696	\$1,531	\$1,327

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

FUNDING POLICY (Continued)

Participating employers may require employees and/or retirees to pay some or all of the required contributions to the employer, but the employer has the legal obligation to pay contributions to the Trust. The St. Clair County Regional Office of Education No. 50 requires retirees to pay 100% of the contribution for coverage for retirees and their dependents.

The Board of Managers of the Trust sets the employer contribution rates each year based on an actuarial valuation. The Trust's actuary has determined that as of June 30, 2017 the contribution rates exceed the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The St. Clair County Regional Office of Education No. 50's contributions to the Trust for the years ending June 30, 2017, June 30, 2016 and June 30, 2015 were \$318,207, \$295,999, and \$331,862, respectively, which equaled the contractually required contributions each year.

7 INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2017 consist of the following individual due to/from other funds in the governmental fund Balance Sheet and proprietary fund Statement of Net Position. The balances between governmental funds were eliminated in the government-wide Statement of Net Position. The balances between governmental and business-type activities were not eliminated in the government-wide Statement of Net Position.

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 254,748	\$ -
Education Fund	-	253,367
Proprietary Fund	-	1,381
Total	\$ 254,748	\$ 254,748

8 RISK MANAGEMENT

The Regional Office of Education No. 50 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education No. 50 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

9 ON BEHALF PAYMENTS

St. Clair County provides the St. Clair County Regional Office of Education No. 50 with staff and pays certain expenditures on behalf of the St. Clair County Regional Office of Education No. 50. The expenditures paid on the St. Clair County Regional Office of Education No. 50's behalf for the year ended June 30, 2017, were as follows:

Salaries and benefits	\$ 293,358
Purchased services	<u>78,722</u>
	<u>\$ 372,080</u>

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 50:

Regional Superintendent Salary	\$ 112,800
Regional Superintendent Fringe Benefit (Includes State paid insurance)	23,602
Assistant Regional Superintendent Salary	101,520
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	36,935
THIS Contributions	<u>11,239</u>
Total	<u>\$ 286,096</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

The Regional Office of Education No. 50 also recorded \$738,451 in revenue and expenses as on behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 50 has not included any on behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

St. Clair County on behalf payments	\$ 372,080
State of Illinois on behalf payments	286,096
ROE No. 50's share of TRS pension expense	<u>738,451</u>
Total	<u>\$ 1,396,627</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

10 DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 50's General Fund, Education Fund, Nonmajor Special Revenue Funds, and Local Workshops Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments

General Fund

School Districts	\$	36,771
St. Clair County		528

Education Fund

Illinois State Board of Education	316,371
Other Regional Offices of Education	17,089
School Districts	149,363
St. Clair County	2,705

Nonmajor Special Revenue Funds

School Districts	130
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Local Workshops Fund

School Districts	15
	<u>\$ 522,972</u>

Due to Other Governments

General Fund

Other Regional Offices of Education	\$	3,241
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Education Fund

Other Regional Offices of Education	66,548
School Districts	37,729
	<u>\$ 107,518</u>

11 OPERATING LEASES

The Regional Office of Education No. 50 entered into an operating lease for its Belleville office space. Rent expense for the building for fiscal year 2017 totaled \$112,000. Rental payments of \$9,333 per month were required through January 31, 2012. At that time the terms of the lease were informally extended until further notice. St. Clair County provides the Regional Office of Education No. 50 with rent subsidies under this agreement of \$4,167 per month. The lease may be cancelled by the Regional Office of Education No. 50 upon 365 days written notification to the landlord, St. Clair County.

The Regional Office of Education No. 50 entered into a five year operating lease for space to operate educational programs beginning July 1, 2013. Monthly rental payments are required through June 30, 2018. Annual rent is \$56,218 plus the published annual Consumer Price Index (CPI) increase. However, no CPI increases have been implemented since the last renewal date. The lease may be cancelled by the Regional Office of Education No. 50 or St. Mary's Parish (lessor) upon 365 days written notification.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

12 DEFICIT FUND BALANCE

Because some revenues from the State of Illinois will not be collected for several months after the Regional Office's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. The deferral of the revenues caused a deficit fund balance of \$29,140 in the Truants Alternative Optional Education Program, \$32,192 in the Regional Safe School, and \$7,289 Pilot Regional Safe School Cooperative Education Program fund accounts as of June 30, 2017.

13 PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement will be implemented for the fiscal year ending June 30, 2018. This statement provides reporting guidance for governments that provide Other Postemployment Benefits (OPEB), excluding pensions, to their retirees who meet the qualifications of the plan. This statement will change how long-term obligations associated with OPEB are calculated and reported, as well as requiring more extensive note disclosures for Required Supplementary Information (RSI) about OPEB liabilities. At this time, the effect of the statement on the financial statements is indeterminable; however, the Statement of Net Position will be adjusted to include the OPEB liability on the face of the financial statements in future reporting periods.

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30,

	2016*	2015*	2014*
Employer's proportion of the net pension liability	0.0061723935%	0.0048038980%	0.0036128390%
Employer's proportionate share of the net pension liability	\$ 4,872,243	\$ 3,147,037	\$ 2,209,937
State's proportionate share of the net pension liability associated with the employer	7,519,404	5,090,341	4,159,304
Total	\$ 12,391,647	\$ 8,237,378	\$ 6,369,241
Employer's covered payroll	\$ 1,054,375	\$ 919,796	\$ 681,628
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	462.1%	342.1%	324.2%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

** The amounts presented were determined as of the prior fiscal-year end.*

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30,

	2017	2016	2015	2014
Statutorily-required contribution	\$ 265,055	\$ 239,039	\$ 168,328	\$ 129,562
Contributions in relation to the statutorily-required contribution	265,055	239,039	168,328	129,562
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,141,259	\$ 1,054,375	\$ 919,796	\$ 681,628
Contributions as a percentage of covered payroll	23.2%	22.7%	18.3%	19.0%

The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB Statement No 68.

Notes to Required Supplementary Information

Changes of assumptions

For the 2016 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ (4,056)	\$ 144,508	(148,564)	\$ 1,083,272	13.34%
2015	75,010	75,010	-	1,024,725	7.32%
2016	82,912	82,912	-	940,047	8.82%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2016 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	27-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.5%, including inflation
<i>Investment Rate of Return:</i>	7.5%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 99,362	\$ 125,347	\$ 120,925
Interest on the Total Pension Liability	399,575	409,694	368,039
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	219,322	(405,982)	93,276
Changes of Assumptions	-	-	208,299
Benefit Payments, including Refunds of Employee Contributions	(270,663)	(231,297)	(248,827)
Net Change in Total Pension Liability	447,596	(102,238)	541,712
Total Pension Liability - Beginning	5,407,902	5,510,140	4,968,428
Total Pension Liability - Ending (A)	\$ 5,855,498	\$ 5,407,902	\$ 5,510,140
Plan Fiduciary Net Position			
Contributions - Employer	\$ 82,912	\$ 75,010	\$ 144,508
Contributions - Employees	42,654	47,283	48,747
Net Investment Income	349,736	(213,791)	379,116
Benefit Payments, including Refunds of Employee Contributions	(270,663)	(231,297)	(248,827)
Other (Net Transfer)	(6,141)	30,086	(5,007)
Net Change in Plan Fiduciary Net Position	198,498	(292,709)	318,537
Plan Fiduciary Net Position - Beginning	5,480,329	5,773,038	5,454,501
Plan Fiduciary Net Position - Ending (B)	\$ 5,678,827	\$ 5,480,329	\$ 5,773,038
Net Pension Liability (Asset) - Ending (A) - (B)	\$ 176,671	\$ (72,427)	\$ (262,898)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.98%	101.34%	104.77%
Covered Payroll	\$ 940,047	\$ 1,024,725	\$ 1,083,272
Net Pension Liability as a Percentage of Covered Payroll	18.79%	-7.07%	-24.27%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See accompanying Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

JUNE 30, 2017

	ESR General Operations Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Young Authors Conference
Assets				
Cash and cash equivalents	\$ 74,039	\$ 84	\$ 4,058	\$ 3,235
Accounts receivable	-	-	-	-
Due from other funds	28	-	-	-
Due from other governments				
Local	528	-	-	-
	<u>74,595</u>	<u>84</u>	<u>4,058</u>	<u>3,235</u>
Total assets	\$ 74,595	\$ 84	\$ 4,058	\$ 3,235
Liabilities				
Accounts payable	\$ 128	\$ 84	\$ 4,058	\$ -
Salary and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments				
Local	-	-	-	-
	<u>128</u>	<u>84</u>	<u>4,058</u>	<u>-</u>
Total liabilities	128	84	4,058	-
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance				
Assigned	-	-	-	3,235
Unassigned	74,467	-	-	-
	<u>74,467</u>	<u>-</u>	<u>-</u>	<u>3,235</u>
Total fund balance	74,467	-	-	3,235
	<u>\$ 74,595</u>	<u>\$ 84</u>	<u>\$ 4,058</u>	<u>\$ 3,235</u>
Total liabilities, deferred inflows, and fund balance	\$ 74,595	\$ 84	\$ 4,058	\$ 3,235

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

JUNE 30, 2017

	General State Aid- Sec 18-8	Fingerprinting Fund	Building Fund	Total
Assets				
Cash and cash equivalents	\$ 298,827	\$ 495	\$ 75,198	\$ 455,936
Accounts receivable	766	-	-	766
Due from other funds	254,720	-	-	254,748
Due from other governments				
Local	36,006	765	-	37,299
	<u>590,319</u>	<u>1,260</u>	<u>75,198</u>	<u>748,749</u>
Total assets	\$ 590,319	\$ 1,260	\$ 75,198	\$ 748,749
Liabilities				
Accounts payable	\$ 3,773	\$ 756	\$ 1,668	\$ 10,467
Salary and benefits payable	27,296	-	1,919	29,215
Due to other funds	-	-	-	-
Due to other governments				
Local	3,241	-	-	3,241
	<u>34,310</u>	<u>756</u>	<u>3,587</u>	<u>42,923</u>
Total liabilities	34,310	756	3,587	42,923
Deferred inflows of resources				
Unavailable revenue	13,551	45	-	13,596
	<u>13,551</u>	<u>45</u>	<u>-</u>	<u>13,596</u>
Fund balance				
Assigned	-	459	71,611	75,305
Unassigned	542,458	-	-	616,925
	<u>542,458</u>	<u>-</u>	<u>-</u>	<u>616,925</u>
Total fund balance	542,458	459	71,611	692,230
Total liabilities, deferred inflows, and fund balance	\$ 590,319	\$ 1,260	\$ 75,198	\$ 748,749

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2017

	ESR General Operations Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Young Authors Conference
Revenues				
Local sources	\$ 25,640	\$ -	\$ -	\$ 4,080
On-behalf payments - local	372,080	-	-	-
State sources	-	-	-	-
On-behalf payments - state	286,096	-	-	-
Interest	341	-	-	18
	<u>684,157</u>	<u>-</u>	<u>-</u>	<u>4,098</u>
Total revenues				
Expenditures				
Salaries and benefits	10,066	-	-	-
Purchased services	3,045	-	-	3,088
Supplies and materials	12	-	-	1,541
Other objects	-	-	-	-
Pension expense	14,497	-	-	-
Payments made on-behalf of region	658,176	-	-	-
	<u>685,796</u>	<u>-</u>	<u>-</u>	<u>4,629</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(1,639)</u>	<u>-</u>	<u>-</u>	<u>(531)</u>
Net change in fund balance	(1,639)	-	-	(531)
Fund balance - beginning	<u>76,106</u>	<u>-</u>	<u>-</u>	<u>3,766</u>
Fund balance - ending	<u>\$ 74,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,235</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2017

	General State Aid- Sec 18-8	Fingerprinting Fund	Building Fund	Total
Revenues				
Local sources	\$ 115,819	\$ 1,215	\$ 19,992	\$ 166,746
On-behalf payments - local	-	-	-	372,080
State sources	286,736	-	-	286,736
On-behalf payments - state	-	-	-	286,096
Interest	1,424	-	258	2,041
	<u>403,979</u>	<u>1,215</u>	<u>20,250</u>	<u>1,113,699</u>
Expenditures				
Salaries and benefits	312,519	-	1,285	323,870
Purchased services	61,783	756	5,443	74,115
Supplies and materials	15,878	-	396	17,827
Other objects	110	-	-	110
Pension expense	7,288	-	2,773	24,558
Payments made on-behalf of region	-	-	-	658,176
	<u>397,578</u>	<u>756</u>	<u>9,897</u>	<u>1,098,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,401</u>	<u>459</u>	<u>10,353</u>	<u>15,043</u>
Net change in fund balance	6,401	459	10,353	15,043
Fund balance - beginning	<u>536,057</u>	<u>-</u>	<u>61,258</u>	<u>677,187</u>
Fund balance - ending	<u>\$ 542,458</u>	<u>\$ 459</u>	<u>\$ 71,611</u>	<u>\$ 692,230</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50
ST. CLAIR COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2017

	McKinney-Vento Education for Homeless Children and Youth	Title I School Improvement and Accountability	Bilingual Education Downstate TPI	Federal Special Education Preschool Discretionary	Mental Health Parent Resource
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 47,342	\$ -	\$ -
Due from other governments					
Local	-	-	4,844	-	2,705
State	-	-	-	-	-
Federal	12,274	104,281	-	19,800	-
Total assets	\$ 12,274	\$ 104,281	\$ 52,186	\$ 19,800	\$ 2,705
Liabilities					
Accounts payable	\$ 6	\$ 4,294	\$ 26	\$ 226	\$ 39
Salary and benefits payable	5,762	22,088	14,332	12,320	986
Due to other funds	6,506	11,351	-	7,254	1,680
Unearned revenue	-	-	99	-	-
Due to other governments					
Local	-	66,548	37,729	-	-
Total liabilities	12,274	104,281	52,186	19,800	2,705
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	-
Fund balance (deficit)					
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance (deficit)	-	-	-	-	-
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 12,274	\$ 104,281	\$ 52,186	\$ 19,800	\$ 2,705

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See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50
ST. CLAIR COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2017

	National School Breakfast and Lunch	Regional Safe Schools	Pilot Regional Safe School Cooperative Education Program	Stay In School Monitoring	ROE School Services
Assets					
Cash and cash equivalents	\$ 19,939	\$ -	\$ -	\$ -	\$ 36,791
Due from other governments					
Local	-	-	-	28,114	-
State	18	83,288	27,389	-	-
Federal	-	-	-	-	-
Total assets	\$ 19,957	\$ 83,288	\$ 27,389	\$ 28,114	\$ 36,791
Liabilities					
Accounts payable	\$ -	\$ -	\$ 220	\$ -	\$ 20
Salary and benefits payable	-	-	-	465	2,044
Due to other funds	-	83,288	27,169	27,649	28
Unearned revenue	-	-	-	-	34,699
Due to other governments					
Local	-	-	-	-	-
Total liabilities	-	83,288	27,389	28,114	36,791
Deferred inflows of resources					
Unavailable revenue	-	32,192	7,289	-	-
Fund balance (deficit)					
Restricted	19,957	-	-	-	-
Unassigned	-	(32,192)	(7,289)	-	-
Total fund balance (deficit)	19,957	(32,192)	(7,289)	-	-
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 19,957	\$ 83,288	\$ 27,389	\$ 28,114	\$ 36,791

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50
ST. CLAIR COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2017

	Title II- Teacher Quality Leadership Grant	Truants Alternative Optional Education Program	Title I School Improvement Grant - Lincoln	Title I School Improvement Grant - Bush	Title I School Improvement Grant- Mason Clark
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments					
Local	-	-	-	-	-
State	-	67,240	-	-	-
Federal	-	-	57,224	59,181	4,780
Total assets	\$ -	\$ 67,240	\$ 57,224	\$ 59,181	\$ 4,780
Liabilities					
Accounts payable	\$ -	\$ 29	\$ 45,144	\$ 37,583	\$ 4
Salary and benefits payable	-	1,354	5,406	10,543	1,352
Due to other funds	-	65,857	6,674	11,055	3,424
Unearned revenue	-	-	-	-	-
Due to other governments					
Local	-	-	-	-	-
Total liabilities	-	67,240	57,224	59,181	4,780
Deferred inflows of resources					
Unavailable revenue	-	29,140	-	-	-
Fund balance (deficit)					
Restricted	-	-	-	-	-
Unassigned	-	(29,140)	-	-	-
Total fund balance (deficit)	-	(29,140)	-	-	-
Total liabilities, deferred inflows, and fund balance (deficit)	\$ -	\$ 67,240	\$ 57,224	\$ 59,181	\$ 4,780

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50
ST. CLAIR COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2017

	Title I School Improvement Grant- Meridian Elementary	Illinois Mathematics and Science Partnership - Science	Illinois Mathematics and Science Partnership - Math	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 104,072
Due from other governments				
Local	-	-	-	35,663
State	-	-	-	177,935
Federal	35	8,393	5,962	271,930
Total assets	\$ 35	\$ 8,393	\$ 5,962	\$ 589,600
Liabilities				
Accounts payable	\$ 4	\$ 4,647	\$ 3,096	\$ 95,338
Salary and benefits payable	-	3,020	2,191	81,863
Due to other funds	31	726	675	253,367
Unearned revenue	-	-	-	34,798
Due to other governments				
Local	-	-	-	104,277
Total liabilities	35	8,393	5,962	569,643
Deferred inflows of resources				
Unavailable revenue	-	-	-	68,621
Fund balance (deficit)				
Restricted	-	-	-	19,957
Unassigned	-	-	-	(68,621)
Total fund balance (deficit)	-	-	-	(48,664)
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 35	\$ 8,393	\$ 5,962	\$ 589,600

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2017

	McKinney-Vento Education for Homeless Children and Youth	Title I School Improvement and Accountability	Bilingual Education Downstate TPI	Federal Special Education Preschool Discretionary	Mental Health Parent Resource
Revenues					
Local sources	\$ -	\$ -	\$ 189,959	\$ -	\$ 32,574
State sources	-	-	-	-	-
Federal sources	48,078	970,118	-	474,105	-
Interest	1	-	272	-	-
Total revenues	<u>48,079</u>	<u>970,118</u>	<u>190,231</u>	<u>474,105</u>	<u>32,574</u>
Expenditures					
Salaries and benefits	38,007	465,858	141,353	282,847	26,575
Purchased services	6,963	231,828	43,099	117,686	3,658
Supplies and materials	-	6,931	2,374	35,739	765
Payments to other governmental units	625	190,363	-	1,336	-
Pension expense	2,484	75,138	3,405	34,729	1,576
Capital outlay	-	-	-	1,768	-
Total expenditures	<u>48,079</u>	<u>970,118</u>	<u>190,231</u>	<u>474,105</u>	<u>32,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (deficit)	-	-	-	-	-
Fund balance (deficit) - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50
ST. CLAIR COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (Continued)

For the Year Ended June 30, 2017

	National School Breakfast and Lunch	Regional Safe Schools	Pilot Regional Safe School Cooperative Education Program	Stay In School Monitoring	ROE School Services
Revenues					
Local sources	\$ 665	\$ -	\$ -	\$ 83,827	\$ -
State sources	112	101,050	27,174	-	181,808
Federal sources	19,351	-	-	-	-
Interest	95	-	9	380	164
Total revenues	<u>20,223</u>	<u>101,050</u>	<u>27,183</u>	<u>84,207</u>	<u>181,972</u>
Expenditures					
Salaries and benefits	3,455	78,185	26,631	57,650	97,067
Purchased services	15,085	54,613	5,300	16,856	46,554
Supplies and materials	142	-	2,541	9,027	13,289
Payments to other governmental units	-	-	-	-	-
Pension expense	244	444	-	674	4,405
Capital outlay	-	-	-	-	20,657
Total expenditures	<u>18,926</u>	<u>133,242</u>	<u>34,472</u>	<u>84,207</u>	<u>181,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,297</u>	<u>(32,192)</u>	<u>(7,289)</u>	<u>-</u>	<u>-</u>
Net change in fund balance (deficit)	1,297	(32,192)	(7,289)	-	-
Fund balance (deficit) - beginning	<u>18,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ 19,957</u>	<u>\$ (32,192)</u>	<u>\$ (7,289)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50
ST. CLAIR COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (Continued)

For the Year Ended June 30, 2017

	Title II- Teacher Quality Leadership Grant	Truants Alternative Optional Education Program	Title I School Improvement Grant- Lincoln	Title I School Improvement Grant - Bush	Title I School Improvement Grant- Mason Clark
Revenues					
Local sources	\$ -	\$ -	\$ 643	\$ -	\$ -
State sources	-	41,934	-	-	-
Federal sources	7,179	-	463,183	697,475	31,027
Interest	-	-	-	-	-
Total revenues	<u>7,179</u>	<u>41,934</u>	<u>463,826</u>	<u>697,475</u>	<u>31,027</u>
Expenditures					
Salaries and benefits	-	56,636	233,249	366,072	21,632
Purchased services	7,179	7,577	110,193	242,848	1,726
Supplies and materials	-	20	39,116	35,495	-
Payments to other governmental units	-	-	-	-	-
Pension expense	-	3,007	70,039	53,060	7,669
Capital outlay	-	-	643	-	-
Total expenditures	<u>7,179</u>	<u>67,240</u>	<u>453,240</u>	<u>697,475</u>	<u>31,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(25,306)</u>	<u>10,586</u>	<u>-</u>	<u>-</u>
Net change in fund balance (deficit)	-	(25,306)	10,586	-	-
Fund balance (deficit) - beginning	<u>-</u>	<u>(3,834)</u>	<u>(10,586)</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ (29,140)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50
ST. CLAIR COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (Continued)

For the Year Ended June 30, 2017

	Title I School Improvement Grant- Meridian Elementary	Illinois Mathematics and Science Partnership - Science	Illinois Mathematics and Science Partnership - Math	Total
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 307,668
State sources	-	-	-	352,078
Federal sources	23,476	241,586	249,945	3,225,523
Interest	-	10	10	941
Total revenues	23,476	241,596	249,955	3,886,210
Expenditures				
Salaries and benefits	16,295	71,445	77,559	2,060,516
Purchased services	1,383	19,582	24,342	956,472
Supplies and materials	-	11,055	11,039	167,533
Payments to other governmental units	-	116,126	109,735	418,185
Pension expense	5,798	23,388	27,280	313,340
Capital outlay	-	-	-	23,068
Total expenditures	23,476	241,596	249,955	3,939,114
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(52,904)
Net change in fund balance (deficit)	-	-	-	(52,904)
Fund balance (deficit) - beginning	-	-	-	4,240
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,664)</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 56,844	\$ 68,438	\$ 48,078
Interest	-	-	1
Total revenue	<u>56,844</u>	<u>68,438</u>	<u>48,079</u>
Expenditures			
Salaries and benefits	42,598	45,678	40,491
Purchased services	8,404	10,027	6,963
Supplies and materials	5,192	8,083	-
Payments to other government units	650	4,650	625
Total expenditures	<u>56,844</u>	<u>68,438</u>	<u>48,079</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 1,385,145	\$ 1,385,145	\$ 970,118
Interest	-	-	-
Total revenue	<u>1,385,145</u>	<u>1,385,145</u>	<u>970,118</u>
Expenditures			
Salaries and benefits	645,855	645,855	540,996
Purchased services	278,415	281,785	231,828
Supplies and materials	7,755	7,892	6,931
Payments to other governmental units	453,120	449,613	190,363
Total expenditures	<u>1,385,145</u>	<u>1,385,145</u>	<u>970,118</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FEDERAL SPECIAL EDUCATION PRESCHOOL DISCRETIONARY

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 489,250	\$ 544,433	\$ 474,105
Interest	-	-	-
Total revenue	<u>489,250</u>	<u>544,433</u>	<u>474,105</u>
Expenditures			
Salaries and benefits	336,597	377,327	317,576
Purchased services	123,880	122,149	117,686
Supplies and materials	27,723	41,845	35,739
Payments to other governmental units	1,050	1,345	1,336
Capital outlay	-	1,767	1,768
Total expenditures	<u>489,250</u>	<u>544,433</u>	<u>474,105</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 133,242	\$ 133,242	\$ 101,050
Total revenue	<u>133,242</u>	<u>133,242</u>	<u>101,050</u>
Expenditures			
Salaries and benefits	79,182	79,182	78,629
Purchased services	54,060	54,060	54,613
Total expenditures	<u>133,242</u>	<u>133,242</u>	<u>133,242</u>
Net change in fund balance	-	-	(32,192)
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,192)</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PILOT REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION PROGRAM

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 43,063	\$ 43,063	\$ 27,174
Interest	-	-	9
Total revenue	<u>43,063</u>	<u>43,063</u>	<u>27,183</u>
Expenditures			
Salaries and benefits	27,392	27,392	26,631
Purchased services	7,313	7,313	5,300
Supplies and materials	8,358	8,358	2,541
Total expenditures	<u>43,063</u>	<u>43,063</u>	<u>34,472</u>
Net change in fund balance	-	-	(7,289)
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,289)</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE SCHOOL SERVICES

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 229,757	\$ 229,757	\$ 181,808
Interest	-	-	164
Total revenue	<u>229,757</u>	<u>229,757</u>	<u>181,972</u>
Expenditures			
Salaries and benefits	138,040	143,091	101,472
Purchased services	65,767	49,033	46,554
Supplies and materials	16,293	16,717	13,289
Capital outlay	9,657	20,916	20,657
Total expenditures	<u>229,757</u>	<u>229,757</u>	<u>181,972</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II – TEACHER QUALITY LEADERSHIP GRANT

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 7,179	\$ 7,179	\$ 7,179
Total revenue	<u>7,179</u>	<u>7,179</u>	<u>7,179</u>
Expenditures			
Purchased services	<u>7,179</u>	<u>7,179</u>	<u>7,179</u>
Total expenditures	<u>7,179</u>	<u>7,179</u>	<u>7,179</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 75,000	\$ 75,000	\$ 41,934
Interest	-	-	-
Total revenue	<u>75,000</u>	<u>75,000</u>	<u>41,934</u>
Expenditures			
Salaries and benefits	65,775	65,775	59,643
Purchased services	8,694	8,694	7,577
Supplies and materials	531	531	20
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>67,240</u>
Net change in fund balance	-	-	(25,306)
Fund balance (deficit) - beginning	-	-	(3,834)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,140)</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT GRANT - LINCOLN

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Local Sources	\$ -	\$ -	\$ 643
Federal sources	497,200	497,200	463,183
Total revenue	<u>497,200</u>	<u>497,200</u>	<u>463,826</u>
Expenditures			
Salaries and benefits	367,817	284,045	303,288
Purchased services	118,438	158,323	110,193
Supplies and materials	10,945	54,832	39,116
Capital outlay	-	-	643
Total expenditures	<u>497,200</u>	<u>497,200</u>	<u>453,240</u>
Net change in fund balance	-	-	10,586
Fund balance (deficit) - beginning	-	-	(10,586)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT GRANT - BUSH

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 730,298	\$ 730,298	\$ 697,475
Total revenue	<u>730,298</u>	<u>730,298</u>	<u>697,475</u>
Expenditures			
Salaries and benefits	531,398	419,235	419,132
Purchased services	184,181	268,344	242,848
Supplies and materials	8,719	36,719	35,495
Capital outlay	6,000	6,000	-
Total expenditures	<u>730,298</u>	<u>730,298</u>	<u>697,475</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT GRANT - MASON CLARK

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 33,318	\$ 33,318	\$ 31,027
Total revenue	<u>33,318</u>	<u>33,318</u>	<u>31,027</u>
Expenditures			
Salaries and benefits	29,558	29,558	29,301
Purchased services	<u>3,760</u>	<u>3,760</u>	<u>1,726</u>
Total expenditures	<u>33,318</u>	<u>33,318</u>	<u>31,027</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT GRANT - MERIDIAN ELEMENTARY

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 26,008	\$ 26,008	\$ 23,476
Total revenue	<u>26,008</u>	<u>26,008</u>	<u>23,476</u>
Expenditures			
Salaries and benefits	22,350	22,350	22,093
Purchased services	<u>3,658</u>	<u>3,658</u>	<u>1,383</u>
Total expenditures	<u>26,008</u>	<u>26,008</u>	<u>23,476</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ILLINOIS MATHEMATICS AND SCIENCE PARTNERSHIP - SCIENCE

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 250,000	\$ 250,000	\$ 241,586
Interest	-	-	10
Total revenue	<u>250,000</u>	<u>250,000</u>	<u>241,596</u>
Expenditures			
Salaries and benefits	93,084	90,525	94,833
Purchased services	20,121	26,401	19,582
Supplies and materials	7,995	6,104	11,055
Payments to other governmental units	128,800	126,970	116,126
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>241,596</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ILLINOIS MATHEMATICS AND SCIENCE PARTNERSHIP - MATH

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 250,000	\$ 250,000	\$ 249,945
Interest	-	-	10
Total revenue	<u>250,000</u>	<u>250,000</u>	<u>249,955</u>
Expenditures			
Salaries and benefits	101,180	102,306	104,839
Purchased services	27,978	27,715	24,342
Supplies and materials	5,092	7,659	11,039
Payments to other governmental units	115,750	112,320	109,735
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>249,955</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 83,870	\$ 33,234	\$ 117,104
Accounts receivable	-	240	240
Due from other governments			
Local	-	130	130
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 83,870</u>	<u>\$ 33,604</u>	<u>\$ 117,474</u>
Liabilities			
Accounts payable	\$ 22	\$ 22	\$ 44
Salary and benefits payable	334	272	606
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>356</u>	<u>294</u>	<u>650</u>
Fund balance			
Restricted	<u>83,514</u>	<u>33,310</u>	<u>116,824</u>
Total fund balance	<u>83,514</u>	<u>33,310</u>	<u>116,824</u>
Total liabilities and fund balance	<u>\$ 83,870</u>	<u>\$ 33,604</u>	<u>\$ 117,474</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2017

	General Education Development	Bus Driver Training	Total
Revenues			
Local sources	\$ 4,068	\$ 7,920	\$ 11,988
State sources	-	1,825	1,825
Interest	416	158	574
	<u>4,484</u>	<u>9,903</u>	<u>14,387</u>
Total revenues			
Expenditures			
Salaries and benefits	8,398	5,744	14,142
Pension expense	460	194	654
Purchased services	2,241	2,863	5,104
Supplies and materials	39	20	59
	<u>11,138</u>	<u>8,821</u>	<u>19,959</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(6,654)</u>	<u>1,082</u>	<u>(5,572)</u>
Net change in fund balance	(6,654)	1,082	(5,572)
Fund balance - beginning	<u>90,168</u>	<u>32,228</u>	<u>122,396</u>
Fund balance - ending	<u>\$ 83,514</u>	<u>\$ 33,310</u>	<u>\$ 116,824</u>

See accompanying Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education				
Passed-Through Illinois State Board of Education				
Title I, Part A - Grants to Local Educational Agencies - <i>Title I School Improvement and Accountability</i>	(M) 84.010A	17-4331-SS	\$ 190,363	<u>\$ 970,118</u>
Improving Special Education Preschool Grants <i>Federal Special Education Preschool Discretionary</i>	84.173A	17-4605-00		<u>474,105</u>
Improving Teacher Quality State Grants <i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	17-4935-02		<u>7,179</u>
Mathematics and Science Partnerships				
<i>Title II - Math-Science Partnership - Math Area Partnership</i>	84.366B	17-4936-MA		117,911
<i>Title II - Math-Science Partnership - Math Area Partnership</i>	84.366B	16-4936-MA		132,034
<i>Title II - Math-Science Partnership - Science Area Partnership</i>	84.366B	17-4936-SA		102,968
<i>Title II - Math-Science Partnership - Science Area Partnership</i>	84.366B	16-4936-SA		138,618
Total Mathematics and Science Partnership				<u>491,531</u>
Passed-Through Bond, Fayette, Effingham Regional Office of Education #3				
Education for Homeless Children and Youth <i>McKinney-Vento Education for Homeless Children and Youth</i>	84.196A	17-4920-00		<u>48,078</u>
Passed-Through East St. Louis School District #189				
School Improvement Grants				
<i>School Improvement Grant - Lincoln School</i>	(M) 84.377A	17-4339-13		452,597
<i>School Improvement Grant - Bush School</i>	(M) 84.377A	17-4339-16		697,475
Passed-Through Macon-Piatt ROE #39				
School Improvement Grants				
<i>School Improvement Grant - Mason Clark School</i>	(M) 84.377A	17-4339-14		31,027
<i>School Improvement Grant - Meridian School</i>	(M) 84.377A	17-4339-15		23,476
Total School Improvement Grants			<u>-</u>	<u>1,204,575</u>
Total U.S. Department of Education			<u>190,363</u>	<u>3,195,586</u>
U.S. Department of Agriculture				
Passed-Through Illinois State Board of Education				
Child Nutrition Cluster				
<i>School Breakfast Program</i>	10.553	17-4220-00		4,121
<i>School Breakfast Program</i>	10.553	16-4220-00		975
Total School Breakfast Program				<u>5,096</u>
<i>National School Lunch Program</i>	10.555	17-4210-00		12,188
<i>National School Lunch Program</i>	10.555	16-4210-00		2,067
Total National School Lunch Program			<u>-</u>	<u>14,255</u>
Total Child Nutrition Cluster				<u>19,351</u>
Total Federal Awards			<u>\$ 190,363</u>	<u>\$ 3,214,937</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Regional Office of Education No. 50 under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education No. 50, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Regional Office of Education No. 50.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education No. 50 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.