

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, 2019

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, 2019

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ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

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REGIONAL OFFICE OF EDUCATION NO. 50

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ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

OFFICIALS

For the Year Ended June 30, 2019

Regional Superintendent
(Current and During the Audit Period)

Ms. Susan Sarfaty

Assistant Regional Superintendent
(Current and During the Audit Period)

Dr. Mark Eichenlaub

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, 2019

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

None

FINDINGS AND QUESTIONED COSTS (*FEDERAL COMPLIANCE*)

None

PRIOR AUDIT FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR AUDIT FINDINGS NOT REPEATED (*FEDERAL COMPLIANCE*)

None

EXIT CONFERENCE

An informal exit conference was held with the management of St. Clair County Regional Office of Education No. 50 on October 31, 2019. There were no findings to discuss.

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

For the Year Ended June 30, 2019

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, 2019, 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 from 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15a through 15h, and the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Illinois Municipal Retirement Fund, Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund, Schedule of Employer Contributions - Teacher's Health Insurance Security Fund, Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability - Teacher's Health Insurance Security Fund, and Schedule of Changes in the Regional Office of Education's Total OPEB Liability and Related Ratios - Post-Retirement Health Plan on pages 64 through 70 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, budgetary comparison schedules, combining fund financial statements and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of 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, budgetary comparison schedules, combining fund financial statements and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, budgetary comparison schedules, combining fund financial statements and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of the St. Clair County Regional Office of Education No. 50's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the St. Clair County Regional Office of Education No. 50's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Clair County Regional Office of Education No. 50's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 30, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise St. Clair County Regional Office of Education No. 50's basic financial statements, and have issued our report thereon dated April 30, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 30, 2019

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, 2019. 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, 2019.

Report on Internal Control Over Compliance

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

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

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

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

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 30, 2019

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements in accordance with GAAP

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs

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

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

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

Identification of major federal programs:

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

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

Auditee qualified as low-risk auditee? No

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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, 2019

Section III - Federal Award Findings

None

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2019

None

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, 2019

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, 2019. 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.

2019 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 deficit in net position of the ROE's governmental activities on June 30, 2019 was \$3,041,284. This deficit is due to the ROE recognizing a net pension and OPEB liabilities totaling \$1,461,519 and related deferred inflows of \$4,427,339. The deficit in net position decreased by \$732,406 or 19.4% from the deficit in net position of \$3,773,690 reported at June 30, 2018. The net position of the ROE's enterprise fund was \$174,560, representing a decrease of \$22,633 or 11.5% from fiscal year 2018. The total deficit in net position for the ROE primary government is \$2,866,724 which represents a decrease in the deficit by \$709,773 or 19.8% from fiscal year 2018. The governmental activities and overall decrease in deficit in net position is primarily due to changes in balances related to pension and OPEB plans. There was a decrease in the State of Illinois Teachers' Retirement System (TRS) net pension liability and OPEB liabilities. Further, TRS, IMRF and OPEB deferred outflows decreased by \$478,849, and TRS, IMRF, and OPEB deferred inflows increased by \$3,289,686.
- General governmental revenues account for \$2,002,571 in revenue, or 49.6% of all governmental revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,032,420 or 50.4% of total governmental revenues.
- The ROE governmental activities had \$3,302,585 in expenses; only \$2,032,420 of these expenses were offset by operating grants and contributions. The ROE had adequate general revenues and other reserves to provide for the rest of the ROE's expenses.
- Among major funds, the General Fund had \$1,331,981 in revenues and \$1,381,694 in expenditures. The General Fund's fund balance decreased by \$49,713 or 6.8% from the prior year.
- No additional capital assets were purchased during the year. In the governmental activities, capital assets net of depreciation decreased by \$11,736. In the Enterprise Fund, capital assets net of depreciation decreased by \$374. For the combined total, capital assets net of depreciation decreased by \$12,110.
- 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, 2019

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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the ROE is improving or deteriorating.

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

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

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

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

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

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

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

For the Year Ended June 30, 2019

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

Proprietary funds. The Enterprise/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 ROE's proprietary statements can be found on pages 22 – 24.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 63 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 64 – 70 of this report.

The ROE does not adopt a combined annual operating budget for all funds, but does adopt individual budgets for some grants in the Education Fund. A budgetary comparison statement has been provided for those grants in the Education Fund. This supplemental information can be found on pages 83 – 93 of this report.

Additionally, a Schedule of Expenditures of Federal Awards is required by the Uniform Guidance and can be found on page 96 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 \$2,866,724 as of June 30, 2019.

The ROE's Net Position includes assets of \$649,717 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. It also includes capital assets of \$18,907. However, the ROE's net position is severely impacted by the net liability of \$1,461,519 which includes \$69,291 for the State of Illinois Teachers' Retirement System (TRS), \$546,201 for Illinois Municipal Retirement Fund (IMRF) and \$846,027 for the OPEB liabilities as well as deferred inflows of \$3,806,777, \$76,123 and \$544,439 for TRS, IMRF and OPEB, respectively, which results in the negative net position of \$2,866,724.

The ROE's financial position is a product of several financial transactions including the net result of activities, the 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, 2019 compared to prior year.

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

For the Year Ended June 30, 2019

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2019	2018	2019	2018	2019
Current assets	\$ 1,600,253	\$ 1,638,682	\$ 203,723	\$ 176,762	\$ 1,803,976	\$ 1,815,444
Capital assets	30,279	18,543	738	364	31,017	18,907
Net pension asset	314,557	-	-	-	314,557	-
Total Assets	<u>1,945,089</u>	<u>1,657,225</u>	<u>204,461</u>	<u>177,126</u>	<u>2,149,550</u>	<u>1,834,351</u>
Deferred outflows	1,896,782	1,417,933	-	-	1,896,782	1,417,933
Current liabilities	274,211	227,584	7,268	2,566	281,479	230,150
Net pension liability	4,915,019	615,492	-	-	4,915,019	615,492
OPEB liabilities	1,288,678	846,027	-	-	1,288,678	846,027
Total Liabilities	<u>6,477,908</u>	<u>1,689,103</u>	<u>7,268</u>	<u>2,566</u>	<u>6,485,176</u>	<u>1,691,669</u>
Deferred inflows	<u>1,137,653</u>	<u>4,427,339</u>	-	-	<u>1,137,653</u>	<u>4,427,339</u>
Net position						
Investment in						
capital assets	30,279	18,543	738	364	31,017	18,907
Restricted - other	905,079	649,717	-	-	905,079	649,717
Unrestricted	<u>(4,709,048)</u>	<u>(3,709,544)</u>	<u>196,455</u>	<u>174,196</u>	<u>(4,512,593)</u>	<u>(3,535,348)</u>
Total Net Position	<u>\$ (3,773,690)</u>	<u>\$ (3,041,284)</u>	<u>\$ 197,193</u>	<u>\$ 174,560</u>	<u>\$ (3,576,497)</u>	<u>\$ (2,866,724)</u>

Changes in net position. The ROE's total revenues for the fiscal year ended June 30, 2019 were \$4,134,588. The total cost of all programs and services was \$3,424,815. The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2018 and 2019.

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

For the Year Ended June 30, 2019

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2018	2019	2018	2019	2018	2019	2018-2019
Revenues:							
Program revenues:							
Operating grants/ contributions	\$ 2,785,591	\$ 2,032,420	\$ -	\$ -	\$ 2,785,591	\$ 2,032,420	-27.0%
Charges for services	-	-	80,315	98,838	80,315	98,838	23.1%
General revenues:							
Local sources	440,132	525,026	-	-	440,132	525,026	19.3%
State sources	275,402	289,011	-	-	275,402	289,011	4.9%
On behalf payments							
Local	383,545	399,362	-	-	383,545	399,362	4.1%
State	1,058,996	774,438	-	-	1,058,996	774,438	-26.9%
Interest	12,504	14,734	1,816	759	14,320	15,493	8.2%
Total revenues	<u>4,956,170</u>	<u>4,034,991</u>	<u>82,131</u>	<u>99,597</u>	<u>5,038,301</u>	<u>4,134,588</u>	<u>-17.9%</u>
Expenses:							
Instructional services/ intergovernmental	4,052,574	2,128,785	-	-	4,052,574	2,128,785	-47.5%
On behalf payments	1,442,541	1,173,800	-	-	1,442,541	1,173,800	-18.6%
Workshop/testing expenses	-	-	60,797	122,230	60,797	122,230	101.0%
Total expenses	<u>5,495,115</u>	<u>3,302,585</u>	<u>60,797</u>	<u>122,230</u>	<u>5,555,912</u>	<u>3,424,815</u>	<u>-38.4%</u>
Increase (decrease) in net position	(538,945)	732,406	21,334	(22,633)	(517,611)	709,773	237.1%
Net position	<u>(3,234,745)</u>	<u>(3,773,690)</u>	<u>175,859</u>	<u>197,193</u>	<u>(3,058,886)</u>	<u>(3,576,497)</u>	<u>-16.9%</u>
Net position – ending	<u>\$ (3,773,690)</u>	<u>\$ (3,041,284)</u>	<u>\$ 197,193</u>	<u>\$ 174,560</u>	<u>\$ (3,576,497)</u>	<u>\$ (2,866,724)</u>	<u>19.8%</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

Governmental activities. The following table presents the cost of two major ROE functional activities: instructional services and administrative expenses. Administrative expenses include social work and guidance services, operation & maintenance, pupil transportation, 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 decreased 47.5% due to the decrease in operating grants and state revenue as well as a significant decrease in the Employer's proportionate share of the net pension liability.

	Total Expenses	Net (Expense) Revenue
Instructional services	\$ 2,128,785	\$ (96,365)
Administrative expense	1,173,800	(1,173,800)
Total expenses	\$ 3,302,585	\$ (1,270,165)

Enterprise activities. The following table presents the cost of the ROE's workshop fund. The majority of related expenses are salaries and benefits, contract labor and travel, and supplies and materials for the workshop seminars. The table also shows the fund's net cost (total cost less charges for services generated by the activities). Total expense are up from 2018 due to the increase in technology expenses as well as additional workshops offered due to the loss of Foundational Services funding.

	Total Expenses	Net (Expense) Revenue
Workshop/testing costs	\$ 122,230	\$ (23,392)

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 \$1,314,942 which is a decrease of only \$2,403 from 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, 2019, decreased by \$49,713 due to unavailable revenue. The fund balance of Other Governmental Funds showed a combined net increase of \$47,310. \$50,764 of this increase was in Institute Fund and was the result of higher than normal registration and application fees. Teachers pay fees on a 5 year cycle, which does not match the flow of teacher training expenses.

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

For the Year Ended June 30, 2019

Enterprise Funds. The net position reported in the Enterprise Fund as of June 30, 2019 was \$174,560, a decrease of \$22,633. The decrease was a result of an increase in technology salaries paid by the Enterprise Fund as well as additional workshops being offered. 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, 2019, the ROE's total capital assets at cost for Governmental Activities and Business-type Activities were \$444,619 and \$38,486 respectively, including furniture and equipment. This amount represents a decrease of \$67,576 for the Governmental Activities and a decrease of \$712 for the Business-type Activities from the previous year. There were no capital asset additions during fiscal year 2019. Capital asset deletions during fiscal year 2019 totaled \$67,576 and \$712 for Governmental Activities and Business-type activities, respectively.

Total accumulated depreciation as of June 30, 2019 for Governmental Activities and Business-type Activities was \$426,076 and \$38,122 respectively, and total depreciation expense for Governmental Activities and Business-type Activities for the fiscal year 2019 was \$11,736 and \$374 respectively, and prior depreciation on assets deleted in fiscal year 2019 was \$67,576 for Governmental Activities and \$712 for Business-type Activities, resulting in total Investment in Capital Assets at June 30, 2019 for Governmental Activities and Business Type Activities of \$18,543 and \$364 respectively. Overall, net capital assets decreased \$11,736 for Governmental Activities and decreased \$374 for Business-type Activities compared to June 30, 2018.

Additional information on the ROE's capital assets can be found in Note 3 on pages 37 – 38 of this report.

Debt Administration. At June 30, 2019, the ROE had no long term debt.

Current Issues

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

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

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

For the Year Ended June 30, 2019

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 \$615,492 of net pension liabilities for the ROE in fiscal year 2019, which includes \$69,291 for TRS and \$546,201 for IMRF.

The unassigned fund balance of the ROE has been sufficient to handle the most recent economic downturn and state budget impasses. State funding for core grant programs has decreased significantly. The Safe School program and ROE School Services grant have each been cut 65% since 2009. In addition, General State Aid continues to be prorated, further reducing funds available for the Safe School Program. The ROE continues to charge tuition to offset the shortfall in Safe School and this has covered the deficit in this program for 2019. A Professional Development Coop continues to provide adequate funding for workshops requested by school districts. These measures will allow the ROE to maintain all services for the coming year without exhausting limited reserves.

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

CONTACTING THE ROE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

STATEMENT OF NET POSITION

June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,380,119	\$ 87,785	\$ 1,467,904
Accounts receivable	694	125	819
Due from (to) other funds	(87,777)	87,777	-
Due from other governments	345,646	1,075	346,721
Total current assets	<u>1,638,682</u>	<u>176,762</u>	<u>1,815,444</u>
Noncurrent assets:			
Capital assets, net of depreciation	18,543	364	18,907
Total noncurrent assets	<u>18,543</u>	<u>364</u>	<u>18,907</u>
Total assets	<u>1,657,225</u>	<u>177,126</u>	<u>1,834,351</u>
Deferred outflows of resources:			
Deferred outflows related to pensions and OPEB	1,417,933	-	1,417,933
Liabilities			
Current liabilities:			
Accounts payable	15,400	413	15,813
Salary and benefits payable	91,077	2,153	93,230
Due to other governments:	121,107	-	121,107
Total current liabilities	<u>227,584</u>	<u>2,566</u>	<u>230,150</u>
Noncurrent liabilities:			
Net pension liability	615,492	-	615,492
OPEB liabilities	846,027	-	846,027
Total noncurrent liabilities	<u>1,461,519</u>	<u>-</u>	<u>1,461,519</u>
Total liabilities	<u>1,689,103</u>	<u>2,566</u>	<u>1,691,669</u>
Deferred inflows of resources:			
Deferred inflows related to pensions and OPEB	4,427,339	-	4,427,339
Net position			
Net investment in capital assets	18,543	364	18,907
Restricted - other	649,717	-	649,717
Unrestricted	(3,709,544)	174,196	(3,535,348)
Total net position	<u>\$ (3,041,284)</u>	<u>\$ 174,560</u>	<u>\$ (2,866,724)</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, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,627,645	\$ -	\$ 1,175,132	\$ (452,513)	\$ -	\$ (452,513)
Purchased services	875,952	-	655,563	(220,389)	-	(220,389)
Supplies and materials	92,829	-	69,372	(23,457)	-	(23,457)
Other objects	90	-	-	(90)	-	(90)
Pension revenue	(562,242)	-	35,445	597,687	-	597,687
OPEB revenue	(9,740)	-	4,297	14,037	-	14,037
Depreciation	11,736	-	-	(11,736)	-	(11,736)
Intergovernmental:						
Payments to other governments	92,515	-	92,611	96	-	96
Administrative:						
On-behalf payments - local	399,362	-	-	(399,362)	-	(399,362)
On-behalf payments - state	774,438	-	-	(774,438)	-	(774,438)
Total governmental activities	<u>3,302,585</u>	<u>-</u>	<u>2,032,420</u>	<u>(1,270,165)</u>	<u>-</u>	<u>(1,270,165)</u>
Business-type activities						
Fees for services	122,230	98,838	-	-	(23,392)	(23,392)
Total business-type activities	<u>122,230</u>	<u>98,838</u>	<u>-</u>	<u>-</u>	<u>(23,392)</u>	<u>(23,392)</u>
Total primary government	<u>\$ 3,424,815</u>	<u>\$ 98,838</u>	<u>\$ 2,032,420</u>	<u>(1,270,165)</u>	<u>(23,392)</u>	<u>(1,293,557)</u>
General Revenues:						
Local sources				525,026	-	525,026
State sources				289,011	-	289,011
On-behalf payments - local				399,362	-	399,362
On-behalf payments - state				774,438	-	774,438
Interest				14,734	759	15,493
Total general revenues				<u>2,002,571</u>	<u>759</u>	<u>2,003,330</u>
Change in net position				732,406	(22,633)	709,773
Net position - beginning				<u>(3,773,690)</u>	<u>197,193</u>	<u>(3,576,497)</u>
Net position - ending				<u>\$ (3,041,284)</u>	<u>\$ 174,560</u>	<u>\$ (2,866,724)</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, 2019

	General Fund	Education Fund	Institute Fund	Nonmajor Funds	Eliminations	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 628,396	\$ 127,910	\$ 497,218	\$ 126,595	\$ -	\$ 1,380,119
Accounts receivable	694	-	-	-	-	694
Due from other funds	32,215	-	-	-	(32,215)	-
Due from other governments	148,264	197,032	-	350	-	345,646
Total assets	\$ 809,569	\$ 324,942	\$ 497,218	\$ 126,945	\$ (32,215)	\$ 1,726,459
Liabilities						
Accounts payable	\$ 9,645	\$ 5,639	\$ -	\$ 116	\$ -	\$ 15,400
Salary and benefits payable	37,938	52,133	430	576	-	91,077
Due to other funds	-	119,992	-	-	(32,215)	87,777
Due to other governments	605	120,459	43	-	-	121,107
Total liabilities	48,188	298,223	473	692	(32,215)	315,361
Deferred inflows of resources						
Unavailable revenue	78,762	17,394	-	-	-	96,156
Fund balance						
Restricted	-	26,719	496,745	126,253	-	649,717
Assigned	136,585	-	-	-	-	136,585
Unassigned	546,034	(17,394)	-	-	-	528,640
Total fund balance	682,619	9,325	496,745	126,253	-	1,314,942
Total liabilities, deferred inflows, and fund balance	\$ 809,569	\$ 324,942	\$ 497,218	\$ 126,945	\$ (32,215)	\$ 1,726,459

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, 2019

Total fund balances - governmental funds		\$ 1,314,942
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		18,543
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		96,156
Pension and OPEB 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	\$ 708,938	
TRS deferred outflows of resources	641,401	
OPEB deferred outflows of resources	67,594	
IMRF deferred inflows of resources	(76,123)	
TRS deferred inflows of resources	(3,806,777)	
OPEB deferred inflows of resources	<u>(544,439)</u>	(3,009,406)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
IMRF net pension liability	\$ (546,201)	
TRS net pension liability	(69,291)	
OPEB liabilities	<u>(846,027)</u>	<u>(1,461,519)</u>
Net position of governmental activities		<u><u>\$ (3,041,284)</u></u>

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2019

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 361,921	\$ 350,519	\$ 73,465	\$ 14,066	\$ 799,971
On-behalf payments - local	399,362	-	-	-	399,362
State sources	286,736	425,029	-	1,872	713,637
On-behalf payments - state	280,723	-	-	-	280,723
Federal sources	-	1,245,390	-	-	1,245,390
Interest	3,239	1,010	9,824	661	14,734
Total revenues	1,331,981	2,021,948	83,289	16,599	3,453,817
Expenditures:					
Instructional services:					
Salaries and benefits	436,159	1,173,913	10,507	7,066	1,627,645
Purchased services	195,370	654,883	21,307	4,392	875,952
Supplies and materials	23,426	69,300	70	33	92,829
Other objects	90	-	-	-	90
Pension expense	31,099	35,408	641	199	67,347
OPEB expense	15,465	4,292	-	-	19,757
Payments made on-behalf of region	680,085	-	-	-	680,085
Intergovernmental:					
Payments to other governments	-	92,515	-	-	92,515
Total expenditures	1,381,694	2,030,311	32,525	11,690	3,456,220
Excess (deficiency) of revenues over (under) expenditures	(49,713)	(8,363)	50,764	4,909	(2,403)
Net change in fund balance	(49,713)	(8,363)	50,764	4,909	(2,403)
Fund balance - beginning	732,332	17,688	445,981	121,344	1,317,345
Fund balance - ending	\$ 682,619	\$ 9,325	\$ 496,745	\$ 126,253	\$ 1,314,942

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, 2019

Net change in fund balances		\$ (2,403)
<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	\$ 96,156	
Prior year unavailable revenue	<u>(8,697)</u>	87,459
<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		(11,736)
<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		629,589
Net OPEB expense		<u>29,497</u>
Change in net position of governmental activities		<u><u>\$ 732,406</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, 2019

	Business-Type Activities - Enterprise Fund
	Local Workshops
Assets	
Current assets	
Cash and cash equivalents	\$ 87,785
Due from other funds	87,777
Accounts receivable	125
Due from other governments	1,075
Total current assets	176,762
Noncurrent assets	
Capital assets, net of depreciation	364
Total noncurrent assets	364
Total assets	177,126
Liabilities	
Current liabilities	
Accounts payable	413
Salary and benefits payable	2,153
Total current liabilities	2,566
Total liabilities	2,566
Net position	
Net investment in capital assets	364
Unrestricted	174,196
Total net position	\$ 174,560

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, 2019

	Business-Type Activities - Enterprise Fund
	Local Workshops
Operating revenues	
Registration and tech fees	\$ 98,838
Total operating revenues	98,838
Operating expenses	
Salaries and benefits	30,422
Purchased services	82,294
Supplies and materials	3,298
Depreciation	374
Payments to other governmental units	2,250
Pension expense	3,592
Total operating expenses	122,230
Operating (loss)	(23,392)
Nonoperating revenue	
Interest	759
Total nonoperating revenue	759
Change in net position	(22,633)
Net position - beginning	197,193
Net position - ending	\$ 174,560

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, 2019

	Business-Type Activities - Enterprise Fund
	Local Workshops
Cash flows from operating activities	
Receipts from customers	\$ 102,373
Payments to suppliers and providers of goods and services	(92,006)
Payments to employees	(34,117)
Net cash provided (used) by operating activities	(23,750)
Cash flows from noncapital financing activities	
Cash payments (to) from other funds	(17,245)
Net cash (used for) noncapital financing activities	(17,245)
Cash flows from investing activities	
Interest	759
Net cash provided by investing activities	759
Net decrease in cash and cash equivalents	(40,236)
Cash and cash equivalents - beginning	128,021
Cash and cash equivalents - ending	\$ 87,785
Reconciliation of operating (loss) to net cash provided (used) by operating activities	
Operating (loss)	\$ (23,392)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:	
Depreciation	374
Changes in assets and liabilities:	
Decrease in accounts receivable	550
Decrease in due from other governments	3,420
(Decrease) in accounts payable	(577)
(Decrease) in due to other governments	(3,587)
(Decrease) in salary and benefits payable	(103)
(Decrease) in unearned revenue	(435)
Net cash provided (used) by operating activities	\$ (23,750)

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, 2019

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, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL REPORTING ENTITY (Continued)

For the period ended June 30, 2019, 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 2019, the Regional Office of Education No. 50 implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. These statements had no impact on the Regional Office of Education No. 50's financial statements.

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 one business-type activity that relies on fees and charges for support.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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, 2019

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, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

Major special revenue funds include the following:

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

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

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

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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.

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

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

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

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

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

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

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

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

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

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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.

Grow Your Own Teacher Initiative - This program is used to address the severe shortage of qualified teachers within Illinois rural and small school districts.

Title I School Improvement Grant - Pontiac - This program is used to account for federal grant monies received for, and payment of expenditures related to assisting a school district in improvement efforts that are designated as Underperforming or Lowest performing.

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.

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:

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

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

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

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

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

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

NET POSITION

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

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

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

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 be. Certain programs within the Education Fund do not have separate budgets.

Comparisons of budgeted and actual results for the following programs are presented as supplementary information: McKinney-Vento Education for Homeless Children & Youth, Title I School Improvement and Accountability, Federal Special Education Preschool Discretionary, Regional Safe Schools, Pilot Regional Safe School Cooperative Education Program, ROE School Services, Title II – Teacher Quality Leadership Grant, Truants Alternative Optional Education Program, Title I School Improvement Grant – Bush, Grow Your Own Teacher Initiative, Title I School Improvement Grant - Pontiac.

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the Regional Office of Education No. 50's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 50's OPEB Plan and additions to/deductions from the Regional Office of Education No. 50's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 50's Plan. For this purpose, the Regional Office of Education No. 50's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 50 OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

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.

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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019, the carrying amount of the Regional Office of Education No. 50's Government-wide deposits were \$1,467,904, and the bank balances were \$1,541,392. Of the total bank balances as of June 30, 2019, \$448,262 was invested in Illinois Funds Money Market Fund, \$838,130 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.

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, 2019, the Regional Office of Education No. 50 had investments with carrying and fair value of \$448,262 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2019, 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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

2 DEPOSITS AND INVESTMENTS (Continued)

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, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities				
Equipment	\$ 443,992	\$ -	\$ 67,576	\$ 376,416
Furniture and fixtures	68,203	-	-	68,203
Governmental activities total assets	<u>512,195</u>	<u>-</u>	<u>67,576</u>	<u>444,619</u>
Less accumulated depreciation	<u>481,916</u>	<u>11,736</u>	<u>67,576</u>	<u>426,076</u>
Governmental activities investment in capital assets, net	<u>\$ 30,279</u>	<u>\$ (11,736)</u>	<u>\$ -</u>	<u>\$ 18,543</u>
Business-type activities				
Equipment	\$ 15,866	\$ -	\$ 712	\$ 15,154
Furniture and fixtures	23,332	-	-	23,332
Business-type activities total assets	<u>39,198</u>	<u>-</u>	<u>712</u>	<u>38,486</u>
Less accumulated depreciation	<u>38,460</u>	<u>374</u>	<u>712</u>	<u>38,122</u>
Business-type activities investment in capital assets, net	<u>\$ 738</u>	<u>\$ (374)</u>	<u>\$ -</u>	<u>\$ 364</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

3 CAPITAL ASSETS (Continued)

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, 2019 of \$11,736 and \$374 was charged to governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

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

BENEFITS PROVIDED

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

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:

ST. CLAIR COUNTY
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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

BENEFITS PROVIDED (Continued)

- 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, 2018, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	48
Inactive Plan Members entitled to but not yet receiving benefits	62
Active Plan Members	21
Total	<u>131</u>

CONTRIBUTIONS

As set by statute, the Regional Office of Education No. 50's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 50's annual contribution rate for calendar year 2018 was 8.85%. For the fiscal year ended June 30, 2019, the Regional Office of Education No. 50 contributed \$67,029 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, 2018. 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, 2018:

- 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 2.5%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

ACTUARIAL ASSUMPTIONS (Continued)

- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-Disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates 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-2017 (base year 2015). 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-2017 (base year 2015). 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, 2018:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash Equivalents	1%	2.50%
Total	100%	

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

SINGLE DISCOUNT RATE

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

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, 2017	\$ 6,087,021	\$ 6,401,578	\$ (314,557)
Changes for the year:			
Service Cost	85,212	-	85,212
Interest on the Total Pension Liability	448,339	-	448,339
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(211,550)	-	(211,550)
Changes of Assumptions	154,493	-	154,493
Contributions - Employer	-	79,877	(79,877)
Contributions - Employees	-	49,984	(49,984)
Net Investment Income	-	(504,329)	504,329
Benefit Payments, including Refunds			
of Employee Contributions	(314,376)	(314,376)	-
Other (Net Transfer)	-	(9,796)	9,796
Net Changes	162,118	(698,640)	860,758
Balances at December 31, 2018	\$ 6,249,139	\$ 5,702,938	\$ 546,201

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, 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 (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net Pension Liability (Asset)	\$ 1,249,730	\$ 546,201	\$ (27,134)

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

For the year ended June 30, 2019, the Regional Office of Education No. 50 recognized pension expense of \$223,451. At June 30, 2019, the Regional Office of Education No. 50 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actuarial experience	\$ -	\$ 76,123
Changes of assumptions	55,592	-
Net difference between projected and actual earnings on pension plan investments	624,473	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	680,065	76,123
<i>Pension contributions made subsequent to the measurement date</i>	28,873	-
Total Deferred Amounts Related to Pensions	\$ 708,938	\$ 76,123

\$28,873 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, 2020.

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

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

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 210,743
2020	104,790
2021	94,323
2022	194,086
Total	<u>\$ 603,942</u>

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

BENEFITS PROVIDED

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system services prior to January 1, 2011. Tier 1 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 2 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 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 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 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

BENEFITS PROVIDED (Continued)

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

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, 2018, was 9.0 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.

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, 2019, 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 \$445,796 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, 2019 were \$3,908 and are deferred because they were paid after the June 30, 2018 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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS (Continued)

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$208,590 were paid from federal and special trust funds that required employer contributions of \$20,546. These contributions are deferred because they were paid after the June 30, 2018 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 granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019 employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

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, 2019, the Regional Office made no payments to TRS for employer contributions due on salary increases in excess of 6 percent, no payments for salary increases in excess of 3 percent, and no payments for sick leave days granted in excess of the normal annual

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

At June 30, 2019, the Regional Office of Education No. 50 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the Regional Office of Education No. 50. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer follows below:

Employer's proportionate share of the net pension liability	\$	69,291
State's proportionate share of the net pension liability associated with the employer		4,746,730
	\$	<u>4,816,021</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. 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, 2018, relative to the contributions of all participating TRS employers and the State during that period. Public Act 100-0340 set the employer contribution rate on salaries paid from federal funds to be the employer normal cost rate effective for the year ended June 30, 2018. Previously, the employer contribution rate on salaries paid from federal funds was equal to the State's contribution rate. Since these contributions are now normal cost contributions, which are considered employer specific liability contributions under GASB 68, the "federal funds" contributions are no longer includable for purposes of allocating collective pension amounts. Any change in proportionate share resulting from this statutory change will be recognized and amortized over the remaining service lives of all members beginning in measurement year ended June 30, 2018. This prospective change is largely responsible for the significant change in proportion. At June 30, 2018, the Regional Office of Education No. 50's proportion was 0.0000888976 percent, which was a decrease of 0.0063445302 percent from its proportion measured as of June 30, 2017.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

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

For the year ended June 30, 2019, the Regional Office of Education No. 50 recognized pension expense of \$445,796 and revenue of \$445,796 for support provided by the State. For the year ended June 30, 2019, the Regional Office of Education No. 50 recognized pension revenue of \$782,103. At June 30, 2019, 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	\$ 1,393	\$ 15
Net difference between projected and actual earnings on pension plan investments	-	212
Changes of assumptions	3,039	1,964
Changes in proportion and difference between employer contributions and proportionate share of contributions	633,061	3,804,586
Employer contributions subsequent to the measurement date	3,908	-
	\$ 641,401	\$ 3,806,777

\$3,908 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, 2020. 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:	
2020	\$ (533,131)
2021	(635,303)
2022	(773,259)
2023	(839,315)
2024	(388,276)
	\$ (3,169,284)

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

ACTUARIAL ASSUMPTIONS (Continued)

In the June 30, 2018 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are used on a fully-generational basis using projection table MP-2017. In the June 30, 2017 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.7%
U.S. equities small/mid cap	2.0%	7.9%
International equities developed	13.6%	7.0%
Emerging market equities	3.4%	9.4%
U.S. bonds core	8.0%	2.2%
U. S. bonds high yield	4.2%	4.4%
International debt developed	2.2%	1.3%
Emerging international debt	2.6%	4.5%
Real estate	16.0%	5.4%
Real return	4.0%	1.8%
Absolute return	14.0%	3.9%
Private equity	15.0%	10.2%
	<u>100%</u>	

DISCOUNT RATE

At June 30, 2018, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2017 rate. 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, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 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. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION NO. 50'S PROPORTIONATE SHARE OF THE NET PENSION 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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability	\$ 84,979	\$ 69,291	\$ 56,658

TRS FIDUCIARY NET POSITION

Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

6 OTHER POST EMPLOYMENT BENEFITS

POST-RETIREMENT HEALTH PLAN

PLAN DESCRIPTION

Plan Administration. The ROE's defined benefit OPEB plan, Retiree's Health Plan (RHP), provides OPEB for all permanent full-time general employees of the ROE. RHP is a single-employer defined benefit OPEB plan administered by the ROE. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the ROE. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

POST-RETIREMENT HEALTH PLAN (Continued)

PLAN DESCRIPTION (Continued)

Eligibility Provisions.

Full-Time Employees- IMRF

Tier I IMRF Full-Time employees:

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

Tier II IMRF Full-Time employees:

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 62 with at least 30 years of service (Reduced Pension)
- Age 62 with at least 35 years of service (Full Pension)
- Age 67 with at least 10 years of service (Full Pension)

Full-Time Employees- TRS

Tier I TRS Full-Time employees:

- Age 55 with at least 20 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 10 years of service (Full Pension)
- Age 62 with at least 5 years of service (Full Pension)

Tier II TRS Full-Time employees:

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 67 with at least 10 years of service (Full Pension)

Benefits Provided. RHP provides limited health care and life insurance coverage for its eligible retired employees. Such coverage is provided for retired employees until they reach age 65 and is paid in full by the retiree. The ROE does not issue a stand-alone report for the postretirement health plan.

Plan Membership. As of June 30, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Employees and Beneficiaries Currently Receiving Benefits	-
Inactive Employees Entitled to but not yet Receiving Benefits	-
Active Employees	24
	<hr/>
Total	24
	<hr/> <hr/>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

POST-RETIREMENT HEALTH PLAN (Continued)

PLAN DESCRIPTION (Continued)

Funding Policy and Contributions.

There is no formal funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation.

The employer contributions and benefit payments are related to the increase in active premiums due to the presence of retirees in the determination the blended retiree/active premiums.

The contributions of \$13,557 from other Regional Office of Education No. 50 resources and benefit payments of \$13,557 from other Regional Office of Education No. 50 resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB trust.

TOTAL OPEB LIABILITY

The ROE's total OPEB liability of \$158,642 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.25%
Discount Rate	3.50%
Healthcare Cost Trend Rates	
PPO	
Initial	7.70%
Ultimate	5.00%
Retirees' Share of Benefit-Related Costs	100% of the cost of the plan

The discount rate was based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the ROE, then only the municipal bond rate is used in determining the total OPEB liability.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

POST-RETIREMENT HEALTH PLAN (Continued)

TOTAL OPEB LIABILITY (Continued)

Mortality rates were based on the following:

IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

TRS Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with White Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at July 1, 2018	\$ 156,699
Changes for the Year:	
Service Cost	4,621
Interest on the Total OPEB Liability	5,801
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	5,078
Benefit Payments	(13,557)
Other Changes	-
Net Changes	1,943
Balance at June 30, 2019	\$ 158,642

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

POST-RETIREMENT HEALTH PLAN (Continued)

MUNICIPAL BOND RATE

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown earlier in the Assumption section is the June 27, 2019 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.

DISCOUNT RATE

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the St. Clair County Regional Office of Education No. 50, then only the municipal bond rate is used in determining the total OPEB liability.

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net OPEB liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net OPEB liability associated with those payments.

Projected benefit payments are determined during the valuation process based on the assumptions. The expected contributions are based on the funding policy of the plan.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

POST-RETIREMENT HEALTH PLAN (Continued)

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability, calculated using a Single Discount Rate of 3.50%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 173,748	\$ 158,642	\$ 145,392

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the total OPEB liability, calculated using a Healthcare Trend Rates, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (6.7% decreasing to 4%)	Healthcare Cost Trend Rates (7.7% decreasing to 5%)	1% Increase (8.7% decreasing to 6%)
Total OPEB liability	\$ 140,410	\$ 158,642	\$ 179,732

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2019, the ROE recognized OPEB expense of \$10,759. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes of Assumptions	4,741	-	4,741
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	\$ 4,741	\$ -	\$ 4,741

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 337
2021	337
2022	337
2023	337
2024	337
Thereafter	<u>3,056</u>
Total	<u>\$ 4,741</u>

TEACHER'S HEALTH INSURANCE SECURITY

Plan Description. The ROE participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

Benefits Provided. The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

TEACHER'S HEALTH INSURANCE SECURITY (Continued)

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to THIS Fund from active members which were 1.24 percent of pay during the year ended June 30, 2019. For the year ended June 30, 2019, State of Illinois contributions recognized by the ROE were based on the State's proportionate share of the collective net OPEB liability associated with the ROE, and recognized revenues and expenditures of \$47,919 in OPEB contributions from the State of Illinois.

Employer Contributions to THIS Fund. The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2019 and 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2019, the ROE paid \$6,199 to the THIS Fund, which was 100 percent of the required contribution. For the year ended June 30, 2018, the ROE paid \$5,456, which was 100 percent of the required contribution.

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

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.75 percent
Salary increase:	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return:	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitant's mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

TEACHER'S HEALTH INSURANCE SECURITY (Continued)

SINGLE DISCOUNT RATE

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following is a sensitivity analysis of the ROE's proportionate share of the collective net OPEB liability calculated using the discount rate as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Employer's proportionate share of the collective net OPEB liability	\$ 826,476	\$ 687,385	\$ 577,546

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

TEACHER'S HEALTH INSURANCE SECURITY (Continued)

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the ROE's proportionate share of the collective net OPEB liability, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	1% Decrease ^a	Healthcare Cost Trend Rates	1% Increase ^b
Employer's proportionate share of the collective net OPEB liability	\$ 557,341	\$ 687,385	\$ 862,536

^a One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate rate of 3.86% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

^b One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2019, the ROE reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the ROE. The amount recognized by the ROE as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the ROE were as follows:

Employers proportionate share of the net OPEB liability	\$ 687,385
State's proportionate share of the net OPEB liability associated with the employer	925,242
Total	\$ 1,612,627

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

TEACHER'S HEALTH INSURANCE SECURITY (Continued)

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

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and was rolled forward to the June 30, 2018 measurement date. The ROE's proportion of the collective net OPEB liability was based on a projection of the ROE's long-term share of contributions to the OPEB plan relative to the projected contributions of the ROE, actuarially determined. At June 30, 2018, the ROE's proportion was 0.002609 percent, which was a decrease of .001753 percent from its proportion measured as of June 30, 2017. The State's support and total are for disclosure purposes only.

For the year ending June 30, 2019, the ROE recognized OPEB expense of \$47,919 and revenue of \$47,919 for support provided by the State. For the year ending June 30, 2019, the ROE recognized OPEB revenue of \$20,500. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences between expected and actual experience	\$ -	\$ 2,466	\$ (2,466)
Net difference between projected and actual investment earnings on OPEB plan investments	-	100,095	(100,095)
Changes of assumptions	-	21	(21)
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,654	441,857	(385,203)
	56,654	544,439	(487,785)
Employer contributions subsequent to the measurement date	6,199	-	6,199
Total deferred amounts related to OPEB	\$ 62,853	\$ 544,439	\$ (481,586)

\$6,199 reported as deferred outflows of resources related to OPEB resulting from ROE contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the ROE's OPEB expense as follows:

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

TEACHER'S HEALTH INSURANCE SECURITY (Continued)

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

Year ending June 30,	Net Deferred Inflows of Resources
2020	\$ (75,511)
2021	(75,511)
2022	(75,511)
2023	(75,511)
2024	(75,505)
Thereafter	(110,236)
	\$ (487,785)

THIS FIDUCIARY NET POSITION

Detailed information about the THIS Fund fiduciary net position as of June 30, 2018, is available in the separately issued THIS Financial Report.

7 INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2019 consist of the following individual due to/from other funds in the governmental fund Balance Sheet and proprietary fund Statement of Net Position. The balances between governmental funds were eliminated in the government-wide Statement of Net Position. The balances between governmental and business-type activities were not eliminated in the government-wide Statement of Net Position.

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 32,215	\$ -
Education Fund	-	119,992
Proprietary Fund	87,777	-
Total	\$ 119,992	\$ 119,992

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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.

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, 2019, were as follows:

Salaries and benefits	\$ 321,388
Purchased services	77,974
	<u>\$ 399,362</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	\$ 117,600
Regional Superintendent Fringe Benefit (Includes State paid insurance)	22,516
Assistant Regional Superintendent Salary	105,840
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	<u>34,767</u>
Total	<u>\$ 280,723</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 (ISBE). These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

The Regional Office of Education No. 50 also recorded \$445,796 and \$47,919 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 and the State's Teacher's Health Insurance Security Fund (THIS) OPEB expense in the Statement of Activities, respectively. In addition, the Regional Office of Education No. 50 has not included any on behalf payments related to the State's TRS pension expense and THIS OPEB expense for the Regional Superintendent or Assistant Regional Superintendent.

St. Clair County on behalf payments	\$ 399,362
State of Illinois on behalf payments	280,723
ROE No. 50's share of TRS pension expense	445,796
ROE No. 50's share of THIS OPEB expense	<u>47,919</u>
Total	<u>\$ 1,173,800</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

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	\$	147,571
St. Clair County		693

Education Fund

Illinois State Board of Education		33,345
Other Regional Offices of Education		15,789
School Districts		145,221
St. Clair County		2,677

Nonmajor Special Revenue Funds

School Districts		350
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Local Workshops Fund

School Districts		1,075
		1,075
	\$	346,721

Due to Other Governments

General Fund

School Districts	\$	605
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Education Fund

Illinois State Board of Education		608
School Districts		119,851

Institute Fund

School Districts		43
		43
	\$	121,107

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 2019 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, 2019

11 OPERATING LEASES (Continued)

The Regional Office of Education No. 50 renewed a five year operating lease for space to operate educational programs effective July 1, 2018. Monthly rental payments are \$4,732 and the annual rent is \$56,780 through June 30, 2023. The annual rent is adjustable annually by the increase in the Consumer Price Index (CPI). However, no CPI increases have been implemented previously or are expected to be implemented during the life of the current lease.

The Regional Office of Education No. 50 had four lease agreements for six copiers for the year ended June 2019. Three small copiers leased all together at \$56 per month as well as a copier leased for \$453 per month expired March 2019. The Regional Office of Education No. 50 now has three lease agreements for four copiers. Two copiers are leased together at \$544 per month over 60 months beginning September 28, 2018. Another copier is leased for \$195 per month over 36 months with a term beginning January 31, 2018. Lastly, a copier is leased for \$150 per month over 36 months with a term beginning June 4, 2018.

Rent expense for the year ended June 30, 2019 totaled \$179,677. The future minimum lease commitments are as follows:

Year Ending June 30,	
2020	\$ 67,444
2021	66,321
2022	63,308
2023	63,308
2024	1,632
	<u>\$ 262,013</u>

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 \$9,541 in the Bilingual Education Downstate TPI, \$1,653 in the Stay in School Monitoring, and \$6,200 in the Truant Alternative Optional Education Program fund accounts as of June 30, 2019.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2019

13 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2019 are summarized below.

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, End of Year</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
OPEB liabilities	\$ 1,288,678	\$ 1,943	\$ 444,594	\$ 846,027	\$ -
Net pension liability	<u>4,600,462</u>	<u>860,758</u>	<u>4,845,728</u>	<u>615,492</u>	<u>-</u>
	<u>\$ 5,889,140</u>	<u>\$ 862,701</u>	<u>\$ 5,290,322</u>	<u>\$ 1,461,519</u>	<u>\$ -</u>

The beginning of year net pension liability balance in the above schedule consists of the TRS net pension liability of \$4,915,019 and the IMRF net pension asset of \$314,557.

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,

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.0000888976%	0.0064334278%	0.0061723935%	0.0048038980%	0.0036128390%
Employer's proportionate share of the net pension liability	\$ 69,291	\$ 4,915,019	\$ 4,872,243	\$ 3,147,037	\$ 2,209,937
State's proportionate share of the net pension liability associated with the employer	<u>4,746,730</u>	<u>7,453,599</u>	<u>7,519,404</u>	<u>5,090,341</u>	<u>4,159,304</u>
Total	<u>\$ 4,816,021</u>	<u>\$ 12,368,618</u>	<u>\$ 12,391,647</u>	<u>\$ 8,237,378</u>	<u>\$ 6,369,241</u>
Employer's covered payroll	\$ 759,575	\$ 1,141,259	\$ 1,054,375	\$ 919,796	\$ 681,628
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	9.1%	430.7%	462.1%	342.1%	324.2%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	39.3%	36.4%	41.5%	43.0%

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

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30,

	2019	2018	2017	2016	2015	2014
Statutorily-required contribution	\$ 3,908	\$ 30,026	\$ 265,055	\$ 239,039	\$ 168,328	\$ 129,562
Contributions in relation to the statutorily- required contribution	3,908	30,026	265,055	239,039	168,328	129,562
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 673,850	\$ 759,575	\$ 1,141,259	\$ 1,054,375	\$ 919,796	\$ 681,628
Contributions as a percentage of covered payroll	0.6%	4.0%	23.2%	22.7%	18.3%	19.0%

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

Notes to Required Supplementary Information

Changes of assumptions

For the 2018, 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increases in the 2018 measurement year were slightly higher.

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

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ (4,056)	\$ 144,508	(148,564)	\$ 1,083,272	13.34%
2015	75,010	75,010	-	1,024,725	7.32%
2016	82,912	82,912	-	940,047	8.82%
2017	65,018	65,018	-	995,692	6.53%
2018	79,877	79,877	-	902,560	8.85%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 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 2018 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>	25-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% to 14.5%, including inflation
<i>Investment Rate of Return:</i>	7.5%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 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 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2016, actuarial valuation; note two year lag between valuation and rate setting.

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

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

Calendar Year Ended December 31,	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 85,212	\$ 110,485	\$ 99,362	\$ 125,347	\$ 120,925
Interest on the Total Pension Liability	448,339	432,376	399,575	409,694	368,039
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(211,550)	171,412	219,322	(405,982)	93,276
Changes of Assumptions	154,493	(180,468)	-	-	208,299
Benefit Payments, including Refunds of Employee Contributions	(314,376)	(302,282)	(270,663)	(231,297)	(248,827)
Net Change in Total Pension Liability	162,118	231,523	447,596	(102,238)	541,712
Total Pension Liability - Beginning	6,087,021	5,855,498	5,407,902	5,510,140	4,968,428
Total Pension Liability - Ending (A)	<u>\$ 6,249,139</u>	<u>\$ 6,087,021</u>	<u>\$ 5,855,498</u>	<u>\$ 5,407,902</u>	<u>\$ 5,510,140</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 79,877	\$ 65,018	\$ 82,912	\$ 75,010	\$ 144,508
Contributions - Employees	49,984	50,780	42,654	47,283	48,747
Net Investment Income	(504,329)	914,125	349,736	(213,791)	379,116
Benefit Payments, including Refunds of Employee Contributions	(314,376)	(302,282)	(270,663)	(231,297)	(248,827)
Other (Net Transfer)	(9,796)	(4,890)	(6,141)	30,086	(5,007)
Net Change in Plan Fiduciary Net Position	(698,640)	722,751	198,498	(292,709)	318,537
Plan Fiduciary Net Position - Beginning	6,401,578	5,678,827	5,480,329	5,773,038	5,454,501
Plan Fiduciary Net Position - Ending (B)	<u>\$ 5,702,938</u>	<u>\$ 6,401,578</u>	<u>\$ 5,678,827</u>	<u>\$ 5,480,329</u>	<u>\$ 5,773,038</u>
Net Pension Liability (Asset) - Ending (A) - (B)	\$ 546,201	\$ (314,557)	\$ 176,671	\$ (72,427)	\$ (262,898)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.26%	105.17%	96.98%	101.34%	104.77%
Covered Payroll	\$ 902,560	\$ 995,692	\$ 940,047	\$ 1,024,725	\$ 1,083,272
Net Pension Liability as a Percentage of Covered Payroll	60.52%	-31.59%	18.79%	-7.07%	-24.27%

Notes to Schedule:

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

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teacher's Health Insurance Security Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 6,199	\$ 5,456	\$ 8,429	\$ 7,602
Contributions in relation to the statutorily required contribution	<u>6,199</u>	<u>5,456</u>	<u>8,429</u>	<u>7,602</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 673,850	\$ 619,946	\$ 1,003,446	\$ 950,260
Contributions as a percentage of covered payroll	0.92%	0.88%	0.84%	0.80%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY
Teacher's Health Insurance Security Fund
Last 3 Fiscal Years*

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.0026090%	0.0043620%	0.0040800%
Employer's proportionate share of the collective net OPEB liability	\$ 687,385	\$ 1,131,979	\$ 1,115,233
State's proportionate share of the collective net OPEB liability associated with the Employer	<u>925,242</u>	<u>1,486,657</u>	<u>1,546,398</u>
Total	<u>\$ 1,612,627</u>	<u>\$ 2,618,636</u>	<u>\$ 2,661,631</u>
Employer's covered payroll	\$ 619,946	\$ 1,003,446	\$ 950,260
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	110.88%	112.81%	117.36%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%	-0.22%

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

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes of benefit terms: In the June 30, 2019 actuarial valuation, there have been no changes of benefit terms from the prior period.

Changes of assumptions: The following OPEB-related assumption changes were made since the last actuarial valuation as of June 30, 2016:

- The discount rate was changed from 3.56 percent at June 30, 2017, to 3.62 percent at June 30, 2018;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2017, projected plan cost for plan year end June 30, 2018, premium changes through plan year end 2019, and expectation of future trend increases after June 30, 2018;
- The Excise Tax trend adjustment was updated based on available premium and enrollment information as of June 30, 2018;
- Per capita claim costs for plan year end June 30, 2018, were updated based on projected claims and enrollment experience through June 30, 2018, and updated premium rates through plan year 2019; and
- Healthcare plan participation rates by plan were updated based on observed experience.

See Accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF CHANGES IN THE REGIONAL OFFICE OF EDUCATION'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
Post-Retirement Health Plan

	2019	2018
Total OPEB Liability		
Service Cost	\$ 4,621	\$ 4,449
Interest	5,801	5,935
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions or Other Inputs	5,078	-
Benefit Payments	(13,557)	(14,084)
Other (Net Transfer)	-	-
Net Change in Total OPEB Liability	1,943	(3,700)
Total OPEB Liability - Beginning	156,699	160,399
Total OPEB Liability - Ending	\$ 158,642	\$ 156,699
Covered Payroll	\$ 1,253,508	\$ 1,100,078
Total OPEB Liability as a Percentage of Covered Payroll	12.66%	14.24%

Notes to Schedule:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms. There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.87% to 3.50% for the current year. Since the Regional Office of Education No. 50 does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.87% to 3.50%

See accompanying Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

JUNE 30, 2019

	ESR General Operations Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Young Authors Conference
Assets				
Cash and cash equivalents	\$ 65,770	\$ 177	\$ 825	\$ 3,548
Accounts receivable	453	6	-	-
Due from other funds	-	-	-	-
Due from other governments	693	-	-	-
Total assets	\$ 66,916	\$ 183	\$ 825	\$ 3,548
Liabilities				
Accounts payable	\$ 170	\$ 183	\$ 825	\$ -
Salary and benefits payable	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	170	183	825	-
Deferred inflows of resources				
Unavailable revenue	453	-	-	-
Fund balance				
Assigned	-	-	-	3,548
Unassigned	66,293	-	-	-
Total fund balance	66,293	-	-	3,548
Total liabilities, deferred inflows, and fund balance	\$ 66,916	\$ 183	\$ 825	\$ 3,548

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

JUNE 30, 2019

	General State Aid- Sec 18-8	Fingerprinting Fund	Building Fund	Total
Assets				
Cash and cash equivalents	\$ 424,314	\$ 45,058	\$ 88,704	\$ 628,396
Accounts receivable	-	135	100	694
Due from other funds	32,215	-	-	32,215
Due from other governments	143,071	4,500	-	148,264
	<u>143,071</u>	<u>4,500</u>	<u>-</u>	<u>148,264</u>
Total assets	<u>\$ 599,600</u>	<u>\$ 49,693</u>	<u>\$ 88,804</u>	<u>\$ 809,569</u>
Liabilities				
Accounts payable	\$ 5,067	\$ 3,292	\$ 108	\$ 9,645
Salary and benefits payable	35,978	135	1,825	37,938
Due to other governments	605	-	-	605
	<u>605</u>	<u>-</u>	<u>-</u>	<u>605</u>
Total liabilities	<u>41,650</u>	<u>3,427</u>	<u>1,933</u>	<u>48,188</u>
Deferred inflows of resources				
Unavailable revenue	78,209	-	100	78,762
	<u>78,209</u>	<u>-</u>	<u>100</u>	<u>78,762</u>
Fund balance				
Assigned	-	46,266	86,771	136,585
Unassigned	479,741	-	-	546,034
	<u>479,741</u>	<u>-</u>	<u>-</u>	<u>546,034</u>
Total fund balance	<u>479,741</u>	<u>46,266</u>	<u>86,771</u>	<u>682,619</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 599,600</u>	<u>\$ 49,693</u>	<u>\$ 88,804</u>	<u>\$ 809,569</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, 2019

	ESR General Operations Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Young Authors Conference
Revenues				
Local sources	\$ 35,711	\$ -	\$ -	\$ 3,120
On-behalf payments - local	399,362	-	-	-
State sources	-	-	-	-
On-behalf payments - state	280,723	-	-	-
Interest	363	-	-	16
	<u>716,159</u>	<u>-</u>	<u>-</u>	<u>3,136</u>
Expenditures				
Instructional services:				
Salaries and benefits	925	-	-	-
Purchased services	11,631	-	-	864
Supplies and materials	315	-	-	1,038
Other objects	-	-	-	-
Pension expense	16,903	-	-	-
OPEB expense	13,557	-	-	-
Payments made on-behalf of region	680,085	-	-	-
	<u>723,416</u>	<u>-</u>	<u>-</u>	<u>1,902</u>
Excess (deficiency) of revenues over expenditures	<u>(7,257)</u>	<u>-</u>	<u>-</u>	<u>1,234</u>
Net change in fund balance	(7,257)	-	-	1,234
Fund balance - beginning	<u>73,550</u>	<u>-</u>	<u>-</u>	<u>2,314</u>
Fund balance - ending	<u>\$ 66,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,548</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, 2019

	General State Aid- Sec 18-8	Fingerprinting Fund	Building Fund	Total
Revenues				
Local sources	\$ 226,888	\$ 74,730	\$ 21,472	\$ 361,921
On-behalf payments - local	-	-	-	399,362
State sources	286,736	-	-	286,736
On-behalf payments - state	-	-	-	280,723
Interest	2,336	194	330	3,239
Total revenues	515,960	74,924	21,802	1,331,981
Expenditures				
Instructional services:				
Salaries and benefits	428,598	2,946	3,690	436,159
Purchased services	127,795	47,007	8,073	195,370
Supplies and materials	21,454	165	454	23,426
Other objects	90	-	-	90
Pension expense	11,070	197	2,929	31,099
OPEB expense	1,908	-	-	15,465
Payments made on-behalf of region	-	-	-	680,085
Total expenditures	590,915	50,315	15,146	1,381,694
Excess (deficiency) of revenues over expenditures	(74,955)	24,609	6,656	(49,713)
Net change in fund balance	(74,955)	24,609	6,656	(49,713)
Fund balance - beginning	554,696	21,657	80,115	732,332
Fund balance - ending	<u>\$ 479,741</u>	<u>\$ 46,266</u>	<u>\$ 86,771</u>	<u>\$ 682,619</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2019

	McKinney-Vento Education for Homeless Children and Youth	Title I School Improvement and Accountability	Bilingual Education Downstate TPI	Federal Special Education Preschool Discretionary	Mental Health Parent Resource
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	15,789	-	21,977	27,114	2,677
Total assets	\$ 15,789	\$ -	\$ 21,977	\$ 27,114	\$ 2,677
Liabilities					
Accounts payable	\$ 28	\$ -	\$ 6	\$ 3,147	\$ 9
Salary and benefits payable	3,160	-	15,917	12,752	1,010
Due to other funds	12,601	-	3,921	11,215	1,658
Due to other governments	-	-	2,133	-	-
Total liabilities	15,789	-	21,977	27,114	2,677
Deferred inflows of resources					
Unavailable revenue	-	-	9,541	-	-
Fund balance					
Restricted	-	-	-	-	-
Unassigned	-	-	(9,541)	-	-
Total fund balance	-	-	(9,541)	-	-
Total liabilities, deferred inflows, and fund balance	\$ 15,789	\$ -	\$ 21,977	\$ 27,114	\$ 2,677

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2019

	National School Breakfast and Lunch	Regional Safe Schools	Pilot Regional Safe School Cooperative Education Program	Stay In School Monitoring	ROE School Services
Assets					
Cash and cash equivalents	\$ 26,688	\$ -	\$ 1,023	\$ 93,319	\$ 6,880
Due from other governments	31	-	-	32,740	-
Total assets	\$ 26,719	\$ -	\$ 1,023	\$ 126,059	\$ 6,880
Liabilities					
Accounts payable	\$ -	\$ -	\$ 19	\$ 978	\$ 1,397
Salary and benefits payable	-	-	396	7,363	5,483
Due to other funds	-	-	-	-	-
Due to other governments	-	-	608	117,718	-
Total liabilities	-	-	1,023	126,059	6,880
Deferred inflows of resources					
Unavailable revenue	-	-	-	1,653	-
Fund balance					
Restricted	26,719	-	-	-	-
Unassigned	-	-	-	(1,653)	-
Total fund balance	26,719	-	-	(1,653)	-
Total liabilities, deferred inflows, and fund balance	\$ 26,719	\$ -	\$ 1,023	\$ 126,059	\$ 6,880

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2019

	Title II- Teacher Quality Leadership Grant	Truants Alternative Optional Education Program	Title I School Improvement Grant - Lincoln	Title I School Improvement Grant - Bush	Title I School Improvement Grant- Mason Clark
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	6,200	-	76,254	-
Total assets	\$ -	\$ 6,200	\$ -	\$ 76,254	\$ -
Liabilities					
Accounts payable	\$ -	\$ 13	\$ -	\$ 42	\$ -
Salary and benefits payable	-	3,367	-	2,685	-
Due to other funds	-	2,820	-	73,527	-
Due to other governments	-	-	-	-	-
Total liabilities	-	6,200	-	76,254	-
Deferred inflows of resources					
Unavailable revenue	-	6,200	-	-	-
Fund balance					
Restricted	-	-	-	-	-
Unassigned	-	(6,200)	-	-	-
Total fund balance	-	(6,200)	-	-	-
Total liabilities, deferred inflows, and fund balance	\$ -	\$ 6,200	\$ -	\$ 76,254	\$ -

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2019

	Grow Your Own Teacher Initiative	Title I School Improvement Grant - Pontiac	Total
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 127,910
Due from other governments	-	14,250	197,032
Total assets	\$ -	\$ 14,250	\$ 324,942
Liabilities			
Accounts payable	\$ -	\$ -	\$ 5,639
Salary and benefits payable	-	-	52,133
Due to other funds	-	14,250	119,992
Due to other governments	-	-	120,459
Total liabilities	-	14,250	298,223
Deferred inflows of resources			
Unavailable revenue	-	-	17,394
Fund balance			
Restricted	-	-	26,719
Unassigned	-	-	(17,394)
Total fund balance	-	-	9,325
Total liabilities, deferred inflows, and fund balance	\$ -	\$ 14,250	\$ 324,942

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, 2019

	McKinney-Vento Education for Homeless Children and Youth	Title I School Improvement and Accountability	Bilingual Education Downstate TPI	Federal Special Education Preschool Discretionary	Mental Health Parent Resource
Revenues					
Local sources	\$ -	\$ -	\$ 209,965	\$ -	\$ 32,130
State sources	-	-	-	-	-
Federal sources	111,732	97,454	-	486,060	-
Interest	-	-	141	-	-
Total revenues	<u>111,732</u>	<u>97,454</u>	<u>210,106</u>	<u>486,060</u>	<u>32,130</u>
Expenditures					
Instructional services:					
Salaries and benefits	81,361	-	151,001	344,698	26,476
Purchased services	12,098	4,161	63,287	103,230	3,827
Supplies and materials	12,530	-	1,875	21,328	203
Pension expense	4,181	-	2,635	15,722	1,624
OPEB expense	-	-	849	572	-
Intergovernmental:					
Payments to other governmental units	<u>1,562</u>	<u>90,443</u>	<u>-</u>	<u>510</u>	<u>-</u>
Total expenditures	<u>111,732</u>	<u>94,604</u>	<u>219,647</u>	<u>486,060</u>	<u>32,130</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,850</u>	<u>(9,541)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	2,850	(9,541)	-	-
Fund balance - beginning	<u>-</u>	<u>(2,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,541)</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
EDUCATION FUND ACCOUNTS (Continued)

For the Year Ended June 30, 2019

	National School Breakfast and Lunch	Regional Safe Schools	Pilot Regional Safe School Cooperative Education Program	Stay In School Monitoring	ROE School Services
Revenues					
Local sources	\$ 1,855	\$ -	\$ -	\$ 106,569	\$ -
State sources	403	132,956	43,278	-	176,092
Federal sources	24,975	-	-	-	-
Interest	133	1	10	568	137
Total revenues	<u>27,366</u>	<u>132,957</u>	<u>43,288</u>	<u>107,137</u>	<u>176,229</u>
Expenditures					
Instructional services:					
Salaries and benefits	2,154	81,675	33,478	66,924	132,463
Purchased services	21,543	46,033	6,607	35,811	32,669
Supplies and materials	-	4,040	3,203	4,707	5,888
Pension expense	147	468	-	948	4,826
OPEB expense	-	741	-	400	383
Intergovernmental:					
Payments to other governmental units	-	-	-	-	-
Total expenditures	<u>23,844</u>	<u>132,957</u>	<u>43,288</u>	<u>108,790</u>	<u>176,229</u>
Excess (deficiency) of revenues over expenditures	<u>3,522</u>	<u>-</u>	<u>-</u>	<u>(1,653)</u>	<u>-</u>
Net change in fund balance	3,522	-	-	(1,653)	-
Fund balance - beginning	<u>23,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 26,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,653)</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
EDUCATION FUND ACCOUNTS (Continued)

For the Year Ended June 30, 2019

	Title II- Teacher Quality Leadership Grant	Truants Alternative Optional Education Program	Title I School Improvement Grant- Lincoln	Title I School Improvement Grant - Bush	Title I School Improvement Grant- Mason Clark
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	68,800	-	-	-
Federal sources	2,872	-	411	505,388	2,248
Interest	-	14	-	-	-
Total revenues	<u>2,872</u>	<u>68,814</u>	<u>411</u>	<u>505,388</u>	<u>2,248</u>
Expenditures					
Instructional services:					
Salaries and benefits	-	62,661	-	191,022	-
Purchased services	2,872	9,145	-	295,850	-
Supplies and materials	-	152	-	15,368	-
Pension expense	-	3,056	-	1,801	-
OPEB expense	-	-	-	1,347	-
Intergovernmental:					
Payments to other governmental units	-	-	-	-	-
Total expenditures	<u>2,872</u>	<u>75,014</u>	<u>-</u>	<u>505,388</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(6,200)</u>	<u>411</u>	<u>-</u>	<u>2,248</u>
Net change in fund balance	-	(6,200)	411	-	2,248
Fund balance - beginning	-	-	(411)	-	(2,248)
Fund balance - ending	<u>\$ -</u>	<u>\$ (6,200)</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
EDUCATION FUND ACCOUNTS (Continued)

For the Year Ended June 30, 2019

	Grow Your Own Teacher Initiative	Title I School Improvement Grant - Pontiac	Total
Revenues			
Local sources	\$ -	\$ -	\$ 350,519
State sources	3,500	-	425,029
Federal sources	-	14,250	1,245,390
Interest	6	-	1,010
Total revenues	<u>3,506</u>	<u>14,250</u>	<u>2,021,948</u>
Expenditures			
Instructional services:			
Salaries and benefits	-	-	1,173,913
Purchased services	3,500	14,250	654,883
Supplies and materials	6	-	69,300
Pension expense	-	-	35,408
OPEB expense	-	-	4,292
Intergovernmental:			
Payments to other governmental units	-	-	92,515
Total expenditures	<u>3,506</u>	<u>14,250</u>	<u>2,030,311</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(8,363)</u>
Net change in fund balance	-	-	(8,363)
Fund balance - beginning	-	-	17,688
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,325</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 111,732	\$ 111,732	\$ 111,732
Total revenue	<u>111,732</u>	<u>111,732</u>	<u>111,732</u>
Expenditures			
Salaries and benefits	84,966	84,966	85,542
Purchased services	11,451	12,601	12,098
Supplies and materials	9,315	12,289	12,530
Payments to other government units	<u>6,000</u>	<u>1,876</u>	<u>1,562</u>
Total expenditures	<u>111,732</u>	<u>111,732</u>	<u>111,732</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 AND ACCOUNTABILITY

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 127,204	\$ 127,204	\$ 97,454
Total revenue	<u>127,204</u>	<u>127,204</u>	<u>97,454</u>
Expenditures			
Salaries and benefits	181	181	-
Purchased services	1,786	1,786	4,161
Supplies and materials	-	-	-
Payments to other governmental units	<u>125,237</u>	<u>125,237</u>	<u>90,443</u>
Total expenditures	<u>127,204</u>	<u>127,204</u>	<u>94,604</u>
Net change in fund balance	-	-	2,850
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>(2,850)</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

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, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 489,250	\$ 489,250	\$ 486,060
Total revenue	489,250	489,250	486,060
Expenditures			
Salaries and benefits	365,681	361,353	360,992
Purchased services	115,127	107,951	103,230
Supplies and materials	7,886	19,390	21,328
Payments to other governmental units	556	556	510
Total expenditures	489,250	489,250	486,060
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

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

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, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 132,956	\$ 132,956	\$ 132,956
Interest	-	-	1
Total revenue	<u>132,956</u>	<u>132,956</u>	<u>132,957</u>
Expenditures			
Salaries and benefits	83,008	83,008	82,884
Purchased services	46,340	46,340	46,033
Supplies and materials	3,608	3,608	4,040
Total expenditures	<u>132,956</u>	<u>132,956</u>	<u>132,957</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 and OPEB expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expense were not separately budgeted items.

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, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 43,886	\$ 43,886	\$ 43,278
Interest	-	-	10
Total revenue	<u>43,886</u>	<u>43,886</u>	<u>43,288</u>
Expenditures			
Salaries and benefits	30,131	33,479	33,478
Purchased services	9,005	7,307	6,607
Supplies and materials	4,750	3,100	3,203
Total expenditures	<u>43,886</u>	<u>43,886</u>	<u>43,288</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, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 176,092	\$ 176,092	\$ 176,092
Interest	-	-	137
Total revenue	<u>176,092</u>	<u>176,092</u>	<u>176,229</u>
Expenditures			
Salaries and benefits	133,450	139,564	137,672
Purchased services	37,807	31,693	32,669
Supplies and materials	4,835	4,835	5,888
Total expenditures	<u>176,092</u>	<u>176,092</u>	<u>176,229</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 and OPEB expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expense were not separately budgeted items.

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, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 2,872	\$ 2,872	\$ 2,872
Total revenue	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>
Expenditures			
Purchased services	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>
Total expenditures	<u>2,872</u>	<u>2,872</u>	<u>2,872</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, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 75,000	\$ 75,000	\$ 68,800
Interest	-	-	14
Total revenue	<u>75,000</u>	<u>75,000</u>	<u>68,814</u>
Expenditures			
Salaries and benefits	63,629	65,878	65,717
Purchased services	11,192	8,943	9,145
Supplies and materials	179	179	152
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>75,014</u>
Net change in fund balance	-	-	(6,200)
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,200)</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, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 506,806	\$ 506,806	\$ 505,388
Total revenue	<u>506,806</u>	<u>506,806</u>	<u>505,388</u>
Expenditures			
Salaries and benefits	213,121	194,223	194,170
Purchased services	277,769	296,667	295,850
Supplies and materials	<u>15,916</u>	<u>15,916</u>	<u>15,368</u>
Total expenditures	<u>506,806</u>	<u>506,806</u>	<u>505,388</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 and OPEB expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expense were not separately budgeted items.

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
GROW YOUR OWN TEACHER INITIATIVE

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 3,500	\$ 3,500	\$ 3,500
Interest	-	-	6
Total revenue	<u>3,500</u>	<u>3,500</u>	<u>3,506</u>
Expenditures			
Purchased Services	3,209	3,209	3,500
Supplies and materials	291	291	6
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>3,506</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
TITLE I SCHOOL IMPROVEMENT GRANT - PONTIAC

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 25,000	\$ 25,000	\$ 14,250
Total revenue	25,000	25,000	14,250
Expenditures			
Salaries and benefits	1,500	1,500	-
Purchased services	23,500	23,500	14,250
Total expenditures	25,000	25,000	14,250
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2019

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 90,507	\$ 36,088	\$ 126,595
Due from other governments	-	350	350
Total assets	<u>\$ 90,507</u>	<u>\$ 36,438</u>	<u>\$ 126,945</u>
Liabilities			
Accounts payable	\$ -	\$ 116	\$ 116
Salary and benefits payable	-	576	576
Total liabilities	<u>-</u>	<u>692</u>	<u>692</u>
Fund balance			
Restricted	<u>90,507</u>	<u>35,746</u>	<u>126,253</u>
Total fund balance	<u>90,507</u>	<u>35,746</u>	<u>126,253</u>
Total liabilities and fund balance	<u>\$ 90,507</u>	<u>\$ 36,438</u>	<u>\$ 126,945</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, 2019

	General Education Development	Bus Driver Training	Total
Revenues			
Local sources	\$ 5,106	\$ 8,960	\$ 14,066
State sources	-	1,872	1,872
Interest	470	191	661
Total revenues	<u>5,576</u>	<u>11,023</u>	<u>16,599</u>
Expenditures			
Salaries and benefits	-	7,066	7,066
Purchased services	860	3,532	4,392
Supplies and materials	23	10	33
Pension expense	-	199	199
Total expenditures	<u>883</u>	<u>10,807</u>	<u>11,690</u>
Excess (deficiency) of revenues over expenditures	<u>4,693</u>	<u>216</u>	<u>4,909</u>
Net change in fund balance	4,693	216	4,909
Fund balance - beginning	<u>85,814</u>	<u>35,530</u>	<u>121,344</u>
Fund balance - ending	<u>\$ 90,507</u>	<u>\$ 35,746</u>	<u>\$ 126,253</u>

See accompanying Independent Auditors' Report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION NO. 50

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education				
Passed-Through Illinois State Board of Education				
Title I, Part A - Grants to Local Educational Agencies - <i>Title I School Improvement and Accountability</i>	84.010A	18-4331-SS	\$ 90,443	<u>\$ 94,604</u>
Improving Special Education Preschool Grants <i>Federal Special Education Preschool Discretionary</i>	84.173A	19-4605-00		<u>486,060</u>
Supporting Effective Instruction State Grants <i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	19-4935-02		<u>2,872</u>
Passed-Through Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3				
Education for Homeless Children and Youth <i>McKinney-Vento Education for Homeless Children and Youth</i>	84.196A	19-4920-00		<u>111,732</u>
Passed-Through Pontiac- William Holliday School District #105				
School Improvement Grants <i>School Improvement Grant - Pontiac William Holliday School</i>	M 84.377A	19-4331-19		<u>14,250</u>
Passed-Through East St. Louis School District #189				
School Improvement Grants <i>School Improvement Grant - Bush School</i>	M 84.377A	19-4339-16		<u>505,388</u>
Total School Improvement Grants				<u>519,638</u>
Total U.S. Department of Education			<u>90,443</u>	<u>1,214,906</u>
U.S. Department of Agriculture				
Passed-Through Illinois State Board of Education				
Child Nutrition Cluster			-	
<i>School Breakfast Program</i>	10.553	19-4220-00		4,421
<i>School Breakfast Program</i>	10.553	18-4220-00		586
Total School Breakfast Program				<u>5,007</u>
<i>National School Lunch Program</i>	10.555	19-4210-00		18,052
<i>National School Lunch Program</i>	10.555	18-4210-00		1,916
Total National School Lunch Program			-	<u>19,968</u>
Total Child Nutrition Cluster			-	<u>24,975</u>
Total U.S. Department of Agriculture			-	<u>24,975</u>
Total Federal Awards			<u>\$ 90,443</u>	<u>\$ 1,239,881</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, 2019

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, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education No. 50, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Regional Office of Education No. 50.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3 NON-CASH ASSISTANCE

Certain noncash expenditures are included in the total federal expenditures on the Schedule of Expenditures of Federal Awards. The Regional Office of Education No. 50's total expenditures of federal awards for the National School Lunch Program (CFDA 10.555; Pass-through entity identifying number 19-4210-00) includes \$1,588 of non-cash assistance in the form of food commodities.