

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

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act and
OMB Circular A-133)
For the Year Ended June 30, 2014**

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

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50**

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
COMPLIANCE REPORT SUMMARY	2-3
FINANCIAL STATEMENT REPORT SUMMARY	4
 FINANCIAL SECTION	
Independent Auditors' Report.....	5-7
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 <i>Government Auditing Standards</i>	8-9
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	10-11
Schedule of Findings and Questioned Costs	12
Financial Statement Findings	13
Federal Award Findings	14
Corrective Action Plan for Current Year Audit Findings.....	15
Management's Discussion and Analysis.....	16a-16h

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds-Balance Sheet	19
Governmental Funds-Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	20
Governmental Funds-Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Governmental Funds-Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	22
Proprietary Funds-Statement of Net Position.....	23
Proprietary Funds-Statement of Revenues, Expenses, and Changes in Fund Net Position	24

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50**

TABLE OF CONTENTS

Proprietary Funds-Statement of Cash Flows.....	25
Notes to the Financial Statements	26-48

REQUIRED SUPPLEMENTARY INFORMATION

Illinois Municipal Retirement Fund Schedule of Funding Progress	49
---	----

OTHER SUPPLEMENTAL INFORMATION

General Fund Accounts:	
Combining Schedule of Accounts.....	50-51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts	52-53
 Budgetary Comparison Schedule:	
Regional Safe Schools.....	54
 Education Fund Accounts:	
Combining Schedule of Accounts.....	55-56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	57-58
Budgetary Comparison Schedules:	
McKinney-Vento Education for Homeless Children & Youth.....	59
Title I School Improvement and Accountability	60
Title I School Dropout Prevention Project	61
ROE School Services	62
Federal Special Education Preschool Discretionary	63
Title II – Teacher Quality Leadership Grant.....	64
Truants Alternative Optional Education Program.....	65
 Nonmajor Special Revenue Funds:	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	67

FEDERAL COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	68
Notes to the Schedule of Expenditures of Federal Awards.....	69

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
OFFICIALS**

Regional Superintendent
(Current and During the Audit Period)

Mrs. Susan Sarfaty

Assistant Regional Superintendent
(Current, Acting Effective July 1, 2014)

Mr. Ryan Wamser

Assistant Regional Superintendent
(During the Audit period, Acting Effective July 1, 2013
through June 30, 2014)

Ms. Tracy Gray

Office is located at:

1000 South Illinois Street
Belleville, IL 62220

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	0	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	0

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
		<i>Findings (Government Auditing Standards)</i>	
		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>	
		None	

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
COMPLIANCE REPORT SUMMARY (CONCLUDED)**

EXIT CONFERENCE

An informal exit conference was held on September 17, 2014. Attending were Susan Sarfaty, Regional Superintendent, Ryan Wamser, Assistant Regional Superintendent, Annabelle Gillespie, Comptroller, and Michelle D. Smith, CPA, Partner, Kemper CPA Group LLP. There were no findings to discuss.

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

The audit of the accompanying basic financial statements of the St. Clair County Regional Office of Education No. 50 was performed by Kemper CPA Group 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.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Clair County Regional Office of Education No. 50, as of and for the year ended June 30, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16h and 49 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 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 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 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.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
December 5, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Clair County Regional Office of Education No. 50, as of and for the year ended June 30, 2014, 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 December 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
December 5, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the St. Clair County Regional Office of Education No. 50's compliance with the types of compliance requirements described in the *OMB-Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Regional Office of Education No. 50's major federal programs for the year ended June 30, 2014. The St. Clair County Regional Office of Education No. 50's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants
Evansville, Indiana
December 5, 2014

**ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 50
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION I - SUMMARY OF AUDITORS' RESULTS
 For the Year Ended June 30, 2014**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.360	High School Graduation Initiative

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

Auditee qualified as low-risk auditee? Yes

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

NONE

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III - FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2014**

INSTANCES OF NONCOMPLIANCE:

NONE

SIGNIFICANT DEFICIENCIES:

NONE

MATERIAL WEAKNESSES

NONE

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014**

Corrective Action Plan

NONE

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

The discussion and analysis of St. Clair County Regional Office of Education No. 50's (ROE) financial performance provides an overall narrative review of the ROE's financial activities for the year ended June 30, 2014. 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.

2013 FINANCIAL HIGHLIGHTS

- Total net position of the ROE's governmental activities is \$1,057,145, a decrease of \$46,422 or 4.2% from fiscal year 2013 net position. This decrease was a result of normal depreciation of capital assets and the deletion of obsolete equipment. Net position of the ROE's enterprise fund is \$161,104, a decrease of \$23,147 or 12.6% from fiscal year 2013 net position. This decrease was due to staff development needs outstripping available revenue. Total net position for the ROE is \$1,218,249, a decrease of \$69,569 or 5.4% from fiscal year 2013.
- General governmental revenues account for \$1,559,119 in revenue, or 39.4% of all governmental revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,393,051 or 60.6% of total governmental revenues.
- The ROE governmental activities had \$3,998,592 in expenses; only \$2,393,051 of these expenses were offset by program specific charges for services, grants and contributions. The ROE had adequate unrestricted net position to provide for the rest of the ROE's expenses.
- Among major funds, the General Fund had \$1,432,130 in revenues and \$1,445,451 in expenditures. The General Fund's fund balance decreased \$13,321 or 1.9% over the prior year. This decrease was the result of a \$13,482 tuition payment not received within 60 days of year end and classified as deferred inflows of resources.
- Capital assets purchased during the year totaled \$9,209. In the governmental funds, capital assets net of depreciation decreased by \$39,482. Including the Enterprise Fund, capital assets for the ROE decreased \$43,131. This decrease was due to both the deletion and depreciation of capital assets.
- The ROE has no long-term debt.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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.

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 17– 18 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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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 20 and 22, 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.

The basic governmental fund financial statements can be found on pages 19 and 21, respectively.

Proprietary funds.

The purpose of the Enterprise Fund is to hold 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 ROE's proprietary statements can be found on pages 23 – 25.

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 26 – 48 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.

The ROE does not adopt a combined annual operating budget for all funds, but does adopt individual budgets for some grants in the General Fund and Education Fund. A budgetary comparison statement has been provided for those grants in the General Fund and Education Fund. This supplementary information can be found on pages 54 and 59 – 65 of this report.

Additionally, a Schedule of Expenditures of Federal Awards is required by OMB Circular A-133 and can be found on pages 68 of this report.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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, assets exceeded liabilities by \$1,218,249 as of June 30, 2014.

By far the largest portion of the ROE's net position (72.1%) is unrestricted. However, 23.2% of net position are related to the Institute Fund, GED fund, and Bus Driver fund and restricted for teacher professional development, GED testing and Bus Driver training. Investment in capital assets (e.g. equipment and furniture) represents 4.7% of the ROE's net position.

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, 2014 compared to prior year.

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Current Assets	\$ 1,534,492	\$ 1,307,458	\$ 184,669	\$ 169,165	\$ 1,719,161	\$ 1,476,623
Capital Assets	94,818	55,336	5,708	2,059	100,526	57,395
Total Assets	<u>1,629,310</u>	<u>1,362,794</u>	<u>190,377</u>	<u>171,224</u>	<u>1,819,687</u>	<u>1,534,018</u>
Current Liabilities	525,743	305,649	6,126	10,120	531,869	315,769
Total Liabilities	<u>525,743</u>	<u>305,649</u>	<u>6,126</u>	<u>10,120</u>	<u>531,869</u>	<u>315,769</u>
Net Position						
Net investment in capital assets	94,818	55,336	5,708	2,059	100,526	57,395
Restricted for educational purposes	290,085	282,024	-	-	290,085	282,024
Unrestricted	718,664	719,785	178,543	159,045	897,207	878,830
Total Net Position	<u>\$ 1,103,567</u>	<u>\$ 1,057,145</u>	<u>\$ 184,251</u>	<u>\$ 161,104</u>	<u>\$ 1,287,818</u>	<u>\$ 1,218,249</u>

Changes in net position. The ROE's total revenues for the fiscal year ended June 30, 2014 were \$4,065,781. The total cost of all programs and services was \$4,135,350. The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2013 and 2014.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

**ROE #50 Change in Net Position
Years Ended June 30, 2013 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>% Change</u>
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013-2014</u>
Revenues:							
Program revenues:							
Operating Grants/							
Contributions	\$ 4,116,817	\$ 2,393,051	\$ -		\$ 4,116,817	\$ 2,393,051	-41.87%
Charges for Services	-	-	51,847	113,457	51,847	113,457	118.83%
General Revenues:							
Local Sources	380,750	503,920	-	-	380,750	503,920	32.35%
State Sources	268,294	255,989	-	-	268,294	255,989	-4.59%
Federal Sources	23,195	17,415	-	-	23,195	17,415	-24.92%
On-Behalf payments							
Local	303,373	326,201	-	-	303,373	326,201	7.52%
State	413,650	454,673	-	-	413,650	454,673	9.92%
Interest	1,796	921	293	154	2,089	1,075	-48.54%
Total Revenues	<u>5,507,875</u>	<u>3,952,170</u>	<u>52,140</u>	<u>113,611</u>	<u>5,560,015</u>	<u>4,065,781</u>	<u>-26.87%</u>
Expenses:							
Instructional Services	5,099,304	3,217,718	-	-	5,099,304	3,217,718	-36.90%
On-Behalf Payments	717,023	780,874	-	-	717,023	780,874	8.91%
Workshop/							
Testing Expenses	-	-	125,086	136,758	125,086	136,758	9.33%
Total Expenses	<u>5,816,327</u>	<u>3,998,592</u>	<u>125,086</u>	<u>136,758</u>	<u>5,941,413</u>	<u>4,135,350</u>	<u>-30.40%</u>
Increase (Decrease)							
in Net Position	(308,452)	(46,422)	(72,946)	(23,147)	(381,398)	(69,569)	81.76%
Net Position – Beginning	<u>1,412,019</u>	<u>1,103,567</u>	<u>257,197</u>	<u>184,251</u>	<u>1,669,216</u>	<u>1,287,818</u>	<u>-22.85%</u>
Net Position – Ending	<u>1,103,567</u>	<u>1,057,145</u>	<u>184,251</u>	<u>161,104</u>	<u>1,287,818</u>	<u>1,218,249</u>	<u>-5.40%</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Governmental activities. The following table presents the cost of two major ROE functional activities: instructional services and administrative expenses. Administrative expenses include guidance and social work 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. Both revenues and expenses decreased from the prior year due to loss of grant programs.

	Total Expenses	Net (Expenses) Revenue
Instructional Services	\$ 3,217,718	\$ (824,667)
Administrative Expenses	780,874	(780,874)
Total expenses	\$ 3,998,592	\$ (1,605,541)

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, supplies and materials for the workshop seminars, and housing expenses for the American Institute for Research. The table also shows the fund's net cost (total cost less charges for services generated by the activities). Total expense is up from 2013 because of the addition of the housing costs for American Institute for Research. However net expense is down due to the Professional Development Coop fees which funded a majority of the workshops offered in 2014.

	Total Expenses	Net (Expenses) Revenue
Workshop	\$ 136,758	\$ (23,147)

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, unreserved 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 \$987,327 which is a decrease of \$21,422 over the previous year. This decrease was due to transition year expenses for the GED program and a late tuition payment for Safe School.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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, 2014 decreased by \$13,321. This decrease was due to \$13,659 in late tuition payments which were recorded as deferred revenue. The fund balance of Other Governmental Funds showed a decrease of \$8,101 which was due to expenses in the GED Fund exceeding GED fees. This was a transition year for the GED testing program which necessitated additional spending.

Enterprise Funds. The net position in the Enterprise Fund as of June 30, 2014 was \$161,104, a decrease of \$23,147. The decrease was due to a management decision to offer more workshops and technology services free of charge since schools have reduced discretionary funds for staff development. The remaining funds provide a good reserve to insure 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, 2014, the ROE's total capital assets at cost for Governmental Activities and Business-type Activities were \$635,799 and \$40,393 respectively, including furniture and equipment. This amount represents a decrease of \$23,232 for the Governmental Activities and \$1,786 for the Business-type Activities from the previous year. Additions and deletions during fiscal year 2014 totaled \$9,209 and \$32,441 respectively for Governmental Activities. There were no additions for the Business type Activities capital assets and deletions totaled \$1,786.

Total accumulated depreciation as of June 30, 2014 for Governmental Activities and Business-type Activities was \$580,463 and \$38,334 respectively, and total depreciation expense for Governmental Activities and Business-type Activities for the fiscal year 2014 was \$48,691 and \$3,649 respectively, and prior depreciation on assets deleted in fiscal year 2014 was \$32,441 for Governmental Activities and \$1,786 for Business-type Activities, resulting in total Investment in Capital Assets at June 30, 2014 for Governmental Activities and Business Type Activities of \$55,336 and \$2,059. This is a decrease of \$39,482 and \$3,649 for Governmental Activities and Business-type Activities, respectively compared to June 30, 2013.

Additional information on the ROE's capital assets can be found in Note 3 on pages 39 of this report.

Debt Administration. At June 30, 2014, the ROE had no long term debt.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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.

The unreserved fund balance of the ROE has been sufficient to handle the economic downturn of the past few years. State funding for core grant programs has decreased significantly. The Safe School program and ROE School Services grant have each been cut 65% from Fiscal Year 2009 to Fiscal Year 2014. In addition General State Aid has been prorated, further reducing funds available for the Safe School Program.

The ROE instituted a tuition charge to offset the shortfall in Safe School and this has covered the deficit in this program for 2014. A Professional Development Coop was also formed 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 System of Support grant, which serves schools and districts on the academic watch list in sixteen counties, will continue to be a major focus of our efforts. Both the number of schools and the complexity of the problem continue to increase. However, current funding is expected to be adequate in FY 2015.

The ROE expects to meet these challenges effectively.

CONTACTING THE ROE'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Comptroller's Office of the St. Clair County Regional Office of Education, 1000 South Illinois Street, Belleville, IL 62220 or by phone (618) 825-3935.

BASIC FINANCIAL STATEMENTS

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,042,841	\$ 139,020	\$ 1,181,861
Accounts receivable	416	2,410	2,826
Due from (to) other funds	(27,735)	27,735	-
Due from other governments:			
Local	65,627	-	65,627
State	7,172	-	7,172
Federal	219,137	-	219,137
Total current assets	<u>1,307,458</u>	<u>169,165</u>	<u>1,476,623</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation	<u>55,336</u>	<u>2,059</u>	<u>57,395</u>
TOTAL ASSETS	<u>1,362,794</u>	<u>171,224</u>	<u>1,534,018</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	69,875	5,875	75,750
Salary and benefits payable	115,170	3,306	118,476
Unearned revenue	8	322	330
Due to other governments:			
Local	120,442	617	121,059
State	19	-	19
Federal	135	-	135
Total current liabilities	<u>305,649</u>	<u>10,120</u>	<u>315,769</u>
TOTAL LIABILITIES	<u>305,649</u>	<u>10,120</u>	<u>315,769</u>
NET POSITION			
Net investment in capital assets	55,336	2,059	57,395
Unrestricted	719,785	159,045	878,830
Restricted for educational purposes	282,024	-	282,024
TOTAL NET POSITION	<u>\$ 1,057,145</u>	<u>\$ 161,104</u>	<u>\$ 1,218,249</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, 2014

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 2,077,725	\$ -	\$ 1,518,917	\$ (558,808)	\$ -	\$ (558,808)
Purchased services	876,571	-	690,490	(186,081)	-	(186,081)
Supplies and materials	111,112	-	77,488	(33,624)	-	(33,624)
Other objects	6,672	-	-	(6,672)	-	(6,672)
Depreciation	48,691	-	-	(48,691)	-	(48,691)
Capital outlay	-	-	9,209	9,209	-	9,209
Payments to other governments	96,947	-	96,947	-	-	-
Administrative:						
On-behalf payments - State	454,673	-	-	(454,673)	-	(454,673)
On-behalf payments - Local	326,201	-	-	(326,201)	-	(326,201)
Total Governmental Activities	<u>3,998,592</u>	<u>-</u>	<u>2,393,051</u>	<u>(1,605,541)</u>	<u>-</u>	<u>(1,605,541)</u>
Business-type Activities:						
Registration/Testing fee	136,758	113,457	-	-	(23,301)	(23,301)
Total Business-type Activities	<u>136,758</u>	<u>113,457</u>	<u>-</u>	<u>-</u>	<u>(23,301)</u>	<u>(23,301)</u>
Total Primary Government	<u>\$ 4,135,350</u>	<u>\$ 113,457</u>	<u>\$ 2,393,051</u>	<u>(1,605,541)</u>	<u>(23,301)</u>	<u>(1,628,842)</u>
General Revenues:						
Local sources				503,920	-	503,920
State sources				255,989	-	255,989
Federal sources				17,415	-	17,415
On-behalf payments - Local				326,201	-	326,201
On-behalf payments - State				454,673	-	454,673
Interest				921	154	1,075
Total General Revenues				<u>1,559,119</u>	<u>154</u>	<u>1,559,273</u>
Change in net position				(46,422)	(23,147)	(69,569)
Net Position - beginning				<u>1,103,567</u>	<u>184,251</u>	<u>1,287,818</u>
Net Position - ending				<u>\$ 1,057,145</u>	<u>\$ 161,104</u>	<u>\$ 1,218,249</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 , 2014**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$722,253	\$ 36,422	\$174,014	\$ 110,152	\$ -	\$1,042,841
Accounts receivable	24	-	-	392	-	416
Due from other funds	14,992	-	-	-	(14,992)	-
Due from other governments:						
Local	59,419	6,208	-	-	-	65,627
State	81	7,091	-	-	-	7,172
Federal	-	219,137	-	-	-	219,137
Total assets	<u>\$796,769</u>	<u>\$268,858</u>	<u>\$174,014</u>	<u>\$ 110,544</u>	<u>\$ (14,992)</u>	<u>\$ 1,335,193</u>
LIABILITIES						
Accounts payable	\$ 29,063	\$ 40,011	\$ 509	\$ 292	\$ -	\$ 69,875
Salary and benefits payable	48,685	65,535	210	740	-	115,170
Due to other funds	-	42,727	-	-	(14,992)	27,735
Due to other governments:						
Local	-	120,442	-	-	-	120,442
State	19	-	-	-	-	19
Federal	-	135	-	-	-	135
Unearned revenue	-	8	-	-	-	8
Total liabilities	<u>77,767</u>	<u>268,858</u>	<u>719</u>	<u>1,032</u>	<u>(14,992)</u>	<u>333,384</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	13,659	783	-	40	-	14,482
FUND BALANCES (DEFICIT)						
Restricted	-	-	173,295	109,472	-	282,767
Assigned	705,343	-	-	-	-	705,343
Unassigned	-	(783)	-	-	-	(783)
Total Fund Balance (Deficit)	<u>705,343</u>	<u>(783)</u>	<u>173,295</u>	<u>109,472</u>	<u>-</u>	<u>987,327</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$796,769</u>	<u>\$268,858</u>	<u>\$174,014</u>	<u>\$ 110,544</u>	<u>\$ (14,992)</u>	<u>\$ 1,335,193</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 GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 June 30, 2014**

Total fund balances-governmental funds	\$	987,327
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities that are not financial resources and therefore, are not reported in the funds.		55,336
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.		<u>14,482</u>
Net position of governmental activities	\$	<u><u>1,057,145</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, 2014

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 180,956	\$ 234,663	\$ 57,915	\$ 30,386	\$ 503,920
State sources	452,210	141,694	-	1,873	595,777
Federal sources	17,415	2,038,781	-	-	2,056,196
Interest	675	70	54	122	921
On-behalf payments-state	454,673	-	-	-	454,673
On-behalf payments-local	326,201	-	-	-	326,201
	<u>1,432,130</u>	<u>2,415,208</u>	<u>57,969</u>	<u>32,381</u>	<u>3,937,688</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	490,730	1,537,166	26,100	23,729	2,077,725
Purchased services	147,704	705,976	10,932	11,959	876,571
Supplies and materials	23,596	74,176	12,482	858	111,112
Other objects	172	-	6,500	-	6,672
Payments to other governments	-	96,947	-	-	96,947
On-behalf payments	780,874	-	-	-	780,874
Capital Outlay	2,375	1,726	-	5,108	9,209
Total expenditures	<u>1,445,451</u>	<u>2,415,991</u>	<u>56,014</u>	<u>41,654</u>	<u>3,959,110</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(13,321)</u>	<u>(783)</u>	<u>1,955</u>	<u>(9,273)</u>	<u>(21,422)</u>
Net change in fund balance	(13,321)	(783)	1,955	(9,273)	(21,422)
FUND BALANCE, BEGINNING OF YEAR	<u>718,664</u>	<u>-</u>	<u>171,340</u>	<u>118,745</u>	<u>1,008,749</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 705,343</u>	<u>\$ (783)</u>	<u>\$173,295</u>	<u>\$109,472</u>	<u>\$ 987,327</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, 2014**

Net change in fund balance \$ (21,422)

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

Governmental funds report capital outlays as expenditures
however, in the Statement of Activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	\$ 9,209		
Depreciation	<u>(48,691)</u>		(39,482)

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

Current year unavailable revenue			
State Sources	\$ 13,632		
Federal Sources	27		
Local Sources	<u>823</u>		14,482

Change in net position of governmental activities \$ (46,422)

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, 2014**

	Business-type Activities - Enterprise Funds		
	Non Major Enterprise Fund American Institute for Research Housing	Local Workshops	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,106	\$ 137,914	\$ 139,020
Accounts receivable	-	2,410	2,410
Due from other funds	-	27,735	27,735
Total current assets	1,106	168,059	169,165
Noncurrent assets:			
Capital assets, net of depreciation	-	2,059	2,059
Total noncurrent assets	-	2,059	2,059
Total Assets	1,106	170,118	171,224
Liabilities			
Accounts payable	784	5,091	5,875
Salary and benefits payable	-	3,306	3,306
Due to other governments-local	-	617	617
Unearned Revenue	322	-	322
Total liabilities	1,106	9,014	10,120
Net Position			
Net investment in capital assets	-	2,059	2,059
Unrestricted	-	159,045	159,045
Total Net Position	\$ -	\$ 161,104	\$ 161,104

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, 2014

	Business-type Activities - Enterprise Funds		
	Non Major Enterprise Fund American Institute for Research Housing	Local Workshops	Total
Operating Revenues			
Registration & tech fees	\$ -	\$ 98,779	\$ 98,779
Contract services	14,678	-	14,678
Total Operating Revenues	14,678	98,779	113,457
Operating Expenses			
Salaries and benefits	-	64,099	64,099
Purchased services	13,856	46,234	60,090
Supplies and materials	826	8,094	8,920
Depreciation		3,649	3,649
Total operating expenses	14,682	122,076	136,758
Operating Income (Loss)	(4)	(23,297)	(23,301)
Nonoperating Income			
Interest	4	150	154
Total Nonoperating Revenue	4	150	154
Change in Net Position	-	(23,147)	(23,147)
Net Position, Beginning of year	-	184,251	184,251
Net Position, End of year	\$ -	\$ 161,104	\$ 161,104

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, 2014**

	Business-type Activities - Enterprise Funds		
	Non Major Enterprise Fund		
	American Institute for Research Housing	Local Workshops	Totals
Cash Flows from Operating Activities:			
Receipts from customers	\$ 15,000	\$ 98,444	\$ 113,444
Payments to suppliers and providers of goods and services	(13,898)	(49,464)	(63,362)
Payments to employees	-	(66,075)	(66,075)
Net cash provided by (used for) operating activities	<u>1,102</u>	<u>(17,095)</u>	<u>(15,993)</u>
Cash Flows from Noncapital Financing Activities:			
Cash payments from other funds	-	10,693	10,693
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>10,693</u>	<u>10,693</u>
Cash Flows from Investing Activities:			
Interest	4	150	154
Net cash provided by (used for) investing activities	<u>4</u>	<u>150</u>	<u>154</u>
Net increase(decrease) in cash and cash equivalents	1,106	(6,252)	(5,146)
Cash and cash equivalents - Beginning of year	-	144,166	144,166
Cash and cash equivalents - End of year	<u>\$ 1,106</u>	<u>\$ 137,914</u>	<u>\$ 139,020</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (4)	\$ (23,297)	\$ (23,301)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	3,649	3,649
(Increase)/decrease in assets:			
Accounts receivable	-	(1,900)	(1,900)
Due from other governments	-	1,565	1,565
Increase/(decrease) in liabilities:			
Accounts payable	784	4,247	5,031
Salary and benefits payable	-	(1,976)	(1,976)
Due to other governments	-	617	617
Unearned revenue	322	-	322
Net cash provided by (used for) operating activities	<u>\$ 1,102</u>	<u>\$ (17,095)</u>	<u>\$ (15,993)</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 THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. DATE OF MANAGEMENT'S REVIEW

St. Clair County Regional Office of Education No. 50 has evaluated subsequent events through December 5, 2014 the date when the financial statements were available to be issued.

B. REPORTING ENTITY

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; evaluate the schools in the region; examine evidence of indebtedness; 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 treasurers' 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 his 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 see that no payments are made unless the treasurer has filed or renewed appropriate bond 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.

For the period ended June 30, 2014, the Regional Office of Education No. 50 applied for, received, and administered numerous 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 (Education Fund).

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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.

D. NEW ACCOUNTING PRONOUNCEMENTS

In 2014, the Regional Office of Education No. 50 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Regional Office of Education No. 50 implemented these standards during the current year; however, GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statement Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans.

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. NEW ACCOUNTING PRONOUNCEMENTS (Concluded)

The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

E. 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 summaries 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 as prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 50's assets and liabilities, 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 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 on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other resources 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 and between governmental funds and internal service 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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

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, those 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.

F. 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.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present 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.

G. 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 to the net position and changes in net position presented in the government-wide financial statements.

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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, typically 60 days. 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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. GOVERNMENTAL FUND FINANCIAL STATEMENTS (Concluded)

Revenues received more than 60 days after the end of the current period are deferred in the government fund financial statements but are recognized as current revenues in the government-wide financial statements.

H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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 assets) 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 assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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 recognized based upon the expenditures recorded. 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, St. Clair County 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 funding resources available to finance the program. It is the St. Clair County Regional Office of Education No. 50's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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 typically are reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental 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 (including deferred outflows), liabilities (including deferred inflows), 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 (including deferred inflows), liabilities (including deferred inflows), 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:

Educational Service Region (ESR) General Operation 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.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Employee Activity Fund – This program is used to account for funds raised by employees and used by employees for various health and social activities.

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

National School Breakfast and Lunch (NSLP) – 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.

General State Aid - Sec 18-8 – 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.

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.

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.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Career and Technical Education Improvement – This program is used to account for grant monies received for, and payment of, expenditures for fiscal services provided to the St. Clair County/SWIC Career and Technical Education System.

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.

Title I School Dropout Prevention Project – This program is used to account for grant monies received for, and payment of, expenditures related to increasing high school graduation rates, decreasing dropouts, improving attendance, and assisting students in credit recovery in order to earn credits to graduate.

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.

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.

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.

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.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Institute Fund – This program 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 fund types:

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. Major proprietary funds are 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.

Non major proprietary funds are as follows:

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.

J. 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. There are no accounts presenting a nonspendable fund balance.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. GOVERNMENTAL FUND BALANCES (Continued)

Restricted Fund Balance – the portion of a Governmental Fund’s net position that are subject to external enforceable legal restrictions. The following funds 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. There are no accounts presenting a committed fund balance.

Assigned Fund Balance – the portion of a Governmental Fund’s net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balances: ESR General Operation Account , Employee Activity Fund , Young Authors Conference , National School Breakfast and Lunch, General State Aid – Sec 18-8 and Building Fund.

Unassigned Fund Balance – the portion of a Governmental Fund’s net position that are expendable financial resources in a governmental fund that are not designated for a specific purpose. The Bilingual Education Downstate TPI Fund presents an unassigned fund balance.

K. 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.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

L. BUDGET INFORMATION

The Regional Office of Education No. 50 acts as the administrative agent for certain grant programs that are accounted for in the General Fund and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets are required to be or have been legally adopted. Certain programs within the General Fund and Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. BUDGET INFORMATION (Concluded)

Budget to actual statements have been provided in supplementary schedules for the following funds: Regional Safe Schools, McKinney-Vento Education for Homeless Children & Youth, Title I School Improvement and Accountability, Title I School Dropout Prevention Project, ROE School Services, Federal Special Education Preschool Discretionary, Title II – Teacher Quality Leadership Grant and Truants Alternative Optional Education.

M. 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.

N. INVENTORIES

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

O. 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

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. 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 and 15 days per year starting with the fifth 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.

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.

Q. 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.

R. 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.

S. 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.

T. DEFERRED 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 assets that relate to future periods are reported as deferred outflows of resources. Increases in net assets 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.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 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.

A. BANK DEPOSITS

At June 30, 2014, the carrying amount of the Regional Office of Education No. 50's Government-wide deposits were \$1,181,861, and the bank balances were \$1,229,221. Of the total bank balances as of June 30, 2014, \$250,000 was secured by federal depository insurance, \$142,486 was invested in Illinois Funds Money Market Fund and \$836,735 was collateralized by securities pledged by the Regional Office of Education No. 50's financial institution in the name of the Regional Office.

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.

B. 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, 2014, the Regional Office of Education No. 50 had investments with carrying and fair value of \$142,486 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2014, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the 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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

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.

NOTE 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 of business-type activities are capitalized when purchased. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2014:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>
Governmental Activities				
Equipment	\$ 578,838	\$ 9,209	\$ 32,441	\$ 555,606
Furniture and Fixtures	80,193	-	-	80,193
Governmental Activities Total Assets	<u>659,031</u>	<u>9,209</u>	<u>32,441</u>	<u>635,799</u>
Less Accumulated Depreciation	<u>564,213</u>	<u>48,691</u>	<u>32,441</u>	<u>580,463</u>
Governmental Funds Investment in Capital Assets, Net	<u>94,818</u>	<u>(39,482)</u>	<u>-</u>	<u>55,336</u>
Business Type Activities				
Equipment	18,847	-	1,786	17,061
Furniture and Fixtures	23,332	-	-	23,332
Business-type Activities Total Assets	<u>42,179</u>	<u>-</u>	<u>1,786</u>	<u>40,393</u>
Less Accumulated Depreciation	<u>36,471</u>	<u>3,649</u>	<u>1,786</u>	<u>38,334</u>
Investment in Capital Assets, Net	<u>\$ 5,708</u>	<u>\$ (3,649)</u>	<u>\$ -</u>	<u>\$ 2,059</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, 2014 of \$48,691 and \$3,649 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.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description. The St. Clair County 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 St. Clair County Regional Office of Education No. 50's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at www.imrf.org.

Funding Policy. As set by statute, the St. Clair County Regional Office of Education No. 50's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The St. Clair County Regional Office of Education No. 50's annual required contribution rate for calendar year 2013 was 13.34 percent. The St. Clair County 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2013 was \$68,674.

A. THREE - YEAR TREND INFORMATION FOR THE REGULAR PLAN

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/13	\$68,674	100%	\$0
12/31/12	109,118	100%	0
12/31/11	98,215	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education No. 50's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The St. Clair County Regional Office of Education No. 50's Regular plan's overfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 - DEFINED BENEFIT PENSION PLAN (Concluded)

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 101.54 percent funded. The actuarial accrued liability for benefits was \$2,897,017 and the actuarial value of assets was \$2,941,603, resulting in an overfunded actuarial accrued liability (UAAL) of \$44,586. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$514,795. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

NOTE 5 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The St. Clair County Regional Office of Education No. 50 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multi-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois, maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education No. 50's TRS-covered employees.

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, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the Regional Office of Education No. 50 recognized revenue and expenditures of \$186,732 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and 2012, the State of Illinois contribution rates as percentages were 28.05 (\$146,592) and 24.91 (\$120,917) percent, respectively.

The Regional Office of Education No. 50 makes other types of employer contributions directly to TRS.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$3,910. Contributions for the years ending June 30, 2013, and June 30, 2012, were \$5,478 and \$5,540, respectively.

- **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 effective since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$354,849 were paid from federal and special trust funds that required employer contributions of \$125,652. For the years ended June 30, 2013 and June 30, 2012, required Regional Office of Education No. 50 contributions were \$173,458 and \$157,728, respectively.

- **Early Retirement Option.** The Regional Office of Education No. 50 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the years ended June 30, 2014, 2013, and 2012, the Regional Office of Education No. 50 paid no employer contributions to the ERO program.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education No. 50 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education No. 50 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2014, the Regional Office of Education No. 50 paid \$1,468 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2013 and June 30, 2012, the Regional Office of Education No. 50 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

If the Regional Office of Education No. 50 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education No. 50 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the Regional Office of Education No. 50 during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the Regional Office of Education No. 50 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2013 and 2012 the Regional Office of Education No. 50 paid no employer contributions granted for sick leave days.

Further information on TRS. TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS website at <http://trs.illinois.gov>.

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS

A. TEACHERS' HEALTH INSURANCE SECURITY FUND

The St. Clair County 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 it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who 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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (Continued)

On behalf contributions to THIS fund. The state of Illinois makes employer retiree health insurance contributions on behalf of St. Clair County Regional Office of Education No. 50. State contributions are intended to match contributions to THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$1,435, and St. Clair County Regional Office of Education No. 50 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of the St. Clair County Regional Office of Education No. 50 employees were \$8,690 and \$8,405, respectively.

- **Employer contributions to THIS Fund.** The St. Clair County Regional Office of Education No. 50 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and .66 percent during the years ended June 30, 2013 and 2012, respectively. For the year ended June 30, 2014, the St. Clair County Regional Office of Education No. 50 paid \$4,854 to the THIS Fund. For the years ended June 30, 2013 and 2012, the St. Clair County Regional Office of Education No. 50 paid \$6,517 and \$6,304 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

B. 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, 2014, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (Concluded)

	Platinum Plan	Gold Plan	Silver Plan	Bronze Plan
Employee (Retiree)	\$710	\$642	\$554	\$472
Employee + spouse	\$1,464	\$1,322	\$1,146	\$970
Employee + child(ren)	\$1,414	\$1,274	\$1,106	\$952
Family	\$1,576	\$1,420	\$1,234	\$1,046

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. 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, 2014 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 thirty years. The St. Clair County Regional Office of Education No. 50's contributions to the Trust for the years ending June 30, 2014, June 30, 2013 and June 30, 2012, were \$308,914, \$366,363, and \$340,890, respectively, which equaled the contractually required contributions each year.

NOTE 7 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2014 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.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 14,992	\$ -
Education Fund	-	42,727
Proprietary Fund	27,735	-
Totals	<u>\$ 42,727</u>	<u>\$ 42,727</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 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.

NOTE 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, 2014, were as follows:

Salaries and benefits	\$ 238,781
Purchased services	<u>87,420</u>
 Total	 <u>\$ 326,201</u>

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

Regional Superintendent Salary	\$ 109,464
Assistant Regional Superintendent Salary	98,544
Regional Superintendent Fringe Benefit (Includes State paid insurance)	23,942
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	34,556
Regional Superintendent TRS Pension Contribution	38,758
Assistant Regional Superintendent TRS Pension Contribution	34,894
TRS Pension Contributions	113,080
THIS Contributions	<u>1,435</u>
 Total	 <u>\$ 454,673</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 9 – ON BEHALF PAYMENTS (Concluded)

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 and local revenue and expenditures.

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 50’s General Fund, Education Fund, and Proprietary Fund have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

<u>General Fund</u>	
Illinois State Board of Education	\$ 81
School Districts	59,419
 <u>Education Fund</u>	
School Districts	6,208
Illinois State Board of Education	7,091
U.S. Department of Education	<u>219,137</u>
Total	<u><u>\$ 291,936</u></u>

Due To Other Governments:

<u>General Fund</u>	
Illinois State Board of Education	\$ 19
 <u>Education Fund</u>	
Local Governments	120,442
Federal Government	135
 <u>Proprietary Funds</u>	
Local Governments	<u>617</u>
Total	<u><u>\$ 121,213</u></u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 - OPERATING LEASE

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 2014 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 \$4,667 per month. This amount has been recorded as rental expense and local revenue on the Statement of Activities. 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 an operating lease for space to operate educational programs. Rent expense for the building for fiscal year 2014 totaled \$51,000. Future minimum operating lease commitments are as follows:

Year ending June 30, 2015	<u>\$ 51,000</u>
------------------------------	------------------

Monthly rental payments are required through June 30, 2014. Annual rent is \$51,000 plus the published annual Consumer Price Index increase. Rent for 2014 and 2013 remained consistent with no increase. This amount has been recorded as an expense split between the Regional Safe School, General State Aid 18-8, and Truants/Alternative Optional Education funds. The lease may be cancelled by the Regional Office of Education No. 50 upon 365 days written notification to the landlord, St. Mary's Parish.

NOTE 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 as of June 30, 2014 in the Bilingual Education Downstate TPI fund.

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

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
June 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	2,941,603	2,897,017	(44,586)	101.54	514,795	0.00%
12/31/12	2,488,939	2,793,707	304,768	89.09	851,819	35.78%
12/31/11	2,385,972	2,668,005	282,033	89.43	767,303	36.76%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$2,412,077.

On a market basis, the funded ratio would be 83.26%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with St. Clair Co. Ed. Co-op Bd. of Cont. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Effective July 1, 2013, the Regional Office became its own employer under the Illinois Municipal Retirement Fund (IMRF). The Regional Office now includes 4 employees who operate under the direction of the superintendent, but are employees of St. Clair County. These employees were formerly included with St. Clair County.

OTHER SUPPLEMENTAL INFORMATION

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2014**

	ESR General Operation Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Employee Activity Fund	Young Authors Conference
Assets					
Cash and cash equivalents	\$ 84,324	\$ 18,059	\$ 6,614	\$ 145	\$ 2,792
Accounts receivable	24	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments					
Local	2,099	-	-	-	-
State	-	-	-	-	-
Total Assets	\$ 86,447	\$ 18,059	\$ 6,614	\$ 145	\$ 2,792
Liabilities					
Accounts payable	\$ 1,355	\$ 18,040	\$ 6,614	\$ -	\$ -
Salary and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments					
State	-	19	-	-	-
Total Liabilities	1,355	18,059	6,614	-	-
Deferred Inflow of Resources					
Unavailable revenue	-	-	-	-	-
Fund Balance					
Assigned	85,092	-	-	145	2,792
Total Fund Balance	85,092	-	-	145	2,792
Total Liabilities, Deferred Inflows & Fund Balance	\$ 86,447	\$ 18,059	\$ 6,614	\$ 145	\$ 2,792

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2014**

	National School Breakfast and Lunch	General State Aid- Sec 18-8	Regional Safe Schools	Building Fund	Totals
Assets					
Cash and cash equivalents	\$ 14,605	\$ 540,653	\$ -	\$ 55,061	\$ 722,253
Accounts receivable	-	-	-	-	24
Due from other funds	-	2,833	-	12,159	14,992
Due from other governments					
Local	-	57,320	-	-	59,419
State	81	-	-	-	81
Total Assets	\$ 14,686	\$ 600,806	\$ -	\$ 67,220	\$ 796,769
Liabilities					
Accounts payable	\$ -	\$ 1,354	\$ -	\$ 1,700	\$ 29,063
Salary and benefits payable	-	46,122	-	2,563	48,685
Due to other funds	-	-	-	-	-
Due to other governments					
State	-	-	-	-	19
Total Liabilities	-	47,476	-	4,263	77,767
Deferred Inflow of Resources					
Unavailable revenue	27	13,632	-	-	13,659
Fund Balance					
Assigned	14,659	539,698	-	62,957	705,343
Total Fund Balance	14,659	539,698	-	62,957	705,343
Total Liabilities, Deferred Inflows & Fund Balance	\$ 14,686	\$ 600,806	\$ -	\$ 67,220	\$ 796,769

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, 2014

	ESR General Operation Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Employee Activity Fund	Young Authors Conference
Revenues					
Local sources	\$ 752	\$ -	\$ -	\$ -	\$ 3,050
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Interest	85	-	-	-	3
On-behalf payments-local	326,201	-	-	-	-
On-behalf payments-state	454,673	-	-	-	-
Total Revenues	<u>781,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,053</u>
Expenditures					
Salaries and benefits	21,381	-	-	-	-
Purchased services	3,345	-	-	-	1,790
Supplies and materials	210	-	-	-	1,564
Capital outlay	-	-	-	-	-
Other objects	172	-	-	-	-
Payments made on behalf of region	780,874	-	-	-	-
Total Expenditures	<u>805,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,354</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(24,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(301)</u>
Net change in fund balance	(24,271)	-	-	-	(301)
Fund Balance, Beginning of the year	<u>109,363</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>3,093</u>
Fund Balance, End of year	<u>\$ 85,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ 2,792</u>

**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, 2014**

	National School Breakfast and Lunch	General State Aid- Sec 18-8	Regional Safe Schools	Building Fund	Totals
Revenues					
Local sources	\$ 1,279	\$ 152,473	\$ -	\$ 23,402	\$ 180,956
State sources	336	312,428	130,497	8,949	452,210
Federal sources	17,415	-	-	-	17,415
Interest	18	550	-	19	675
On-behalf payments-local	-	-	-	-	326,201
On-behalf payments-state	-	-	-	-	454,673
Total Revenues	<u>19,048</u>	<u>465,451</u>	<u>130,497</u>	<u>32,370</u>	<u>1,432,130</u>
Expenditures					
Salaries and benefits	8,031	348,298	100,088	12,932	490,730
Purchased services	16,199	87,529	27,110	11,731	147,704
Supplies and materials	-	17,273	3,299	1,250	23,596
Capital outlay	-	2,375	-	-	2,375
Other objects	-	-	-	-	172
Payments made on behalf of region	-	-	-	-	780,874
Total Expenditures	<u>24,230</u>	<u>455,475</u>	<u>130,497</u>	<u>25,913</u>	<u>1,445,451</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(5,182)</u>	<u>9,976</u>	<u>-</u>	<u>6,457</u>	<u>(13,321)</u>
Net change in fund balance	(5,182)	9,976	-	6,457	(13,321)
Fund Balance, Beginning of the year	<u>19,841</u>	<u>529,722</u>	<u>-</u>	<u>56,500</u>	<u>718,664</u>
Fund Balance, End of year	<u>\$ 14,659</u>	<u>\$ 539,698</u>	<u>\$ -</u>	<u>\$ 62,957</u>	<u>\$ 705,343</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNT
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 130,497	\$ 130,497	\$ 130,497
Total Revenues	<u>130,497</u>	<u>130,497</u>	<u>130,497</u>
Expenditures			
Salaries and benefits	100,708	100,708	100,088
Purchased services	27,483	27,483	27,110
Supplies and materials	2,306	2,306	3,299
Total Expenditures	<u>130,497</u>	<u>130,497</u>	<u>130,497</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	McKinney-Vento Education for Homeless Children and Youth	Career and Technical Education Improvement	Title I School Improvement and Accountability	Title I School Dropout Prevention Project	Mental Health Parent Resource
Assets					
Cash and cash equivalents	\$ -	\$ 857	\$ -	\$ -	\$ -
Due from other governments					
Local	-	-	-	-	2,587
State	-	-	-	-	-
Federal	16,507	-	113,521	51,501	-
Total Assets	\$ 16,507	\$ 857	\$ 113,521	\$ 51,501	\$ 2,587
Liabilities					
Accounts payable	\$ 1,005	\$ 7	\$ 3,265	\$ 12,755	\$ 115
Salary and benefits payable	2,314	850	12,483	21,755	952
Due to other funds	13,188	-	8,806	-	1,520
Unearned revenue	-	-	1	-	-
Due to other governments					
Local	-	-	88,966	16,991	-
Federal	-	-	-	-	-
Total Liabilities	16,507	857	113,521	51,501	2,587
Deferred Inflow of Resources					
Unavailable revenue	-	-	-	-	-
Fund Balance (Deficit)					
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-	-
Total Liabilities, Deferred Inflows & Fund Balance (Deficit)	\$ 16,507	\$ 857	\$ 113,521	\$ 51,501	\$ 2,587

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	ROE School Services	Bilingual Education Downstate TPI	Federal Special Education Preschool Discretionary	Title II- Teacher Quality Leadership Grant	Truants Alternative Optional Education Program	Totals
Assets						
Cash and cash equivalents	\$ 14,125	\$ 21,440	\$ -	\$ -	\$ -	\$ 36,422
Due from other governments						
Local	-	3,621	-	-	-	6,208
State	-	-	-	-	7,091	7,091
Federal	-	-	37,608	-	-	219,137
Total Assets	\$ 14,125	\$ 25,061	\$ 37,608	\$ -	\$ 7,091	\$ 268,858
Liabilities						
Accounts payable	\$ 626	\$ 211	\$ 20,812	\$ -	\$ 1,215	\$ 40,011
Salary and benefits payable	1,340	10,358	12,440	-	3,043	65,535
Due to other funds	12,159	-	4,221	-	2,833	42,727
Unearned revenue	-	7	-	-	-	8
Due to other governments						
Local	-	14,485	-	-	-	120,442
Federal	-	-	135	-	-	135
Total Liabilities	14,125	25,061	37,608	-	7,091	268,858
Deferred Inflow of Resources						
Unavailable revenue	-	783	-	-	-	783
Fund Balance (Deficit)						
Committed	-	-	-	-	-	-
Unassigned	-	(783)	-	-	-	(783)
Total Fund Balance (Deficit)	-	(783)	-	-	-	(783)
Total Liabilities, Deferred Inflows & Fund Balance (Deficit)	\$ 14,125	\$ 25,061	\$ 37,608	\$ -	\$ 7,091	\$ 268,858

**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, 2014**

	McKinney-Vento Education for Homeless Children and Youth	Career and Technical Education Improvement	Title I School Improvement and Accountability	Title I School Dropout Prevention Project	Mental Health Parent Resource
Revenues					
State sources	\$ -	\$ 23,105	\$ -	\$ -	\$ -
Federal sources	47,316	-	422,064	1,073,088	-
Local sources	-	-	-	-	31,000
Interest	-	-	-	-	-
Total Revenues	<u>47,316</u>	<u>23,105</u>	<u>422,064</u>	<u>1,073,088</u>	<u>31,000</u>
Expenditures					
Salaries and benefits	34,452	22,743	138,811	767,415	26,603
Purchased services	7,318	362	185,916	302,800	3,825
Supplies and materials	5,546	-	390	2,873	572
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	96,947	-	-
Total Expenditures	<u>47,316</u>	<u>23,105</u>	<u>422,064</u>	<u>1,073,088</u>	<u>31,000</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-
Fund Balance (Deficit), Beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2014

	ROE School Services	Bilingual Education Downstate TPI	Federal Special Education Preschool Discretionary	Title II- Teacher Quality Leadership Grant	Truants Alternative Optional Education Program	Totals
REVENUES						
State sources	\$ 43,998	\$ -	\$ -	\$ -	\$ 74,591	\$ 141,694
Federal sources	-	-	487,113	9,200	-	2,038,781
Local sources	-	203,663	-	-	-	234,663
Interest	12	55	-	-	3	70
Total Revenues	<u>44,010</u>	<u>203,718</u>	<u>487,113</u>	<u>9,200</u>	<u>74,594</u>	<u>2,415,208</u>
EXPENDITURES						
Salaries and benefits	20,807	156,230	305,600	-	64,505	1,537,166
Purchased services	18,949	47,111	122,151	9,200	8,344	705,976
Supplies and materials	4,254	1,160	57,636	-	1,745	74,176
Capital outlay	-	-	1,726	-	-	1,726
Payments to other governments	-	-	-	-	-	96,947
Total Expenditures	<u>44,010</u>	<u>204,501</u>	<u>487,113</u>	<u>9,200</u>	<u>74,594</u>	<u>2,415,991</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(783)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(783)</u>
Net change in fund balance	-	(783)	-	-	-	(783)
Fund Balance (Deficit), Beginning of the year	-	-	-	-	-	-
Fund Balance (Deficit), End of year	<u>\$ -</u>	<u>\$ (783)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (783)</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 47,379	\$ 47,379	\$ 47,316
Total Revenues	<u>47,379</u>	<u>47,379</u>	<u>47,316</u>
Expenditures			
Salaries and benefits	34,452	34,452	34,452
Purchased services	8,497	8,497	7,318
Supplies and materials	4,430	4,430	5,546
Total Expenditures	<u>47,379</u>	<u>47,379</u>	<u>47,316</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 189,789	\$ 717,088	\$ 422,064
Total Revenues	<u>189,789</u>	<u>717,088</u>	<u>422,064</u>
Expenditures			
Salaries and benefits	122,387	185,061	138,811
Purchased services	66,352	215,104	185,916
Supplies and materials	1,050	5,032	390
Payments to other governments	-	311,891	96,947
Total Expenditures	<u>189,789</u>	<u>717,088</u>	<u>422,064</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE I SCHOOL DROPOUT PREVENTION PROJECT (14-S360A100078)
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,119,549	\$ 1,119,498	\$ 1,073,088
Total Revenues	<u>1,119,549</u>	<u>1,119,498</u>	<u>1,073,088</u>
Expenditures			
Salaries and benefits	812,645	812,645	767,415
Purchased services	302,980	302,980	302,800
Supplies and materials	3,924	3,873	2,873
Total Expenditures	<u>1,119,549</u>	<u>1,119,498</u>	<u>1,073,088</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE SCHOOL SERVICES (14-3730-00)
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 43,998	\$ 43,998	\$ 43,998
Interest			12
Total Revenues	<u>43,998</u>	<u>43,998</u>	<u>44,010</u>
Expenditures			
Salaries and benefits	24,283	21,292	20,807
Purchased services	18,642	19,419	18,949
Supplies and materials	1,073	3,287	4,254
Total Expenditures	<u>43,998</u>	<u>43,998</u>	<u>44,010</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
FEDERAL SPECIAL EDUCATION PRESCHOOL DISCRETIONARY (14-4605-00)
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues			
Federal sources	\$ 489,250	\$ 489,250	\$ 487,113
Total Revenues	<u>489,250</u>	<u>489,250</u>	<u>487,113</u>
Expenditures			
Salaries and benefits	329,897	306,000	305,600
Purchased services	142,720	122,833	122,151
Supplies and materials	16,633	58,710	57,636
Capital outlay	-	1,707	1,726
Total Expenditures	<u>489,250</u>	<u>489,250</u>	<u>487,113</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II – TEACHER QUALITY LEADERSHIP GRANT (14-4935-00)
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 9,200	\$ 9,200	\$ 9,200
Total Revenues	<u>9,200</u>	<u>9,200</u>	<u>9,200</u>
Expenditures			
Purchased services	9,200	9,200	9,200
Total Expenditures	<u>9,200</u>	<u>9,200</u>	<u>9,200</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE OPTIONAL
EDUCATION PROGRAM (14-3695-00)
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State	\$ 75,000	\$ 75,000	\$ 74,591
Interest	-	-	3
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>74,594</u>
Expenditures			
Salaries and benefits	62,916	62,916	64,505
Purchased services	12,084	11,302	8,344
Supplies and materials	-	782	1,745
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>74,594</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014

	General Education Development	Bus Driver Training	Totals
Assets			
Cash and cash equivalents	\$ 86,060	\$ 24,092	\$ 110,152
Accounts receivable	-	392	392
Total Assets	\$ 86,060	\$ 24,484	\$ 110,544
Liabilities			
Accounts payable	\$ 3	\$ 289	292
Salary and benefits payable	353	387	740
Total Liabilities	356	676	1,032
Deferred Inflows of Resources	-	40	40
Fund Balance			
Restricted	85,704	23,768	109,472
Total Fund Balance	85,704	23,768	109,472
Total liabilities, Deferred Inflows & Fund Balance	\$ 86,060	\$ 24,484	\$ 110,544

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, 2014

	General Education Development	Bus Driver Training	Totals
Revenues			
State sources	\$ -	\$ 1,873	\$ 1,873
Local sources	22,898	7,488	30,386
Interest	97	25	122
Total Revenues	<u>22,995</u>	<u>9,386</u>	<u>32,381</u>
Expenditures			
Salaries and benefits	21,226	2,503	23,729
Purchased services	6,612	5,347	11,959
Supplies and materials	824	34	858
Capital outlay	5,108	-	5,108
Total Expenditures	<u>33,770</u>	<u>7,884</u>	<u>41,654</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(10,775)</u>	<u>1,502</u>	<u>(9,273)</u>
Net change in fund balance	(10,775)	1,502	(9,273)
Fund Balance, Beginning of year	<u>96,479</u>	<u>22,266</u>	<u>118,745</u>
Fund Balance, End of year	<u>\$ 85,704</u>	<u>\$ 23,768</u>	<u>\$ 109,472</u>

FEDERAL COMPLIANCE SECTION

**ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	Federal CFDA <u>Number</u>	Project # or Contract #	<u>Expenditures</u>
U.S. Department of Education			
High School Graduation Initiative - <i>Title I School Dropout Prevention Project</i>	(M) 84.360	14-S360A100078	1,073,088
Passed-Through Illinois State Board of Education:			
Title I, Part A - Grants to Local Educational Agencies - <i>Title I School Improvement and Accountability</i>	84.010	14-4331-SS	422,064
Improving Special Education Preschool Grants <i>Federal Special Education Preschool Discretionary</i>	84.173A	14-4605-00	487,113
Improving Teacher Quality State Grants <i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	14-4935-02	9,200
Passed-Through Bond/Fayette/Effingham Regional Office of Education #3			
Education for Homeless Children & Youth <i>McKinney-Vento Education for Homeless Children and Youth</i>	84.196A	14-4920-00	47,316
U.S. Dept. of Agriculture			
Passed-Through Illinois State Board of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	14-4220-00	2,922
School Breakfast Program	10.553	13-4220-00	455
Total School Breakfast Program			3,377
National School Lunch Program	10.555	14-4210-00	12,359
National School Lunch Program	10.555	13-4210-00	1,707
Total National School Lunch Program			14,066
<i>Total Child Nutrition Cluster</i>			17,443
Total Federal Awards			\$ 2,056,224

(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 THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2014**

Note 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of ROE No. 50 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Title I School Dropout Prevention Project – This program is used to account for grant monies received for, and payment of, expenditures related to increasing high school graduation rates, decreasing dropouts, improving attendance, and assisting students in credit recovery in order to earn credits to graduate.

Note 3 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Regional Office of Education No. 50 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I School Improvement and Accountability	84.010	\$ 91,565

Note 4 - NON-CASH ASSISTANCE

None

Note 5 - AMOUNT OF INSURANCE

None

Note 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None