

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

FINANCIAL AUDIT  
(In Accordance with the Uniform Guidance)  
For the Year Ended June 30, 2016

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

For the Year Ended June 30, 2016

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ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

For the Year Ended June 30, 2016

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ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

OFFICIALS

For the Year Ended June 30, 2016

Regional Superintendent  
(Current and During the Audit Period)

Ms. Susan Sarfaty

Assistant Regional Superintendent  
(Current and During the Audit Period)

Mr. Ryan Wamser

Office is located at:

1000 South Illinois Street  
Belleville, IL 62220

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

COMPLIANCE REPORT SUMMARY

For the Year Ended June 30, 2016

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

AUDITORS' REPORT

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
None			
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
2016-001	14	Required Certifications Not Obtained	Significant Deficiency and Noncompliance
<i>PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
2015-001	17	Controls over Financial Statement Preparation	Material Weakness
<i>PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</i>			
None			

EXIT CONFERENCE

An informal exit conference was held with the management of St. Clair County Regional Office of Education No. 50 on September 29, 2016. The finding and recommendation in this report were discussed with management of the St. Clair County Regional Office of Education at various informal meetings. St. Clair County Regional Office of Education No. 50's response to the recommendation and corrective action plan were provided by Diane Rakers, Finance Manager, in an email dated February 21, 2017.

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

For the Year Ended June 30, 2016

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

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

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

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Clair County Regional Office of Education No. 50 as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 18a-18h, and the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Illinois Municipal Retirement Fund, and Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios - Illinois Municipal Retirement Fund on pages 57 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2017, 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.

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois  
March 3, 2017

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

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Clair County Regional Office of Education No. 50, as of and for the year ended June 30, 2016, 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 March 3, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Clair County Regional Office of Education No. 50's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois  
March 3, 2017

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

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited St. Clair County Regional Office of Education No. 50's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of St. Clair County Regional Office of Education No. 50's major federal programs for the year ended June 30, 2016. The St. Clair County Regional Office of Education No. 50's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the St. Clair County Regional Office of Education No. 50's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Clair County Regional Office of Education No. 50's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the St. Clair County Regional Office of Education No. 50 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

St. Clair County Regional Office of Education No. 50's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. St. Clair County Regional Office of Education No. 50's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider to be a significant deficiency.

St. Clair County Regional Office of Education No. 50's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. St. Clair County Regional Office of Education No. 50's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois  
March 3, 2017

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major federal programs

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I School Improvement and Accountability
84.366B	Title II - Math-Science Partnership

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

Auditee qualified as low-risk auditee? No

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2016

**Section II - Financial Statement Findings**

None



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

**Section III - Federal Award Findings**

**2016-001 Required Certifications Not Obtained**

Federal Program Names: Title I School Improvement and Accountability

Project Numbers: 16-4331-SS

CFDA numbers: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

**Criteria/specific requirement**

For Fiscal Year 2016, the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), contained in 2 CFR Part 200, became effective for all federal award programs administered by the St. Clair County Regional Office of Education No. 50 (the Regional Office). The Uniform Guidance (2 CFR 200.415(a)) requires the Regional Office to provide a specific certification to funding agencies on all annual and final fiscal reports or vouchers requesting payment, and, conversely, requires the Regional Office to obtain such certification from their subrecipients.

**Condition:**

During our audit, we noted the Regional Office was providing the certification to the Illinois State Board of Education, the funding agency for Title I School Improvement and Accountability, when required. However, we noted that the certifications were not obtained from the subrecipients of this program.

**Questioned Costs:**

N/A

**Context:**

The Regional Office passed through \$308,509 of federal funding to five different subrecipients of the Title I School Improvement and Accountability program.

**Effect:**

By not obtaining the required certification from subrecipients, the risk of expenditures being improper and not in accordance with the terms and conditions of the Federal award and approved project budgets is increased.

**Cause:**

The Regional Office was unable to dedicate the time needed to fully implement the Uniform Guidance due to competing priorities.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

**Section III - Federal Award Findings (continued)**

**2016-001 Required Certifications Not Obtained (continued)**

**Recommendation:**

We recommend the Regional Office develop policies and procedures to ensure all annual and final fiscal reports or vouchers requesting payment received from subrecipients of federal awards include the certification required by 2 CFR 200.415(a).

**Management's Response:**

The Regional Office understands the finding and will provide the specific certification language required by 2 CFR 200.415(a) on all currently required monthly expenditure reports that are submitted with an authorized approved signature along with supporting documentation from subrecipients.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

**Corrective Action Plan**

**FINDING NO. 2016-001 - Required Certifications Not Obtained**

**Condition:**

During our audit, we noted the Regional Office was providing the certification to the Illinois State Board of Education, the funding agency for Title I School Improvement and Accountability, when required. However, we noted that the certifications were not obtained from the subrecipients of this program.

**Plan:**

The Regional Office will revise its current policies and procedures for monitoring subrecipients to include the certification language that is required by 2 CFR 200.415(a) on fiscal reports or vouchers. All monthly, annual and final fiscal reports will provide the specific certification language to accompany our current policy of requiring monthly expenditure reports with an authorized signature along with supporting documentation.

**Anticipated Date of Completion:**

The Regional Office anticipates compliance for the next audit in September of 2017.

**Contact Person:**

Susan Sarfaty, Regional Superintendent

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2016

<b><u>Finding Number</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2015-001	Controls over Financial Statement Preparation	Not repeated

## MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

The discussion and analysis of St. Clair County Regional Office of Education #50's (ROE) financial performance provides an overall narrative review of the ROE's financial activities for the year ended June 30, 2016. 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.

### **2016 FINANCIAL HIGHLIGHTS**

- The ROE's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is used to measure the ROE's financial health. The net position of the ROE's governmental activities on June 30, 2016 was (\$1,716,936) due to a net pension liability of \$3,147,037 and deferred inflows of \$1,301,709. This is an increase of \$200,531 or 10.5% from fiscal year 2015 net position of (\$1,917,467). The net position of the ROE's enterprise fund was \$157,331 a decrease of \$14,170 or 8.3% from fiscal year 2015. The total net position for the ROE primary government is (\$1,559,605) which is an increase of \$186,361 or 10.7% from fiscal year 2015. The governmental activities and overall increase in net position is primarily due to changes in balances related to pension funds. There was an increase in the State of Illinois Teachers' Retirement System (TRS) net pension liability of \$937,100 and a decrease in the Illinois Municipal Retirement Fund (IMRF) net pension asset of \$190,471. These changes were offset by a net increase in TRS and IMRF deferred outflows of \$1,133,643 and a net decrease in TRS and IMRF deferred inflows of \$169,213.
- General governmental revenues account for \$1,690,290 in revenue, or 32.7% of all governmental revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,474,888 or 67.3% of total governmental revenues.
- The ROE governmental activities had \$4,964,647 in expenses; only \$3,474,888 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 \$1,168,915 in revenues and \$1,193,048 in expenditures. The General Fund's fund balance increased by \$24,133 or 3.4% over the prior year.
- There were no capital assets purchased during the year. In the governmental activities, capital assets net of depreciation decreased by \$19,278. In the Enterprise Fund, capital assets net of depreciation decreased by \$533. For the combined total, capital assets net of depreciation decreased \$19,811.
- The ROE has no long-term debt.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

**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 19 – 20 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the ROE's current financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 22 and 24, respectively.

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

The basic governmental fund financial statements can be found on pages 21 and 23.

**Proprietary funds.** The ROE has two funds in the Enterprise Fund. The Local Workshop Fund holds any excess funds collected from Workshops and/or Technology Services. These funds are used solely to offset Workshop and Technology Services incurred due to less than anticipated registrations or more than anticipated materials and services. The second fund is the American Institute for Research Housing Fund which holds the funds paid to the ROE for housing staff from the American Institute for Research. The ROE's proprietary statements can be found on pages 25 – 27.

**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 28 – 56 of this report.

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

Required Supplementary Information regarding the ROE's pension plans are included on pages 57 – 59 of this report.

The ROE does not adopt a combined annual operating budget for all funds, but does adopt individual budgets for some grants in the Education Fund. A budgetary comparison statement has been provided for those grants in the Education Fund. This supplementary information can be found on pages 72 – 86 of this report.

Additionally, a Schedule of Expenditures of Federal Awards is required by the Uniform Guidance and can be found on page 89 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position.** Net position may serve over time as a useful indicator of government's financial position. In the case of the ROE, liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$1,559,605 as of June 30, 2016.

This ROE's Net Position includes assets of \$425,800 restricted for use in the Institute Fund, GED Fund, Bus Driver Training Fund, and the National School Breakfast and Lunch account of the Education Fund along with assets of \$72,427 restricted for Illinois Municipal Retirement Fund pension purposes. It also includes capital assets of \$28,592. However, the ROE's net position is severely impacted by the net pension liability of \$3,147,037 for the State of Illinois Teachers' Retirement System (TRS) and deferred inflows of \$1,143,443 and \$158,266 for TRS and the Illinois Municipal Retirement Fund, respectively, which results in the negative net position of \$1,559,605.

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, 2016 compared to prior year.



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Current assets	\$ 1,475,088	\$ 1,430,148	\$ 188,860	\$ 158,829	\$ 1,663,948	\$ 1,588,977
Capital assets	46,302	27,024	2,101	1,568	48,403	28,592
Net pension asset	262,898	72,427	-	-	262,898	72,427
<b>Total Assets</b>	<u>1,784,288</u>	<u>1,529,599</u>	<u>190,961</u>	<u>160,397</u>	<u>1,975,249</u>	<u>1,689,996</u>
Deferred outflows	377,234	1,510,877	-	-	377,234	1,510,877
Current liabilities	398,130	308,666	19,460	3,066	417,590	311,732
Net pension liability	2,209,937	3,147,037	-	-	2,209,937	3,147,037
<b>Total Liabilities</b>	<u>2,608,067</u>	<u>3,455,703</u>	<u>19,460</u>	<u>3,066</u>	<u>2,627,527</u>	<u>3,458,769</u>
Deferred inflows	<u>1,470,922</u>	<u>1,301,709</u>	<u>-</u>	<u>-</u>	<u>1,470,922</u>	<u>1,301,709</u>
Net position						
Investment in						
capital assets	46,302	27,024	2,101	1,568	48,403	28,592
Restricted - other	361,942	425,800	-	-	361,942	425,800
Restricted - net						
pension asset	262,898	72,427	-	-	262,898	72,427
Unrestricted	<u>(2,588,609)</u>	<u>(2,242,187)</u>	<u>169,400</u>	<u>155,763</u>	<u>(2,419,209)</u>	<u>(2,086,424)</u>
<b>Total Net Position</b>	<u>\$ (1,917,467)</u>	<u>\$ (1,716,936)</u>	<u>\$ 171,501</u>	<u>\$ 157,331</u>	<u>\$ (1,745,966)</u>	<u>\$ (1,559,605)</u>

**Changes in net position.** The ROE's total revenues for the fiscal year ended June 30, 2016 were \$5,263,896. The total cost of all programs and services was \$5,077,535. The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2015 and 2016.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016

Statement of Activities

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>		<b>% Change</b>
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015-2016</b>
Revenues:							
Program revenues:							
Operating grants/ contributions	\$ 3,317,541	\$ 3,474,888	\$ -	\$ -	\$ 3,317,541	\$ 3,474,888	4.7%
Charges for services	-	-	111,653	98,556	111,653	98,556	-11.7%
General revenues:							
Local sources	315,188	262,653	-	-	315,188	262,653	-16.7%
State sources	252,902	295,186	-	-	252,902	295,186	16.7%
On behalf payments							
Local	308,647	425,708	-	-	308,647	425,708	37.9%
State	606,357	704,944	-	-	606,357	704,944	16.3%
Loss on disposal of capital assets	(250)	-	-	-	(250)	-	100.0%
Interest	878	1,799	131	162	1,009	1,961	94.4%
Total revenues	<u>4,801,263</u>	<u>5,165,178</u>	<u>111,784</u>	<u>98,718</u>	<u>4,913,047</u>	<u>5,263,896</u>	<u>7.1%</u>
Expenses:							
Instructional services	3,587,579	3,833,995	-	-	3,587,579	3,833,995	6.9%
On behalf payments	915,004	1,130,652	-	-	915,004	1,130,652	23.6%
Workshop/testing expenses	-	-	101,387	112,888	101,387	112,888	11.3%
Total expenses	<u>4,502,583</u>	<u>4,964,647</u>	<u>101,387</u>	<u>112,888</u>	<u>4,603,970</u>	<u>5,077,535</u>	<u>10.3%</u>
Increase (decrease) in net position	298,680	200,531	10,397	(14,170)	309,077	186,361	-39.7%
Net position – beginning (restated for 2015 only)	<u>(2,216,147)</u>	<u>(1,917,467)</u>	<u>161,104</u>	<u>171,501</u>	<u>(2,055,043)</u>	<u>(1,745,966)</u>	<u>15.0%</u>
Net position – ending	<u>\$ (1,917,467)</u>	<u>\$ (1,716,936)</u>	<u>\$ 171,501</u>	<u>\$ 157,331</u>	<u>\$ (1,745,966)</u>	<u>\$ (1,559,605)</u>	<u>10.7%</u>

ST. CLAIR COUNTY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

**Governmental activities.** The following table presents the cost of two major ROE functional activities: instructional services and administrative expenses. Administrative expenses include social work and guidance services, operation and maintenance, pupil transportation, food service, planning and evaluation, and fiscal services. The table also shows each function's net cost (total cost less charges for services generated by the activities and grants provided for specific programs). The net cost shows the amount funded by the General Revenues. Instructional Services expenses increased 6.9%, but operating grants, state and local revenues increased to cover them. Administrative expenses and net costs were significantly higher due to increases in State of Illinois Teachers' Retirement System on behalf contributions.

	Total Expenses	Net (Expense) Revenue
Instructional services	\$ 3,833,995	\$ (359,107)
Administrative expense	1,130,652	(1,130,652)
Total expenses	\$ 4,964,647	\$ (1,489,759)

**Enterprise activities.** The following table presents the cost of the ROE's workshop and housing funds. The majority of related expenses are salaries and benefits, contract labor and travel, and supplies and materials for the workshop seminars, and housing expenses for the American Institute of research. The table also shows the fund's net cost (total cost less charges for services generated by the activities). Total expense is up from 2015 due to an increase in Technology expenses.

	Total Expenses	Net (Expense) Revenue
Workshop/testing/housing costs	\$ 112,888	\$ (14,332)

**FINANCIAL ANALYSIS OF THE ROE'S FUNDS**

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

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

The financial performance of the ROE as a whole is reflected in its governmental funds. As the ROE completed the year, its governmental funds reported a combined fund balance of \$1,088,517 which is an increase of \$13,048 over the previous year.

The General Fund is the principal operating fund of the ROE. The fund balance of the General Fund for the fiscal year ending June 30, 2016 decreased by \$24,133. The fund balance of Other Governmental Funds showed a combined net increase of \$37,181. \$39,862 of this increase was in Institute Fund and was the result of higher than normal registration and application fees. Teachers pay fees on a 5 year cycle which does not match the flow of teacher training expenses.

ST. CLAIR COUNTY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

**Enterprise Funds.** The net position reported in the Enterprise Fund as of June 30, 2016 was \$157,331, a decrease of \$14,170. The decrease was a result of an increase in technology salaries paid by the Enterprise Fund due to the reduction of certain state and federal sourced grants from the prior year. The remaining Enterprise funds provide a good reserve to ensure that the ROE can continue to offer high quality workshops for teachers and administrators and solid technology assistance to schools.

### **BUDGETARY HIGHLIGHTS**

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

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

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2016, the ROE's total capital assets at cost for Governmental Activities and Business-type Activities were \$564,412 and \$41,152, respectively, including furniture and equipment. This amount represents a decrease of \$53,352 for the Governmental Activities and a decrease of \$515 for the Business-type Activities from the previous year. There were no capital asset additions during fiscal year 2016. Capital asset deletions during fiscal year 2016 totaled \$53,352 and \$515 for Governmental Activities and Business-type activities, respectively.

Total accumulated depreciation as of June 30, 2016 for Governmental Activities and Business-type Activities was \$537,388 and \$39,584, respectively, and total depreciation expense for Governmental Activities and Business-type Activities for the fiscal year 2016 was \$19,278 and \$533, respectively, and prior depreciation on assets deleted in fiscal year 2016 was \$53,352 for Governmental Activities and \$515 for Business-type Activities, resulting in total Investment in Capital Assets at June 30, 2016 for Governmental Activities and Business Type Activities of \$27,024 and \$1,568, respectively. Overall, net capital assets decreased \$19,278 for Governmental Activities and decreased \$533 for Business-type Activities compared to June 30, 2015.

Additional information on the ROE's capital assets can be found in Note 3 on pages 39 – 40 of this report.

**Debt Administration.** At June 30, 2016, the ROE had no long term debt.

### **Current Issues**

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

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

The Net Pension Liability reflected in the financial statements highlights the serious problems in the State of Illinois Teachers' Retirement System pension fund. Beginning with fiscal year 2015, each employer is showing a prorated portion of the State's pension liability on its government wide financial statements. This amounts to \$3,147,037 liability for the ROE in fiscal year 2016. For the Illinois Municipal Retirement Fund, the ROE recognized a net pension asset of \$72,427.

The unassigned fund balance of the ROE has been sufficient to handle the most recent economic downturn and State budget impasses. State funding for core grant programs has decreased significantly. The Safe School program and ROE School Services grant have each been cut 65% since 2009. In addition General State Aid continues to be prorated, further reducing funds available for the Safe School Program. The ROE continues to charge tuition to offset the shortfall in the Safe School program, and this has covered the deficit in this program for 2016. A Professional Development Coop continues to provide adequate funding for workshops requested by school districts. These measures will allow the ROE to maintain all services for the coming year without exhausting limited reserves.

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

**CONTACTING THE ROE'S FINANCIAL MANAGEMENT**

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

## BASIC FINANCIAL STATEMENTS

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,081,343	\$ 94,821	\$ 1,176,164
Accounts receivable	270	3,000	3,270
Due from (to) other funds	(58,283)	58,283	-
Due from other governments:			
Local	73,483	2,725	76,208
State	42,461	-	42,461
Federal	290,874	-	290,874
Total current assets	<u>1,430,148</u>	<u>158,829</u>	<u>1,588,977</u>
<b>Noncurrent assets:</b>			
Capital assets, net of depreciation	27,024	1,568	28,592
Net pension asset	72,427	-	72,427
Total noncurrent assets	<u>99,451</u>	<u>1,568</u>	<u>101,019</u>
Total assets	<u>1,529,599</u>	<u>160,397</u>	<u>1,689,996</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions	<u>1,510,877</u>	<u>-</u>	<u>1,510,877</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	35,638	-	35,638
Salary and benefits payable	139,053	3,066	142,119
Unearned revenue	11,624	-	11,624
Due to other governments:			
Local	122,351	-	122,351
State	-	-	-
Total current liabilities	<u>308,666</u>	<u>3,066</u>	<u>311,732</u>
<b>Noncurrent liabilities:</b>			
Net pension liability	<u>3,147,037</u>	<u>-</u>	<u>3,147,037</u>
Total liabilities	<u>3,455,703</u>	<u>3,066</u>	<u>3,458,769</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	<u>1,301,709</u>	<u>-</u>	<u>1,301,709</u>
<b>Net position</b>			
Investment in capital assets	27,024	1,568	28,592
Restricted - other	425,800	-	425,800
Restricted - net pension asset	72,427	-	72,427
Unrestricted	<u>(2,242,187)</u>	<u>155,763</u>	<u>(2,086,424)</u>
Total net position	<u>\$ (1,716,936)</u>	<u>\$ 157,331</u>	<u>\$ (1,559,605)</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, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 2,068,876	\$ -	\$ 1,747,054	\$ (321,822)	\$ -	\$ (321,822)
Purchased services	884,032	-	755,796	(128,236)	-	(128,236)
Supplies and materials	148,621	-	126,309	(22,312)	-	(22,312)
Other objects	440	-	-	(440)	-	(440)
Payments to other governments	565,219	-	565,780	561	-	561
Pension expense	147,529	-	279,949	132,420	-	132,420
Depreciation	19,278	-	-	(19,278)	-	(19,278)
Administrative:						
On-behalf payments - local	425,708	-	-	(425,708)	-	(425,708)
On-behalf payments - state	704,944	-	-	(704,944)	-	(704,944)
Total governmental activities	<u>4,964,647</u>	<u>-</u>	<u>3,474,888</u>	<u>(1,489,759)</u>	<u>-</u>	<u>(1,489,759)</u>
Business-type activities						
Fees for services	<u>112,888</u>	<u>98,556</u>	<u>-</u>	<u>-</u>	<u>(14,332)</u>	<u>(14,332)</u>
Total business-type activities	<u>112,888</u>	<u>98,556</u>	<u>-</u>	<u>-</u>	<u>(14,332)</u>	<u>(14,332)</u>
Total primary government	<u>\$ 5,077,535</u>	<u>\$ 98,556</u>	<u>\$ 3,474,888</u>	<u>(1,489,759)</u>	<u>(14,332)</u>	<u>(1,504,091)</u>
General Revenues:						
Local sources				262,653	-	262,653
State sources				295,186	-	295,186
On-behalf payments - local				425,708	-	425,708
On-behalf payments - state				704,944	-	704,944
Interest				1,799	162	1,961
Total general revenues				<u>1,690,290</u>	<u>162</u>	<u>1,690,452</u>
Change in net position				200,531	(14,170)	186,361
Net position - beginning				<u>(1,917,467)</u>	<u>171,501</u>	<u>(1,745,966)</u>
Net position - ending				<u>\$ (1,716,936)</u>	<u>\$ 157,331</u>	<u>\$ (1,559,605)</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, 2016

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 608,972	\$ 67,527	\$ 284,518	\$ 120,326	\$ -	\$ 1,081,343
Accounts receivable	-	-	-	270	-	270
Due from other funds	55,839	-	-	-	(55,839)	-
Due from other governments						
Local	70,978	2,270	195	40	-	73,483
State	-	40,587	-	1,874	-	42,461
Federal	-	290,874	-	-	-	290,874
<b>Total assets</b>	<b><u>\$ 735,789</u></b>	<b><u>\$ 401,258</u></b>	<b><u>\$ 284,713</u></b>	<b><u>\$ 122,510</u></b>	<b><u>\$ (55,839)</u></b>	<b><u>\$ 1,488,431</u></b>
<b>Liabilities</b>						
Accounts payable	\$ 9,425	\$ 26,194	\$ 19	\$ -	\$ -	\$ 35,638
Salary and benefits payable	30,177	108,812	-	64	-	139,053
Due to other funds	400	113,722	-	-	(55,839)	58,283
Unearned revenue	-	11,624	-	-	-	11,624
Due to other governments						
Local	105	122,246	-	-	-	122,351
State	-	-	-	-	-	-
<b>Total liabilities</b>	<b><u>40,107</u></b>	<b><u>382,598</u></b>	<b><u>19</u></b>	<b><u>64</u></b>	<b><u>(55,839)</u></b>	<b><u>366,949</u></b>
Deferred inflows of resources						
Unavailable revenue	18,495	14,420	-	50	-	32,965
Fund balance (deficit)						
Restricted	-	18,660	284,694	122,396	-	425,750
Assigned	65,024	-	-	-	-	65,024
Unassigned	612,163	(14,420)	-	-	-	597,743
<b>Total fund balance (deficit)</b>	<b><u>677,187</u></b>	<b><u>4,240</u></b>	<b><u>284,694</u></b>	<b><u>122,396</u></b>	<b><u>-</u></b>	<b><u>1,088,517</u></b>
<b>Total liabilities, deferred inflows, and fund balance (deficit)</b>	<b><u>\$ 735,789</u></b>	<b><u>\$ 401,258</u></b>	<b><u>\$ 284,713</u></b>	<b><u>\$ 122,510</u></b>	<b><u>\$ (55,839)</u></b>	<b><u>\$ 1,488,431</u></b>

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, 2016

Total Fund balances - governmental funds		\$ 1,088,517
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		27,024
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		32,965
Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds IMRF net pension asset		72,427
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
IMRF deferred outflows of resources	\$ 567,654	
TRS deferred outflows of resources	943,223	
IMRF deferred inflows of resources	(158,266)	
TRS deferred inflows of resources	<u>(1,143,443)</u>	209,168
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. TRS net pension liability		<u>(3,147,037)</u>
Net position of governmental activities		<u>\$ (1,716,936)</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, 2016

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Revenues:						
Local sources	\$ 179,697	\$ 254,262	\$ 72,454	\$ 10,813	\$ -	\$ 517,226
On-behalf payments - local	425,708	-	-	-	-	425,708
State sources	274,620	257,277	-	1,874	-	533,771
On-behalf payments - state	287,900	-	-	-	-	287,900
Federal sources	-	2,950,254	-	-	-	2,950,254
Interest	990	196	421	192	-	1,799
<b>Total revenues</b>	<b>1,168,915</b>	<b>3,461,989</b>	<b>72,875</b>	<b>12,879</b>	<b>-</b>	<b>4,716,658</b>
Expenditures:						
Salaries and benefits	315,357	1,745,323	6,129	2,067	-	2,068,876
Purchased services	98,250	755,047	26,738	3,997	-	884,032
Supplies and materials	22,397	126,184	-	40	-	148,621
Other objects	440	-	-	-	-	440
Payments to other governments	-	565,219	-	-	-	565,219
Pension expense	42,996	279,672	146	-	-	322,814
Payments made on-behalf of region	713,608	-	-	-	-	713,608
<b>Total expenditures</b>	<b>1,193,048</b>	<b>3,471,445</b>	<b>33,013</b>	<b>6,104</b>	<b>-</b>	<b>4,703,610</b>
Excess (deficiency) of revenues over (under) expenditures	(24,133)	(9,456)	39,862	6,775	-	13,048
<b>Net change in fund balance</b>	<b>(24,133)</b>	<b>(9,456)</b>	<b>39,862</b>	<b>6,775</b>	<b>-</b>	<b>13,048</b>
Fund balances - beginning	701,320	13,696	244,832	115,621	-	1,075,469
Fund balances - ending	<u>\$ 677,187</u>	<u>\$ 4,240</u>	<u>\$ 284,694</u>	<u>\$ 122,396</u>	<u>\$ -</u>	<u>\$ 1,088,517</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, 2016

Net change in fund balances	\$	13,048
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred inflows of resources in the governmental funds.</p>		
Current year unavailable revenue	\$ 32,965	
Prior year unavailable revenue	<u>(1,489)</u>	31,476
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation	<u>\$ (19,278)</u>	(19,278)
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net pension expense		<u>175,285</u>
Change in net position of governmental activities	\$	<u><u>200,531</u></u>

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

STATEMENT OF NET POSITION  
PROPRIETARY FUND

JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			
Nonmajor Enterprise Fund American Institute for Research Housing	Local Workshops	Eliminations	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 94,821	\$ -	\$ 94,821
Accounts receivable	3,000	-	-	3,000
Due from other funds	-	61,283	(3,000)	58,283
Due from other governments				
Local	-	2,725	-	2,725
Total current assets	3,000	158,829	(3,000)	158,829
Noncurrent assets				
Capital assets, net of depreciation	-	1,568	-	1,568
Total noncurrent assets	-	1,568	-	1,568
Total assets	3,000	160,397	(3,000)	160,397
<b>Liabilities</b>				
Current liabilities				
Salary and benefits payable	-	3,066	-	3,066
Due to other funds	3,000	-	(3,000)	-
Total current liabilities	3,000	3,066	(3,000)	3,066
Total liabilities	3,000	3,066	(3,000)	3,066
<b>Net position</b>				
Net investment in capital assets	-	1,568	-	1,568
Unrestricted	-	155,763	-	155,763
Total net position	\$ -	\$ 157,331	\$ -	\$ 157,331

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, 2016

	Business-Type Activities - Enterprise Funds		
	Nonmajor Enterprise Fund American Institute for Research Housing	Local Workshops	Total
Operating revenues			
Registration and tech fees	\$ -	\$ 92,056	\$ 92,056
Contract services	6,500	-	6,500
Total operating revenues	6,500	92,056	98,556
Operating expenses			
Salaries and benefits	-	37,567	37,567
Purchased services	6,500	63,951	70,451
Supplies and materials	-	1,009	1,009
Depreciation	-	533	533
Pension expense	-	3,328	3,328
Total operating expenses	6,500	106,388	112,888
Operating income	-	(14,332)	(14,332)
Nonoperating revenue			
Interest	-	162	162
Total nonoperating revenue	-	162	162
Change in net position	-	(14,170)	(14,170)
Net position - beginning	-	171,501	171,501
Net position - ending	\$ -	\$ 157,331	\$ 157,331

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, 2016

	Business-Type Activities- Enterprise Funds		
	Nonmajor Enterprise Fund American Institute for Research Housing	Local Workshops	Total
Cash flows from operating activities			
Receipts from customers	\$ 10,174	\$ 92,402	\$ 102,576
Payments to suppliers and providers of goods and services	(7,616)	(79,530)	(87,146)
Payments to employees	-	(41,603)	(41,603)
Net cash provided by (used for) operating activities	<u>2,558</u>	<u>(28,731)</u>	<u>(26,173)</u>
Cash flows from noncapital financing activities			
Cash payments (to) from other funds	<u>(2,558)</u>	<u>50,717</u>	<u>48,159</u>
Net cash provided by (used for) noncapital financing activities	<u>(2,558)</u>	<u>50,717</u>	<u>48,159</u>
Cash flows from investing activities			
Interest	<u>-</u>	<u>162</u>	<u>162</u>
Net cash provided by investing activities	<u>-</u>	<u>162</u>	<u>162</u>
Net increase in cash and cash equivalents	-	22,148	22,148
Cash and cash equivalents - beginning	<u>-</u>	<u>72,673</u>	<u>72,673</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 94,821</u>	<u>\$ 94,821</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ -	\$ (14,332)	\$ (14,332)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	533	533
Changes in assets and liabilities			
Decrease in accounts receivable	3,674	3,071	6,745
(Increase) in due from other governments	-	(2,725)	(2,725)
(Decrease) in accounts payable	(1,116)	(14,570)	(15,686)
(Decrease) in salary and benefits payable	<u>-</u>	<u>(708)</u>	<u>(708)</u>
Net cash provided by (used for) operating activities	<u>\$ 2,558</u>	<u>\$ (28,731)</u>	<u>\$ (26,173)</u>

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**FINANCIAL REPORTING ENTITY**

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

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

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

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

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



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

FINANCIAL REPORTING ENTITY (Continued)

For the period ended June 30, 2016, the Regional Office of Education No. 50 applied for, received, and administered several State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 50. Such activities are reported as a single major special revenue fund (i.e. within the Education Fund).

SCOPE OF THE REPORTING ENTITY

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

The Regional Office of Education No. 50 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education No. 50, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education No. 50 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education No. 50 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 50 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education No. 50 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

In 2016, the Regional Office of Education No. 50 implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Regional Office of Education No. 50 implemented these standards during the current year. The implementation of GASB Statement No. 73 improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 76, reduced the GAAP hierarchy to two categories of authoritative GAAP and addressed the uses of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 72, *Fair Value Measurement and Application*, also became effective for the current year, but this statement had no impact on the Regional Office of Education No. 50's financial statements.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)

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

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

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

Under the terms of grant agreements, Regional Office of Education No. 50 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is Regional Office of Education No. 50's policy to first apply restricted funds to such programs, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned, if any.

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

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

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GOVERNMENTAL FUNDS (Continued)

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.

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.

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

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

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

Major special revenue funds include the following:

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

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

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

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.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GOVERNMENTAL FUNDS (Continued)

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

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

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.

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

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

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

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

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

PROPRIETARY FUNDS

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

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

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

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

GOVERNMENTAL FUND BALANCES

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

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 National School Breakfast and Lunch account's fund balance is restricted by grant agreement or contract. The following accounts' fund balances are restricted by Illinois Statute: Institute Fund, General Education Development, and Bus Driver Training.

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

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

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

NET POSITION

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

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

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

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

BUDGET INFORMATION

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



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

BUDGET INFORMATION (Continued)

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

CASH AND CASH EQUIVALENTS

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

INVENTORY

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

CAPITAL ASSETS

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

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

COMPENSATED ABSENCES

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

COMPENSATED ABSENCES (Continued)

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

ESTIMATES

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

UNEARNED REVENUE

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

REVENUE FROM FEDERAL AND STATE GRANTS

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

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

**2 DEPOSITS AND INVESTMENTS**

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

BANK DEPOSITS

At June 30, 2016, the carrying amount of the Regional Office of Education No. 50's Government-wide deposits were \$1,176,164, and the bank balances were \$1,208,150. Of the total bank balances as of June 30, 2016, \$172,912 was invested in Illinois Funds Money Market Fund, \$784,238 was collateralized by securities pledged by the Regional Office of Education No. 50's financial institution in the name of the Regional Office, and the remaining balance was secured by federal depository insurance.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**2 DEPOSITS AND INVESTMENTS (Continued)**

CUSTODIAL CREDIT RISK

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

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

INVESTMENTS

The Regional Office of Education No. 50's, only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2016, the Regional Office of Education No. 50 had investments with carrying and fair value of \$172,912 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

**3 CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the Regional Office of Education No. 50 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases are capitalized when purchased for business-type activities. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2016:

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**3 CAPITAL ASSETS (Continued)**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental activities				
Equipment	\$ 537,571	\$ -	\$ 45,730	\$ 491,841
Furniture and fixtures	80,193	-	7,622	72,571
Governmental activities total assets	617,764	-	53,352	564,412
Less accumulated depreciation	571,462	19,278	53,352	537,388
Governmental activities investment in capital assets, net	<u>\$ 46,302</u>	<u>\$ (19,278)</u>	<u>\$ -</u>	<u>\$ 27,024</u>
Business-type activities				
Equipment	\$ 18,335	\$ -	\$ 515	\$ 17,820
Furniture and fixtures	23,332	-	-	23,332
Business-type activities total assets	41,667	-	515	41,152
Less accumulated depreciation	39,566	533	515	39,584
Business-type activities investment in capital assets, net	<u>\$ 2,101</u>	<u>\$ (533)</u>	<u>\$ -</u>	<u>\$ 1,568</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, 2016 of \$19,278 and \$533 was charged to governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

**4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND**

IMRF PLAN DESCRIPTION

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

BENEFITS PROVIDED

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

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

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

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

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2015, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	39
Inactive Plan Members entitled to but not yet receiving benefits	65
Active Plan Members	22
Total	126

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

CONTRIBUTIONS

As set by statute, the Regional Office of Education No. 50's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 50's annual contribution rate for calendar year 2015 was 7.32%. For the calendar year ended December 31, 2015, the Regional Office of Education No. 50 contributed \$75,010 to the plan. The Regional Office of Education No. 50 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

The Regional Office of Education No. 50's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

**SINGLE DISCOUNT RATE**

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.50%.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

CHANGES IN THE NET PENSION LIABILITY (ASSET)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2014	\$ 5,510,140	\$ 5,773,038	\$ (262,898)
Changes for the year:			
Service Cost	125,347	-	125,347
Interest on the Total Pension Liability	409,694	-	409,694
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(405,982)	-	(405,982)
Changes of Assumptions	-	-	-
Contributions - Employer	-	75,010	(75,010)
Contributions - Employees	-	47,283	(47,283)
Net Investment Income	-	(213,791)	213,791
Benefit Payments, including Refunds of Employee Contributions	(231,297)	(231,297)	-
Other (Net Transfer)	-	30,086	(30,086)
Net Changes	<u>(102,238)</u>	<u>(292,709)</u>	<u>190,471</u>
Balances at December 31, 2015	<u>\$ 5,407,902</u>	<u>\$ 5,480,329</u>	<u>\$ (72,427)</u>

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability (Asset)	\$ 528,945	\$ (72,427)	\$ (548,287)

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

For the year ended June 30, 2016, the Regional Office of Education No. 50 recognized pension expense of \$64,409. At June 30, 2016, the Regional Office of Education No. 50 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actuarial experience	\$ -	\$ 158,266
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	525,213	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	525,213	158,266
<i>Pension contributions made subsequent to the measurement date</i>		
	42,441	-
Total Deferred Amounts Related to Pensions	\$ 567,654	\$ 158,266

\$42,441 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2017.

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

Year Ending December 31	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2016	\$ (25,356)	\$ -
2017	132,910	-
2018	132,910	-
2019	126,483	-
2020	-	-
Thereafter	-	-
Total	\$ 366,947	\$ -

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

The Regional Office of Education No. 50 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

**BENEFITS PROVIDED**

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

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

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

**CONTRIBUTIONS**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 50.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

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, 2016, the State of Illinois contributions recognized by the Regional Office of Education No. 50 were based on the State's proportionate share of collective net pension liability associated with the Regional Office of Education No. 50, and the Regional Office of Education No. 50 recognized revenue and expenditures of \$417,044 in pension contributions from the State of Illinois.

2.2 FORMULA CONTRIBUTIONS

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ending June 30, 2016 were \$5,495 and are deferred because they were paid after the June 30, 2015 measurement date.

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS

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

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$647,654 were paid from federal and special trust funds that required employer contributions of \$233,544. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

EMPLOYER RETIREMENT COST CONTRIBUTIONS

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

The Regional Office of Education No. 50 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Regional Office of Education No. 50 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

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

At June 30, 2016, the Regional Office of Education No. 50 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employers proportionate share of the net pension liability	\$	3,147,037
State's proportionate share of the net pension liability associated with the employer		<u>5,090,341</u>
	<u>\$</u>	<u>8,237,378</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The Regional Office of Education No. 50's proportion of the net pension liability was based on the Regional Office of Education No. 50's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education No. 50's proportion was 0.0048038980 percent, which was an increase of .0011726141 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Regional Office of Education No. 50 recognized pension expense of \$417,044 and revenue of \$417,044 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education No. 50 recognized pension expense of \$74,932. At June 30, 2016, the Regional Office of Education No. 50 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,169	\$ 3,450
Net difference between projected and actual earnings on pension plan investments	62,325	110,199
Changes of assumptions	43,520	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	597,170	1,029,794
Employer contributions subsequent to the measurement date	<u>239,039</u>	<u>-</u>
	<u>\$ 943,223</u>	<u>\$ 1,143,443</u>

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

\$239,039 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education No. 50 as a reduction of their net pension liabilities in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(188,691)
2018		(188,691)
2019		(188,691)
2020		126,814
		<u>126,814</u>
	\$	<u>(439,259)</u>

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.00 percent
Salary increase:	Varies by amount of service credit
Investment rate of return:	7.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.50 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.00 percent to 7.50 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Large cap	18%	7.53%
Global equity excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic real estate	4%	9.09%
ARS	8%	2.57%
Risk parity	8%	4.87%
Diversified inflation strategy	1%	3.26%
Private equity	14%	12.33%
	<u>100%</u>	

**DISCOUNT RATE**

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

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

The following presents the Regional Office of Education No. 50's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 3,888,966	\$ 3,147,037	\$ 2,538,635

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

TRS FIDUCIARY NET POSITION

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**6 OTHER POST EMPLOYMENT BENEFITS**

TEACHER'S HEALTH INSURANCE SECURITY FUND

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

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

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

ON BEHALF CONTRIBUTIONS TO THIS FUND

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 50. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$11,871, and the 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, 2015 and June 30, 2014, were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of the Regional Office of Education employees were \$8,018 and \$1,435, respectively.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**6 OTHER POST EMPLOYMENT BENEFITS (Continued)**

EMPLOYER CONTRIBUTIONS TO THIS FUND

The Regional Office of Education No. 50 also makes contributions to the THIS Fund. The Regional Office of Education No. 50's THIS Fund contribution was 0.80 percent during the year ended June 30, 2016, and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education No. 50 paid \$7,602 to the THIS Fund. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education No. 50 paid \$5,974 and \$4,854, 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."

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](http://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, 2016, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

	Plan A	Plan B	Plan C
Employee (Retiree)	\$764	\$692	\$596
Employee + spouse	\$1,576	\$1,424	\$1,234
Employee + child(ren)	\$1,524	\$1,372	\$1,191
Family	\$1,696	\$1,530	\$1,328

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



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**6 OTHER POST EMPLOYMENT BENEFITS (Continued)**

FUNDING POLICY (Continued)

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, 2016 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, 2016, June 30, 2015 and June 30, 2014 were \$295,999, \$331,862, and \$308,914, respectively, which equaled the contractually required contributions each year.

**7 INTERFUND ACTIVITY**

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2016 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	\$ 55,839	\$ 400
Education Fund	-	113,722
Proprietary Fund	<u>61,283</u>	<u>3,000</u>
Total	<u>\$ 117,122</u>	<u>\$ 117,122</u>

**8 RISK MANAGEMENT**

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**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, 2016, were as follows:

Salaries and benefits	\$ 348,531
Purchased services	<u>77,177</u>
	<u>\$ 425,708</u>

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

Regional Superintendent Salary	\$ 112,008
Regional Superintendent Fringe Benefit (Includes State paid insurance)	24,875
Assistant Regional Superintendent Salary	100,812
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	38,334
THIS Contributions	<u>11,871</u>
Total	<u>\$ 287,900</u>

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

The Regional Office of Education No. 50 also recorded \$417,044 in revenue and expenses as on behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 50 has not included any on behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

St. Clair County on behalf payments	\$ 425,708
State of Illinois on behalf payments	287,900
ROE No. 50's share of TRS pension expense	<u>417,044</u>
Total	<u>\$ 1,130,652</u>

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**10 DUE TO/FROM OTHER GOVERNMENTS**

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

Due from Other Governments

General Fund

School Districts	\$	70,654
St. Clair County		324

Education Fund

Illinois State Board of Education	211,618
Other Regional Offices of Education	33,150
School Districts	86,693
St. Clair County	2,270

Institute Fund

School Districts	195
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Nonmajor Special Revenue Funds

School Districts	40
State of Illinois	1,874

Local Workshops Fund

School Districts	2,725
	<u>\$ 409,543</u>

Due to Other Governments

General Fund

Other Regional Offices of Education	\$	105
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Education Fund

Other Regional Offices of Education	100,778
School Districts	21,468
	<u>\$ 122,351</u>

**11 OPERATING LEASES**

The Regional Office of Education No. 50 entered into an operating lease for its Belleville office space. Rent expense for the building for fiscal year 2016 totaled \$112,000. Rental payments of \$9,333 per month were required through January 31, 2012. At that time the terms of the lease were informally extended until further notice. St. Clair County provides the Regional Office of Education No. 50 with rent subsidies under this agreement of \$4,167 per month. The lease may be cancelled by the Regional Office of Education No. 50 upon 365 days written notification to the landlord, St. Clair County.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

**11 OPERATING LEASES (Continued)**

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

**12 DEFICIT FUND BALANCE**

Because some revenues from the State of Illinois will not be collected for several months after the Regional Office's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. The deferral of the revenues caused a deficit fund balance of \$3,834 in the Truants Alternative Optional Education Program and \$10,586 in the Title I School Improvement Grant - Lincoln fund accounts as of June 30, 2016.

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

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

	2015*	2014*
Employer's proportion of the net pension liability	0.0048038980%	0.0036312839%
Employer's proportionate share of the net pension liability	\$ 3,147,037	\$ 2,209,937
State's proportionate share of the net pension liability associated with the employer	5,090,341	4,159,304
Total	\$ 8,237,378	\$ 6,369,241
Employer's covered-employee payroll	\$ 919,796	\$ 681,628
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	342.1%	324.2%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

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

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

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

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

Notes to Required Supplementary Information

Changes of assumptions

Amounts reported in 2015 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.00 percent and real return of 4.50 percent, and salary increases of 5.75 percent.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Illinois Municipal Retirement Fund

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

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate\*

Valuation Date:

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

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	28-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.5%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

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

Notes to Schedule:

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

See accompanying Independent Auditors' Report.



SUPPLEMENTAL INFORMATION

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND

JUNE 30, 2016

	ESR General Operations Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Employee Activity Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 76,101	\$ 98	\$ 4,674	\$ 73
Due from other funds	-	-	-	-
Due from other governments				
Local	324	-	-	-
	<u>76,425</u>	<u>98</u>	<u>4,674</u>	<u>73</u>
Total assets	<u>\$ 76,425</u>	<u>\$ 98</u>	<u>\$ 4,674</u>	<u>\$ 73</u>
<b>Liabilities</b>				
Accounts payable	\$ 319	\$ 98	\$ 4,674	\$ 73
Salary and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments				
Local	-	-	-	-
	<u>319</u>	<u>98</u>	<u>4,674</u>	<u>73</u>
Total liabilities	<u>319</u>	<u>98</u>	<u>4,674</u>	<u>73</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund balance</b>				
Assigned	-	-	-	-
Unassigned	76,106	-	-	-
	<u>76,106</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>76,106</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 76,425</u>	<u>\$ 98</u>	<u>\$ 4,674</u>	<u>\$ 73</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND

JUNE 30, 2016

	Young Authors Conference	General State Aid- Sec 18-8	Building Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 3,766	\$ 460,487	\$ 63,773	\$ 608,972
Due from other funds	-	55,839	-	55,839
Due from other governments				
Local	-	70,654	-	70,978
	<u>3,766</u>	<u>586,980</u>	<u>63,773</u>	<u>735,789</u>
Total assets	<u>\$ 3,766</u>	<u>\$ 586,980</u>	<u>\$ 63,773</u>	<u>\$ 735,789</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 3,887	\$ 374	\$ 9,425
Salary and benefits payable	-	28,436	1,741	30,177
Due to other funds	-	-	400	400
Due to other governments				
Local	-	105	-	105
	<u>-</u>	<u>32,428</u>	<u>2,515</u>	<u>40,107</u>
Total liabilities	<u>-</u>	<u>32,428</u>	<u>2,515</u>	<u>40,107</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	18,495	-	18,495
	<u>-</u>	<u>18,495</u>	<u>-</u>	<u>18,495</u>
<b>Fund balance</b>				
Assigned	3,766	-	61,258	65,024
Unassigned	-	536,057	-	612,163
	<u>3,766</u>	<u>536,057</u>	<u>61,258</u>	<u>677,187</u>
Total fund balance	<u>3,766</u>	<u>536,057</u>	<u>61,258</u>	<u>677,187</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 3,766</u>	<u>\$ 586,980</u>	<u>\$ 63,773</u>	<u>\$ 735,789</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	ESR General Operations Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Employee Activity Fund
<b>Revenues</b>				
Local sources	\$ 31,108	\$ -	\$ -	\$ -
On-behalf payments - local	425,708	-	-	-
State sources	-	-	-	-
On-behalf payments - state	287,900	-	-	-
Interest	112	-	-	-
	<u>744,828</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues				
<b>Expenditures</b>				
Salaries and benefits	1,680	-	-	-
Purchased services	4,839	-	-	145
Supplies and materials	330	-	-	-
Other objects	385	-	-	-
Pension expense	30,260	-	-	-
Payments made on-behalf of region	713,608	-	-	-
	<u>751,102</u>	<u>-</u>	<u>-</u>	<u>145</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(6,274)</u>	<u>-</u>	<u>-</u>	<u>(145)</u>
Net change in fund balance	(6,274)	-	-	(145)
Fund balance - beginning	<u>82,380</u>	<u>-</u>	<u>-</u>	<u>145</u>
Fund balance - ending	<u>\$ 76,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Young Authors Conference	General State Aid- Sec 18-8	Building Fund	Total
<b>Revenues</b>				
Local sources	\$ 3,275	\$ 125,795	\$ 19,519	\$ 179,697
On-behalf payments - local	-	-	-	425,708
State sources	-	274,620	-	274,620
On-behalf payments - state	-	-	-	287,900
Interest	5	839	34	990
	<u>3,280</u>	<u>401,254</u>	<u>19,553</u>	<u>1,168,915</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
Salaries and benefits	-	308,156	5,521	315,357
Purchased services	2,006	82,070	9,190	98,250
Supplies and materials	731	20,555	781	22,397
Other objects	-	55	-	440
Pension expense	-	8,676	4,060	42,996
Payments made on-behalf of region	-	-	-	713,608
	<u>2,737</u>	<u>419,512</u>	<u>19,552</u>	<u>1,193,048</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over (under) expenditures	<u>543</u>	<u>(18,258)</u>	<u>1</u>	<u>(24,133)</u>
Net change in fund balance	543	(18,258)	1	(24,133)
Fund balance - beginning	<u>3,223</u>	<u>554,315</u>	<u>61,257</u>	<u>701,320</u>
Fund balance - ending	<u>\$ 3,766</u>	<u>\$ 536,057</u>	<u>\$ 61,258</u>	<u>\$ 677,187</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50  
ST. CLAIR COUNTY

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND

JUNE 30, 2016

	McKinney-Vento Education for Homeless Children and Youth	Title I School Improvement and Accountability	Title I School Dropout Prevention Project	Mental Health Parent Resource
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments				
Local	-	-	-	2,270
State	-	-	-	-
Federal	16,939	132,690	-	-
<b>Total assets</b>	<b>\$ 16,939</b>	<b>\$ 132,690</b>	<b>\$ -</b>	<b>\$ 2,270</b>
<b>Liabilities</b>				
Accounts payable	\$ 221	\$ 6,720	\$ -	\$ 16
Salary and benefits payable	2,591	23,195	-	986
Due to other funds	14,127	1,997	-	1,268
Unearned revenue	-	-	-	-
Due to other governments				
Local	-	100,778	-	-
<b>Total liabilities</b>	<b>16,939</b>	<b>132,690</b>	<b>-</b>	<b>2,270</b>
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
Fund balance (deficit)				
Restricted	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows, and fund balance (deficit)</b>	<b>\$ 16,939</b>	<b>\$ 132,690</b>	<b>\$ -</b>	<b>\$ 2,270</b>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50  
ST. CLAIR COUNTY

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (Continued)

JUNE 30, 2016

	National School Breakfast and Lunch	Regional Safe Schools	Pilot Regional Safe School Cooperative Education Program	ROE School Services	Bilingual Education Downstate TPI
<b>Assets</b>					
Cash and cash equivalents	\$ 18,612	\$ -	\$ 12,357	\$ -	\$ 36,556
Due from other governments					
Local	-	-	-	-	-
State	48	-	-	30,506	-
Federal	-	-	-	-	-
<b>Total assets</b>	<b>\$ 18,660</b>	<b>\$ -</b>	<b>\$ 12,357</b>	<b>\$ 30,506</b>	<b>\$ 36,556</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 797	\$ -	\$ 1
Salary and benefits payable	-	-	-	-	15,023
Due to other funds	-	-	-	30,506	-
Unearned revenue	-	-	11,560	-	64
Due to other governments					
Local	-	-	-	-	21,468
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>12,357</b>	<b>30,506</b>	<b>36,556</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	-	-	-	-
<b>Fund balance (deficit)</b>					
Restricted	18,660	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>18,660</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows, and fund balance (deficit)</b>	<b>\$ 18,660</b>	<b>\$ -</b>	<b>\$ 12,357</b>	<b>\$ 30,506</b>	<b>\$ 36,556</b>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50  
ST. CLAIR COUNTY

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (Continued)

JUNE 30, 2016

	Federal Special Education Preschool Discretionary	Title II- Teacher Quality Leadership Grant	Truants Alternative Optional Education Program	Title I School Improvement Grant - Danville	Title I School Improvement Grant- Lincoln
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments					
Local	-	-	-	-	-
State	-	-	10,033	-	-
Federal	16,586	-	-	9,649	81,467
<b>Total assets</b>	<b>\$ 16,586</b>	<b>\$ -</b>	<b>\$ 10,033</b>	<b>\$ 9,649</b>	<b>\$ 81,467</b>
<b>Liabilities</b>					
Accounts payable	\$ 4,373	\$ -	\$ 291	\$ 29	\$ 9,909
Salary and benefits payable	10,280	-	4,640	4,625	28,110
Due to other funds	1,933	-	5,102	4,995	43,448
Unearned revenue	-	-	-	-	-
Due to other governments					
Local	-	-	-	-	-
<b>Total liabilities</b>	<b>16,586</b>	<b>-</b>	<b>10,033</b>	<b>9,649</b>	<b>81,467</b>
Deferred inflows of resources					
Unavailable revenue	-	-	3,834	-	10,586
Fund balance (deficit)					
Restricted	-	-	-	-	-
Unassigned	-	-	(3,834)	-	(10,586)
<b>Total fund balance (deficit)</b>	<b>-</b>	<b>-</b>	<b>(3,834)</b>	<b>-</b>	<b>(10,586)</b>
<b>Total liabilities, deferred inflows, and fund balance (deficit)</b>	<b>\$ 16,586</b>	<b>\$ -</b>	<b>\$ 10,033</b>	<b>\$ 9,649</b>	<b>\$ 81,467</b>

See accompanying Independent Auditors' Report.



REGIONAL OFFICE OF EDUCATION NO. 50  
ST. CLAIR COUNTY

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (Continued)

JUNE 30, 2016

	Title I School Improvement Grant - Bush	Title I School Improvement Grant- Mason Clark	Illinois Mathematics and Science Partnership - Science	Illinois Mathematics and Science Partnership - Math	Total
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 1	\$ 1	\$ 67,527
Due from other governments					
Local	-	-	-	-	2,270
State	-	-	-	-	40,587
Federal	5,226	6,562	9,739	12,016	290,874
<b>Total assets</b>	<b>\$ 5,226</b>	<b>\$ 6,562</b>	<b>\$ 9,740</b>	<b>\$ 12,017</b>	<b>\$ 401,258</b>
<b>Liabilities</b>					
Accounts payable	\$ 29	\$ 58	\$ 1,875	\$ 1,875	\$ 26,194
Salary and benefits payable	1,158	3,100	7,375	7,729	108,812
Due to other funds	4,039	3,404	490	2,413	113,722
Unearned revenue	-	-	-	-	11,624
Due to other governments					
Local	-	-	-	-	122,246
<b>Total liabilities</b>	<b>5,226</b>	<b>6,562</b>	<b>9,740</b>	<b>12,017</b>	<b>382,598</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	-	-	-	14,420
<b>Fund balance (deficit)</b>					
Restricted	-	-	-	-	18,660
Unassigned	-	-	-	-	(14,420)
<b>Total fund balance (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,240</b>
<b>Total liabilities, deferred inflows, and fund balance (deficit)</b>	<b>\$ 5,226</b>	<b>\$ 6,562</b>	<b>\$ 9,740</b>	<b>\$ 12,017</b>	<b>\$ 401,258</b>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	McKinney-Vento Education for Homeless Children and Youth	Title I School Improvement and Accountability	Title I School Dropout Prevention Project	Mental Health Parent Resource
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 31,398
State sources	-	-	-	-
Federal sources	49,151	1,047,107	190,599	-
Interest	3	-	-	1
Total revenues	<u>49,154</u>	<u>1,047,107</u>	<u>190,599</u>	<u>31,399</u>
Expenditures				
Salaries and benefits	33,773	418,472	133,273	26,119
Purchased services	7,099	245,252	35,236	3,375
Supplies and materials	4,966	6,249	608	247
Payments to other governmental units	596	308,509	-	-
Pension expense	2,720	68,625	21,482	1,658
Total expenditures	<u>49,154</u>	<u>1,047,107</u>	<u>190,599</u>	<u>31,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (deficit)	-	-	-	-
Fund balance (deficit) - beginning	-	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION NO. 50  
ST. CLAIR COUNTY

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

For the Year Ended June 30, 2016

	National School Breakfast and Lunch	Regional Safe Schools	Pilot Regional Safe School Cooperative Education Program	ROE School Services	Bilingual Education Downstate TPI
Revenues					
Local sources	\$ 980	\$ -	\$ -	\$ -	\$ 221,884
State sources	147	133,966	22,658	30,506	-
Federal sources	20,623	-	-	-	-
Interest	28	-	16	-	107
Total revenues	<u>21,778</u>	<u>133,966</u>	<u>22,674</u>	<u>30,506</u>	<u>221,991</u>
Expenditures					
Salaries and benefits	1,812	77,406	15,400	15,337	160,247
Purchased services	16,322	56,121	2,030	11,890	55,132
Supplies and materials	-	-	5,244	2,546	2,050
Payments to other governmental units	-	-	-	-	-
Pension expense	137	439	-	733	4,251
Total expenditures	<u>18,271</u>	<u>133,966</u>	<u>22,674</u>	<u>30,506</u>	<u>221,680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311</u>
Net change in fund balance (deficit)	3,507	-	-	-	311
Fund balance (deficit) - beginning	<u>15,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(311)</u>
Fund balance (deficit) - ending	<u>\$ 18,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50  
ST. CLAIR COUNTY

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

For the Year Ended June 30, 2016

	Federal Special Education Preschool Discretionary	Title II- Teacher Quality Leadership Grant	Truants Alternative Optional Education Program	Title I School Improvement Grant - Danville	Title I School Improvement Grant- Lincoln
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	70,000	-	-
Federal sources	489,031	6,526	-	20,568	473,672
Interest	5	-	8	-	-
<b>Total revenues</b>	<b>489,036</b>	<b>6,526</b>	<b>70,008</b>	<b>20,568</b>	<b>473,672</b>
Expenditures					
Salaries and benefits	294,694	-	61,496	15,288	290,594
Purchased services	115,851	6,526	7,495	242	112,542
Supplies and materials	42,868	-	586	-	4,636
Payments to other governmental units	865	-	-	-	-
Pension expense	34,758	-	4,265	5,038	75,340
<b>Total expenditures</b>	<b>489,036</b>	<b>6,526</b>	<b>73,842</b>	<b>20,568</b>	<b>483,112</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,834)	-	(9,440)
Net change in fund balance (deficit)	-	-	(3,834)	-	(9,440)
Fund balance (deficit) - beginning	-	-	-	-	(1,146)
Fund balance (deficit) - ending	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,834)</b>	<b>\$ -</b>	<b>\$ (10,586)</b>

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See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION NO. 50  
ST. CLAIR COUNTY

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

For the Year Ended June 30, 2016

	Title I School Improvement Grant - Bush	Title I School Improvement Grant- Mason Clark	Illinois Mathematics and Science Partnership - Science	Illinois Mathematics and Science Partnership - Math	Total
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 254,262
State sources	-	-	-	-	257,277
Federal sources	15,026	61,513	287,671	288,767	2,950,254
Interest	-	-	14	14	196
Total revenues	<u>15,026</u>	<u>61,513</u>	<u>287,685</u>	<u>288,781</u>	<u>3,461,989</u>
Expenditures					
Salaries and benefits	11,128	48,799	68,076	73,409	1,745,323
Purchased services	234	2,255	35,415	42,030	755,047
Supplies and materials	-	-	32,774	23,410	126,184
Payments to other governmental units	-	-	130,059	125,190	565,219
Pension expense	3,664	10,459	21,361	24,742	279,672
Total expenditures	<u>15,026</u>	<u>61,513</u>	<u>287,685</u>	<u>288,781</u>	<u>3,471,445</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(9,456)
Net change in fund balance (deficit)	-	-	-	-	(9,456)
Fund balance (deficit) - beginning	-	-	-	-	13,696
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,240</u>

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 47,400	\$ 60,000	\$ 49,151
Interest	-	-	3
Total revenue	<u>47,400</u>	<u>60,000</u>	<u>49,154</u>
Expenditures			
Salaries and benefits	37,860	45,562	36,493
Purchased services	7,408	8,398	7,099
Supplies and materials	732	5,390	4,966
Payments to other government units	1,400	650	596
Total expenditures	<u>47,400</u>	<u>60,000</u>	<u>49,154</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 1,338,476	\$ 1,385,145	\$ 1,047,107
Interest	-	-	-
Total revenue	<u>1,338,476</u>	<u>1,385,145</u>	<u>1,047,107</u>
Expenditures			
Salaries and benefits	696,561	696,561	487,097
Purchased services	266,357	297,376	245,252
Supplies and materials	7,797	7,797	6,249
Payments to other governmental units	367,761	383,411	308,509
Total expenditures	<u>1,338,476</u>	<u>1,385,145</u>	<u>1,047,107</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I SCHOOL DROPOUT PREVENTION PROJECT

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 1,059,925	\$ 1,059,925	\$ 190,599
Total revenue	<u>1,059,925</u>	<u>1,059,925</u>	<u>190,599</u>
Expenditures			
Salaries and benefits	707,522	707,522	154,755
Purchased services	348,503	348,503	35,236
Supplies and materials	3,900	3,900	608
Total expenditures	<u>1,059,925</u>	<u>1,059,925</u>	<u>190,599</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 133,966	\$ 133,966	\$ 133,966
Total revenue	<u>133,966</u>	<u>133,966</u>	<u>133,966</u>
Expenditures			
Salaries and benefits	77,666	77,666	77,845
Purchased services	<u>56,300</u>	<u>56,300</u>	<u>56,121</u>
Total expenditures	<u>133,966</u>	<u>133,966</u>	<u>133,966</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 41,828	\$ 41,828	\$ 22,658
Interest	-	-	16
Total revenue	<u>41,828</u>	<u>41,828</u>	<u>22,674</u>
Expenditures			
Salaries and benefits	30,999	30,999	15,400
Purchased services	6,345	5,079	2,030
Supplies and materials	4,484	5,750	5,244
Total expenditures	<u>41,828</u>	<u>41,828</u>	<u>22,674</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE SCHOOL SERVICES

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 107,954	\$ 108,062	\$ 30,506
Interest	-	-	-
Total revenue	<u>107,954</u>	<u>108,062</u>	<u>30,506</u>
Expenditures			
Salaries and benefits	60,494	44,216	16,070
Purchased services	38,456	42,350	11,890
Supplies and materials	5,004	11,839	2,546
Capital outlay	4,000	9,657	-
Total expenditures	<u>107,954</u>	<u>108,062</u>	<u>30,506</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FEDERAL SPECIAL EDUCATION PRESCHOOL DISCRETIONARY

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 489,250	\$ 489,250	\$ 489,031
Interest	-	-	5
Total revenue	<u>489,250</u>	<u>489,250</u>	<u>489,036</u>
Expenditures			
Salaries and benefits	331,507	331,281	329,452
Purchased services	135,738	116,520	115,851
Supplies and materials	20,280	40,384	42,868
Payments to other governmental units	1,725	1,065	865
Total expenditures	<u>489,250</u>	<u>489,250</u>	<u>489,036</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 6,526	\$ 6,526	\$ 6,526
Total revenue	<u>6,526</u>	<u>6,526</u>	<u>6,526</u>
Expenditures			
Purchased services	<u>6,526</u>	<u>6,526</u>	<u>6,526</u>
Total expenditures	<u>6,526</u>	<u>6,526</u>	<u>6,526</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 75,000	\$ 75,000	\$ 70,000
Interest	-	-	8
Total revenue	<u>75,000</u>	<u>75,000</u>	<u>70,008</u>
Expenditures			
Salaries and benefits	67,262	67,262	65,761
Purchased services	7,388	7,388	7,495
Supplies and materials	350	350	586
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>73,842</u>
Net change in fund balance	-	-	(3,834)
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,834)</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 21,500	\$ 21,500	\$ 20,568
Total revenue	<u>21,500</u>	<u>21,500</u>	<u>20,568</u>
Expenditures			
Salaries and benefits	20,398	20,398	20,326
Purchased services	<u>1,102</u>	<u>1,102</u>	<u>242</u>
Total expenditures	<u>21,500</u>	<u>21,500</u>	<u>20,568</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 522,949	\$ 559,679	\$ 473,672
Total revenue	<u>522,949</u>	<u>559,679</u>	<u>473,672</u>
Expenditures			
Salaries and benefits	365,824	402,405	365,934
Purchased services	124,363	124,512	112,542
Supplies and materials	32,762	32,762	4,636
Total expenditures	<u>522,949</u>	<u>559,679</u>	<u>483,112</u>
Net change in fund balance	-	-	(9,440)
Fund balance (deficit) - beginning	-	-	(1,146)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,586)</u>

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

See accompanying Independent Auditors' Report.



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 16,000	\$ 49,688	\$ 15,026
Total revenue	<u>16,000</u>	<u>49,688</u>	<u>15,026</u>
Expenditures			
Salaries and benefits	14,917	48,091	14,792
Purchased services	1,083	1,597	234
Total expenditures	<u>16,000</u>	<u>49,688</u>	<u>15,026</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 64,912	\$ 64,912	\$ 61,513
Total revenue	<u>64,912</u>	<u>64,912</u>	<u>61,513</u>
Expenditures			
Salaries and benefits	59,725	59,725	59,258
Purchased services	<u>5,187</u>	<u>5,187</u>	<u>2,255</u>
Total expenditures	<u>64,912</u>	<u>64,912</u>	<u>61,513</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 250,000	\$ 250,000	\$ 287,671
Interest	-	-	14
Total revenue	<u>250,000</u>	<u>250,000</u>	<u>287,685</u>
Expenditures			
Salaries and benefits	98,371	101,059	89,437
Purchased services	20,777	21,010	35,415
Supplies and materials	11,402	5,281	32,774
Payments to other governmental units	119,450	122,650	130,059
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>287,685</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 250,000	\$ 250,000	\$ 288,767
Interest	-	-	14
Total revenue	<u>250,000</u>	<u>250,000</u>	<u>288,781</u>
Expenditures			
Salaries and benefits	96,241	102,452	98,151
Purchased services	27,799	24,308	42,030
Supplies and materials	3,740	3,740	23,410
Payments to other governmental units	122,220	119,500	125,190
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>288,781</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2016

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 90,168	\$ 30,158	\$ 120,326
Accounts receivable	-	270	270
Due from other governments			
Local	-	40	40
State	-	1,874	1,874
	<u>90,168</u>	<u>32,342</u>	<u>122,510</u>
Total assets	<u>\$ 90,168</u>	<u>\$ 32,342</u>	<u>\$ 122,510</u>
Liabilities			
Salary and benefits payable	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 64</u>
Deferred inflows of resources			
Unavailable revenue	<u>-</u>	<u>50</u>	<u>50</u>
Fund balance			
Restricted	<u>90,168</u>	<u>32,228</u>	<u>122,396</u>
Total fund balance	<u>90,168</u>	<u>32,228</u>	<u>122,396</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 90,168</u>	<u>\$ 32,342</u>	<u>\$ 122,510</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2016

	General Education Development	Bus Driver Training	Total
Revenues			
Local sources	\$ 2,857	\$ 7,956	\$ 10,813
State sources	-	1,874	1,874
Interest	146	46	192
Total revenues	<u>3,003</u>	<u>9,876</u>	<u>12,879</u>
Expenditures			
Salaries and benefits	-	2,067	2,067
Purchased services	770	3,227	3,997
Supplies and materials	40	-	40
Total expenditures	<u>810</u>	<u>5,294</u>	<u>6,104</u>
Excess of revenues over expenditures	<u>2,193</u>	<u>4,582</u>	<u>6,775</u>
Net change in fund balance	2,193	4,582	6,775
Fund balance - beginning	<u>87,975</u>	<u>27,646</u>	<u>115,621</u>
Fund balance - ending	<u>\$ 90,168</u>	<u>\$ 32,228</u>	<u>\$ 122,396</u>

See accompanying Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

<b><u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Project # or Contract #</u></b>	<b><u>Passed Through to Subrecipients</u></b>	<b><u>Total Federal Expenditures</u></b>
<b>U.S. Department of Education</b>				
High School Graduation Initiative - <i>Title I School Dropout Prevention Project</i>	84.360A	S360A100078		\$ 190,599
<b>Passed-Through Illinois State Board of Education</b>				
Title, Part A - Grants to Local Educational Agencies - <i>Title I School Improvement and Accountability</i>	M 84.010A	16-4331-SS	308,509	1,047,107
Improving Special Education Preschool Grants <i>Federal Special Education Preschool Discretionary</i>	84.173A	16-4605-00		489,031
Improving Teacher Quality State Grants <i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	16-4935-02		6,526
Mathematics and Science Partnerships				
<i>Title II - Math-Science Partnership - Math Area Partnership</i>	M 84.366B	16-4936-MA		106,390
<i>Title II - Math-Science Partnership - Math Area Partnership</i>	M 84.366B	15-4936-MA		182,377
<i>Title II - Math-Science Partnership - Science Area Partnership</i>	M 84.366B	16-4936-SA		96,990
<i>Title II - Math-Science Partnership - Science Area Partnership</i>	M 84.366B	15-4936-SA		190,681
Total Mathematics and Science Partnerships				<u>576,438</u>
<b>Passed-Through Bond, Fayette, Effingham Regional Office of Education #3</b>				
Education for Homeless Children and Youth <i>McKinney-Vento Education for Homeless Children and Youth</i>	84.196A	16-4920-00		49,151
<b>Passed-Through East St. Louis School District #189</b>				
School Improvement Grants				
<i>School Improvement Grant - Lincoln School</i>	84.377A	16-4339-13		483,112
<i>School Improvement Grant - Bush School</i>	84.377A	16-4339-16		15,026
<b>Passed-Through Macon-Piatt ROE #39</b>				
School Improvement Grants				
<i>School Improvement Grant - Mason Clark School</i>	84.377A	16-4339-14		61,513
<i>School Improvement Grant - Danville School</i>	84.377A	15-4339-39		20,568
Total School Improvement Grants				<u>580,219</u>
Total U.S. Department of Education			<u>308,509</u>	<u>2,939,071</u>
<b>U.S. Department of Agriculture</b>				
<b>Passed-Through Illinois State Board of Education</b>				
Child Nutrition Cluster				
<i>School Breakfast Program</i>	10.553	16-4220-00		4,489
<i>School Breakfast Program</i>	10.553	15-4220-00		655
Total School Breakfast Program				<u>5,144</u>
<i>National School Lunch Program</i>	10.555	16-4210-00		13,107
<i>National School Lunch Program</i>	10.555	15-4210-00		2,372
Total National School Lunch Program				<u>15,479</u>
Total Child Nutrition Cluster				<u>20,623</u>
<b>Total Federal Awards</b>			<u>\$ 308,509</u>	<u>\$ 2,959,694</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.



ST. CLAIR COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

**1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Regional Office of Education No. 50 under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education No. 50, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Regional Office of Education No. 50. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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