

**State of Illinois
ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
FINANCIAL AUDIT
(In Accordance with the Single Audit Act and
OMB Circular A-133)
For the Year Ended June 30, 2012**

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

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REGIONAL OFFICE OF EDUCATION #50
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JUNE 30, 2012

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ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50

OFFICIALS

Regional Superintendent (Current and During
the Audit Period, Acting Effective October 1, 2011)

Mrs. Susan Sarfaty

Regional Superintendent
(During the Audit Period, Acting Effective
July 1, 2011 through September 30, 2011)

Mr. Brad J. Harriman

Assistant Regional Superintendent (Current)
(Acting Effective August 1, 2012)

Ms. Tracy Gray

Assistant Regional Superintendent
(During the Audit Period, Acting Effective
July 1, 2011 through September 30, 2011)

Mrs. Susan Sarfaty

Assistant Regional Superintendent
(During the Audit Period, Acting Effective
October 1, 2011 through December 31, 2011)

No Assistant
Regional Superintendent

Assistant Regional Superintendent
(During the Audit Period, Acting Effective
January 1, 2012 through May 31, 2012)

Ms. Sue Hoffman

Assistant Regional Superintendent
(During the Audit Period, Acting Effective
June 1, 2012 through June 30, 2012)

No Assistant
Regional Superintendent

Office is located at:

1000 South Illinois Street
Belleville, IL 62220

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50

COMPLIANCE REPORT SUMMARY

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.

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	0	1
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	1	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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50

COMPLIANCE REPORT SUMMARY

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
11-1	15	Inadequate Internal Controls Over Compliance	Significant deficiency
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
11-1	15	Inadequate Internal Controls Over Compliance	Significant deficiency

INFORMAL EXIT CONFERENCE

An informal exit conference was held on September 19, 2012. Attending were Susan Sarfaty, Regional Superintendent, Annabelle Gillespie, Comptroller, and Michelle D. Smith, CPA, Partner, Kemper CPA Group LLP. There were no findings to discuss.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Regional Office of Education #50 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #50's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Clair County Regional Office of Education #50, as of and for the year ended June 30, 2012, which collectively comprise the St. Clair County Regional Office of Education #50's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Clair County Regional Office of Education #50's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Clair County Regional Office of Education #50, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 16, 2013, on our consideration of the St. Clair County Regional Office of Education #50's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16i, and 50 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.

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 #50's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
January 16, 2013



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Clair County Regional Office of Education #50, as of and for the year ended June 30, 2012, which collectively comprise the St. Clair County Regional Office of Education #50's basic financial statements and have issued our report thereon dated January 16, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the St. Clair County Regional Office of Education #50 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the St. Clair County Regional Office of Education #50's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the St. Clair County Regional Office of Education #50's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Clair County Regional Office of Education #50's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Clair County Regional Office of Education #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*.

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
January 16, 2013



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the St. Clair County Regional Office of Education #50's compliance with the types of compliance requirements described in the *OMB-Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the St. Clair County Regional Office of Education #50's major federal programs for the year ended June 30, 2012. The St. Clair County Regional Office of Education #50's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the St. Clair County Regional Office of Education #50's management. Our responsibility is to express an opinion on the St. Clair County Regional Office of Education #50's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #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. Our audit does not provide a legal determination of the St. Clair County Regional Office of Education #50's compliance with those requirements.

In our opinion, the St. Clair County Regional Office of Education #50 complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the St. Clair County Regional Office of Education #50 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the St. Clair County Regional Office of Education #50's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Clair County Regional Office of Education #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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants
Evansville, Indiana
January 16, 2013

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? No
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? No

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

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

Identification of **major** programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A – Grants to Local Educational Agencies (Title I School Improvement and Accountability)

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

Auditee qualified as a low-risk auditee? Yes

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

NONE

SIGNIFICANT DEFICIENCIES:

NONE

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Corrective Action Plan

NONE

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
11-1	Inadequate Internal Controls over Compliance	Corrected

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. 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.

2012 FINANCIAL HIGHLIGHTS

- Total net assets of the ROE's governmental activities are \$1,412,019, a decrease of \$234,305 or 14.2% from fiscal year 2011 net assets. This decrease was due to a reduction of state funding for Safe School, which necessitated spending State Aid reserves to operate the program, along with the payment of \$70,125 of School Services funds to East St Louis School District 189. Net assets of the ROE's enterprise fund are \$257,197 a decrease of \$57,257 or 18.2% from fiscal year 2011 net assets. This decrease was a result of technology and staff development needs outstripping available revenue. Total net assets for the ROE are \$1,669,216, a decrease of \$291,562 or 14.9% from fiscal year 2011.
- General governmental revenues account for \$1,372,416 in revenue, or 26.9% of all governmental revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,726,036 or 73.1% of total governmental revenues.
- The ROE governmental activities had \$5,332,757 in expenses; only \$3,726,036 of these expenses were offset by program specific charges for services, grants and contributions. The ROE had adequate unrestricted net assets to provide for the rest of the ROE's expenses.
- Among major funds, the General Fund had \$1,141,910 in revenues and \$1,372,758 in expenditures. The General Fund's fund balance decreased \$227,241 or 18.4% over the prior year. This decrease was due to both the reduction of Safe School funding and the payment of School Services funds to East St Louis School District 189.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

- Capital assets purchased during the year totaled \$4,693. In the governmental funds, capital assets net of depreciation decreased by \$63,693. Including the Enterprise Fund, capital assets for the ROE decreased \$71,398. This decrease was primarily due to depreciation.

- 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.

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 Assets presents information on all the ROE's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the ROE that are principally supported by grants, contracts and contributions, and governmental activities. The governmental activities of the ROE include instructional services and administrative expenses. The government-wide financial statements can be found on pages 17– 18 of this report.

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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 20 and 22, respectively.

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

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

Proprietary funds.

The purpose of the Enterprise Fund is to hold any excess funds collected from Workshops and/or Technology Services. These funds are used solely to offset Workshop and Technology Services incurred due to less than anticipated registrations or more than anticipated materials and services. The ROE's proprietary statements can be found on pages 23 – 25.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 – 49 of this report.

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

The ROE does not adopt a combined annual operating budget for all funds, but does adopt individual budgets for some grants in the General Fund and Education Fund. A budgetary comparison statement has been provided for those grants in the General Fund and Education Fund. This supplementary information can be found on pages 55 and 62 – 71 of this report.

Additionally, a Schedule of Expenditures of Federal Awards is required by OMB Circular A-133 and can be found on pages 74 – 75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the ROE, assets exceeded liabilities by \$1,669,216 as of June 30, 2012.

By far the largest portion of the ROE's net assets (75.1%) is unrestricted. However, 15.7% of net assets are related to the Institute Fund, GED fund, and Bus Driver fund and restricted for teacher professional development, GED testing and Bus Driver training. Investment in capital assets (e.g., equipment and furniture) represents 9.2% of the ROE's net assets.

The ROE's financial position is a product of several financial transactions including the net result of activities, the acquisition and disposal of capital assets and the depreciation of capital assets. The following table presents a summary of the ROE's net assets for the fiscal year ended June 30, 2012 compared to prior year.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Condensed Statements of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Current Assets	\$ 2,093,925	\$ 1,666,785	\$ 300,593	\$ 250,068	\$ 2,394,518	\$ 1,916,853
Capital Assets	207,783	144,090	17,973	10,268	225,756	154,358
Total Assets	<u>2,301,708</u>	<u>1,810,875</u>	<u>318,566</u>	<u>260,336</u>	<u>2,620,274</u>	<u>2,071,211</u>
Current Liabilities	655,509	398,856	4,112	3,139	659,621	401,995
Total Liabilities	<u>655,509</u>	<u>398,856</u>	<u>4,112</u>	<u>3,139</u>	<u>659,621</u>	<u>401,995</u>
Net Assets						
Invested in capital assets	207,783	144,090	17,973	10,268	225,756	154,358
Restricted for educational purposes	205,317	261,946	-	-	205,317	261,946
Unrestricted	1,233,099	1,005,983	296,481	246,929	1,529,580	1,252,912
Total Net Assets	<u>\$ 1,646,199</u>	<u>\$ 1,412,019</u>	<u>\$ 314,454</u>	<u>\$ 257,197</u>	<u>\$ 1,960,653</u>	<u>\$ 1,669,216</u>

The ROE's total revenues for the fiscal year ended June 30, 2012 were \$5,167,078. The total cost of all programs and services was \$5,458,640. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2011 and 2012.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Changes in Net Assets
For the Years Ended June 30, 2011 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>% Change</u>
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011-2012</u>
Revenues:							
Program revenues:							
Operating Grants/Contributions	\$ 4,344,494	\$ 3,726,036	\$ -	\$ -	\$ 4,344,494	\$ 3,726,036	-14.24%
Charges for Services	-	-	54,001	67,930	54,001	67,930	25.79%
General Revenues:							
Local Sources	376,280	441,400	-	-	376,280	441,400	17.31%
On-Behalf payments - Local	306,127	307,417	-	-	306,127	307,417	0.42%
State Sources	338,449	289,182	-	-	338,449	289,182	-14.56%
Federal Sources	-	21,152	-	-	-	21,152	100.00%
On-Behalf payments - State	356,200	310,440	-	-	356,200	310,440	-12.85%
Loss on disposal of capital assets	-	(1,244)	-	-	-	(1,244)	100.00%
Interest	7,601	4,069	1,295	696	8,896	4,765	-46.44%
Total Revenues	<u>5,729,151</u>	<u>5,098,452</u>	<u>55,296</u>	<u>68,626</u>	<u>5,784,447</u>	<u>5,167,078</u>	<u>-10.67%</u>
Expenses:							
Instructional Services	4,970,117	4,714,900	-	-	4,970,117	4,714,900	-5.14%
On-Behalf Payments	662,327	617,857	-	-	662,327	617,857	-6.71%
Workshop/Testing Expenses	-	-	75,483	125,883	75,483	125,883	66.77%
Total Expenses	<u>5,632,444</u>	<u>5,332,757</u>	<u>75,483</u>	<u>125,883</u>	<u>5,707,927</u>	<u>5,458,640</u>	<u>-4.37%</u>
Increase (Decrease) in Net Assets	96,707	(234,305)	(20,187)	(57,257)	76,520	(291,562)	-481.03%
Net Assets – Beginning (restated)	1,549,492	1,646,324	334,641	314,454	1,884,133	1,960,778	4.07%
Net Assets – Ending	<u>1,646,199</u>	<u>1,412,019</u>	<u>314,454</u>	<u>257,197</u>	<u>1,960,653</u>	<u>1,669,216</u>	<u>-14.86%</u>

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2012

Governmental activities. The following table presents the cost of two major ROE functional activities: instructional services and administrative expenses. Administrative expenses include guidance and social work services, operation & maintenance, pupil transportation, food service, planning and evaluation, and fiscal services. The table also shows each function's net cost (total cost less charges for services generated by the activities and grants provided for specific programs). The net cost shows the amount funded by the General Revenues. Both revenues and expenses decreased from the prior year due to fewer grant programs. However, revenue decreased more than expenses due to the reduced state funding for the Safe School.

	Total <u>Expenses</u>	Net (Expense) <u>Revenue</u>
Instructional Services	\$ 4,714,900	\$ (988,864)
Administrative Expenses	<u>617,857</u>	<u>(617,857)</u>
Total expenses	<u>\$ 5,332,757</u>	<u>\$ (1,606,721)</u>

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). The net expense is up, charges for services were increased, but not enough to cover increased expenses. This was due to fewer workshops offered for a fee in 2012 while basic services and their expenses continued.

	Total <u>Expenses</u>	Net (Expense) <u>Revenue</u>
Workshop/Testing Costs	\$ 125,883	\$ (57,953)

FINANCIAL ANALYSIS OF THE ROE'S FUNDS

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

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

The financial performance of the ROE as a whole is reflected in its governmental funds. As the ROE completed the year, its governmental funds reported a combined fund balance of \$1,264,896, which is a decrease of \$173,645 over the previous year. This decrease was largely due to the reduced state funding for the Safe School, which necessitated the use of state aid reserves to keep the school functioning.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

The General Fund is the principal operating fund of the ROE. The fund balance in the General Fund for the fiscal year decreased by \$227,241. This decrease was due to the use of \$144,337 of State Aid reserves to offset state cuts in Safe School and the payment of \$70,125 of School Services funds to East St. Louis District 189. The fund balance of Other Governmental Funds showed an increase of \$56,629 which was mainly due to excess revenue over expense in the Institute Fund of \$41,747 and the GED fund of \$10,867, as fees for both GED and Certificate Registration increased in 2012.

Enterprise Funds. The net assets in the Enterprise Fund as of June 30, 2012 were \$257,197, a decrease of \$57,257. The decrease was due to a management decision to offer more workshops and technology services free of charge since schools have reduced discretionary funds for staff development. The remaining funds provide a good reserve to insure that the ROE can continue to offer high quality workshops for teachers and administrators and solid technology assistance to schools.

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2012, the ROE's total capital assets at cost for Governmental Activities and Business-type Activities were \$665,895 and \$42,179 respectively, including furniture and equipment. This amount represents a decrease of \$23,794 for the Governmental Activities and no change for the Business-type Activities from the previous year. Additions and deletions during fiscal year 2012 totaled \$4,693 and \$28,487 respectively for Governmental Activities. There were no deletions for the Business type Activities capital assets.

Total accumulated depreciation as of June 30, 2012 for Governmental Activities and Business-type Activities was \$521,805 and \$31,911 respectively, and total depreciation expense for Governmental Activities and Business-type Activities for the fiscal year 2012 was \$67,142 and \$7,705 respectively, and prior depreciation on assets deleted in fiscal year 2012 was \$27,243 for Governmental Activities and none for Business-type Activities, resulting in total Investment in Capital Assets at June 30, 2012 for Governmental Activities and Business Type Activities of \$144,090 and \$10,268. This is a decrease of \$63,693 and \$7,705 for Governmental Activities and Business-type Activities, respectively compared to June 30, 2011.

Additional information on the ROE's capital assets can be found in Note 7 on pages 45 - 46 of this report.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Debt Administration. At June 30, 2012, 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.

The unreserved fund balance of the ROE has been sufficient to handle the economic downturn of the past few years. State funding for core grant programs has decreased significantly. The Safe School program and ROE School Services grant have each been cut 65% from Fiscal Year 2009 to Fiscal Year 2013. In addition Illinois budget deficits continue to delay payments on state funded programs. The ROE will be able to maintain most services for the near term, but is studying additional sources of funding to continue some programs in the future.

The System of Support grant, which serves schools and districts on the academic watch list in sixteen counties, will continue to be a major focus of our efforts. Both the number of schools and the complexity of the problem continue to increase. However, current funding is expected to be adequate in FY 2013.

The ROE expects to meet these challenges effectively.

CONTACTING THE ROE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,362,296	\$ 214,592	\$ 1,576,888
Accounts receivable	345	2,275	2,620
Due from (to) other funds	(32,721)	32,721	-
Due from other governments:			
Local	10,853	480	11,333
State	52,453	-	52,453
Federal	273,559	-	273,559
Total Current Assets	<u>1,666,785</u>	<u>250,068</u>	<u>1,916,853</u>
Noncurrent Assets:			
Capital assets, net of depreciation	144,090	10,268	154,358
Total Noncurrent Assets	<u>144,090</u>	<u>10,268</u>	<u>154,358</u>
TOTAL ASSETS	<u>1,810,875</u>	<u>260,336</u>	<u>2,071,211</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	166,230	217	166,447
Salary and benefits payable	168,708	2,922	171,630
Due to other governments:			
Local	58,698	-	58,698
State	5,000	-	5,000
Federal	220	-	220
Total Current Liabilities	<u>398,856</u>	<u>3,139</u>	<u>401,995</u>
TOTAL LIABILITIES	<u>398,856</u>	<u>3,139</u>	<u>401,995</u>
NET ASSETS			
Invested in capital assets	144,090	10,268	154,358
Restricted for educational purposes	261,946	-	261,946
Unrestricted	1,005,983	246,929	1,252,912
TOTAL NET ASSETS	<u>\$ 1,412,019</u>	<u>\$ 257,197</u>	<u>\$ 1,669,216</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 2,851,202	\$ -	\$ 2,269,783	\$ (581,419)	\$ -	\$ (581,419)
Purchased services	1,358,684	-	1,157,317	(201,367)	-	(201,367)
Supplies and materials	311,393	-	276,179	(35,214)	-	(35,214)
Other objects	38,290	-	-	(38,290)	-	(38,290)
Depreciation	67,142	-	-	(67,142)	-	(67,142)
Capital outlay	-	-	4,693	4,693	-	4,693
Payments to other governments	88,189	-	18,064	(70,125)	-	(70,125)
Administrative:						
On-behalf payments - State	310,440	-	-	(310,440)	-	(310,440)
On-behalf payments - Local	307,417	-	-	(307,417)	-	(307,417)
Total Governmental Activities	<u>5,332,757</u>	<u>-</u>	<u>3,726,036</u>	<u>(1,606,721)</u>	<u>-</u>	<u>(1,606,721)</u>
Business-Type Activities:						
Registration/Testing fee	125,883	67,930	-	-	(57,953)	(57,953)
Total Business-Type Activities	<u>125,883</u>	<u>67,930</u>	<u>-</u>	<u>-</u>	<u>(57,953)</u>	<u>(57,953)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,458,640</u>	<u>\$ 67,930</u>	<u>\$ 3,726,036</u>	<u>(1,606,721)</u>	<u>(57,953)</u>	<u>(1,664,674)</u>
GENERAL REVENUES:						
Local sources				441,400	-	441,400
On-behalf payments - Local				307,417	-	307,417
State sources				289,182	-	289,182
Federal sources				21,152	-	21,152
On-behalf payments - State				310,440	-	310,440
Loss on disposal of capital assets				(1,244)	-	(1,244)
Interest				4,069	696	4,765
Total General Revenues				<u>1,372,416</u>	<u>696</u>	<u>1,373,112</u>
CHANGE IN NET ASSETS				(234,305)	(57,257)	(291,562)
NET ASSETS - BEGINNING, Restated (See Note 12)				<u>1,646,324</u>	<u>314,454</u>	<u>1,960,778</u>
NET ASSETS - ENDING				<u>\$ 1,412,019</u>	<u>\$ 257,197</u>	<u>\$ 1,669,216</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,052,365	\$ 46,497	\$ 263,434	\$ -	\$ 1,362,296
Accounts receivable	26	269	50	-	345
Due from other funds	52,276	-	-	(52,276)	-
Due from other governments:					
Local	-	10,148	705	-	10,853
State	52,453	-	-	-	52,453
Federal	-	273,559	-	-	273,559
TOTAL ASSETS	<u>\$ 1,157,120</u>	<u>\$ 330,473</u>	<u>\$ 264,189</u>	<u>\$ (52,276)</u>	<u>\$ 1,699,506</u>
LIABILITIES					
Accounts payable	\$ 36,878	\$ 128,626	\$ 726	\$ -	\$ 166,230
Salary and benefits payable	60,072	107,306	1,330	-	168,708
Due to other funds	52,239	32,758	-	(52,276)	32,721
Deferred revenue	-	3,033	-	-	3,033
Due to other governments:					
Local	1,948	56,563	187	-	58,698
State	-	5,000	-	-	5,000
Federal	-	220	-	-	220
TOTAL LIABILITIES	<u>151,137</u>	<u>333,506</u>	<u>2,243</u>	<u>(52,276)</u>	<u>434,610</u>
FUND BALANCES (DEFICIT)					
Restricted	-	-	261,946	-	261,946
Assigned	895,112	-	-	-	895,112
Unassigned	110,871	(3,033)	-	-	107,838
Total Fund Balance (Deficit)	<u>1,005,983</u>	<u>(3,033)</u>	<u>261,946</u>	<u>-</u>	<u>1,264,896</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,157,120</u>	<u>\$ 330,473</u>	<u>\$ 264,189</u>	<u>\$ (52,276)</u>	<u>\$ 1,699,506</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2012

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 1,264,896

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities that were not financial resources and therefore, were not reported in the funds.	144,090
Revenues in the Statement of Activities that do not provide current financial resources, and are not reported as revenues in the funds.	<u>3,033</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,412,019

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 47,812	\$ 231,307	\$ 162,281	\$ -	\$ 441,400
Local sources-payments made on behalf of region	307,417	-	-	-	307,417
State sources	456,944	67,278	1,873	-	526,095
State sources - on-behalf payments	310,440	-	-	-	310,440
Federal sources	19,297	3,487,945	-	-	3,507,242
Total Revenues	<u>1,141,910</u>	<u>3,786,530</u>	<u>164,154</u>	<u>-</u>	<u>5,092,594</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	516,154	2,296,499	38,549	-	2,851,202
Purchased services	145,173	1,193,167	20,344	-	1,358,684
Supplies and materials	21,296	277,140	12,957	-	311,393
Other objects	2,153	-	36,137	-	38,290
Payments to other governments	70,125	18,064	-	-	88,189
On-behalf payments	617,857	-	-	-	617,857
Capital outlay	-	4,693	-	-	4,693
Total Expenditures	<u>1,372,758</u>	<u>3,789,563</u>	<u>107,987</u>	<u>-</u>	<u>5,270,308</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(230,848)</u>	<u>(3,033)</u>	<u>56,167</u>	<u>-</u>	<u>(177,714)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	20,564	-	-	(20,564)	-
Transfers out	(20,302)	(262)	-	20,564	-
Interest	3,345	262	462	-	4,069
Total Other Financing Sources (Uses)	<u>3,607</u>	<u>-</u>	<u>462</u>	<u>-</u>	<u>4,069</u>
NET CHANGE IN FUND BALANCE	<u>(227,241)</u>	<u>(3,033)</u>	<u>56,629</u>	<u>-</u>	<u>(173,645)</u>
FUND BALANCE - BEGINNING, Restated (See Note 12)	<u>1,233,224</u>	<u>-</u>	<u>205,317</u>	<u>-</u>	<u>1,438,541</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$1,005,983</u></u>	<u><u>\$ (3,033)</u></u>	<u><u>\$261,946</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,264,896</u></u>

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #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, 2012

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ (173,645)

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

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

Capital outlay	\$ 4,693	
Depreciation expense	(67,142)	
Loss on disposal of assets	<u>(1,244)</u>	(63,693)

Revenues reported in the Statement of Activities that did not provide current financial resources in the prior year, and were reported in the current year funds.

Deferred revenue		
Federal sources	<u>\$ 3,033</u>	<u>3,033</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (234,305)

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Total
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 214,592	\$ 214,592
Accounts receivable	2,275	2,275
Due from other funds	32,721	32,721
Due from other governments:		
Local	480	480
Total Current Assets	250,068	250,068
Noncurrent Assets:		
Capital assets, net of depreciation	10,268	10,268
TOTAL ASSETS	260,336	260,336
LIABILITIES		
Current Liabilities		
Accounts payable	217	217
Salary and benefits payable	2,922	2,922
TOTAL LIABILITIES	3,139	3,139
NET ASSETS		
Invested in capital assets	10,268	10,268
Unrestricted	246,929	246,929
TOTAL NET ASSETS	\$ 257,197	\$ 257,197

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Total
OPERATING REVENUES		
Registration & tech fees	\$ 67,930	\$ 67,930
Total Operating Revenues	67,930	67,930
OPERATING EXPENSES		
Salaries and benefits	80,812	80,812
Purchased services	30,647	30,647
Supplies and materials	6,719	6,719
Depreciation	7,705	7,705
Total Operating Expenses	125,883	125,883
OPERATING INCOME (LOSS)	(57,953)	(57,953)
NONOPERATING REVENUE		
Interest	696	696
Total Nonoperating Revenue	696	696
CHANGE IN NET ASSETS	(57,257)	(57,257)
TOTAL NET ASSETS - BEGINNING	314,454	314,454
TOTAL NET ASSETS - ENDING	\$ 257,197	\$ 257,197

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Totals
Cash Flows from Operating Activities:		
Receipts from customers	\$ 69,675	\$ 69,675
Payments to suppliers and providers of goods and services	(38,074)	(38,074)
Payments to employees	(81,077)	(81,077)
Net Cash Used for Operating Activities	(49,476)	(49,476)
Cash Flows from Noncapital Financing Activities:		
Cash payments to other funds	(17,484)	(17,484)
Net Cash Used for Noncapital Financing Activities	(17,484)	(17,484)
Cash Flows from Investing Activities:		
Interest	696	696
Net Cash Provided by Investing Activities	696	696
Net Decrease in Cash	(66,264)	(66,264)
Cash and Cash Equivalents - Beginning	280,856	280,856
Cash and Cash Equivalents - Ending	\$ 214,592	\$ 214,592
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (57,953)	\$ (57,953)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	7,705	7,705
(Increase) Decrease in Accounts receivable	(1,285)	(1,285)
(Increase) Decrease in Due from other governments	3,030	3,030
Increase (Decrease) in Accounts payable	(708)	(708)
Increase (Decrease) in Salary and benefits payable	(265)	(265)
Net Cash Used for Operating Activities	\$ (49,476)	\$ (49,476)

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Clair County Regional Office of Education #50 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2012, the Regional Office of Education #50 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The Regional Office of Education #50 implemented these standards during the current year; however, GASB's 57 and 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB plan with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT'S REVIEW

St. Clair County Regional Office of Education #50 has evaluated subsequent events through January 16, 2013 the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

For the period ended June 30, 2012, the Regional Office of Education #50 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #50. Such activities are reported as a single major special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #50's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #50 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #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 #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 #50 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #50 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #50 being considered a component unit of the entity.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #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 #50 has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #50's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #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 #50's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared, in accordance with generally accepted accounting principles, on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, typically 60 days. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid. Revenue received after the Regional Office’s availability period are reported as deferred revenue in the fund statements and are reported as current revenue in the Statement of Activities.

G. 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.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets.

Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #50; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, St. Clair County Regional Office of Education #50 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the St. Clair County Regional Office of Education #50's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. FUND ACCOUNTING

The Regional Office of Education #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 #50 uses governmental and proprietary funds.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, 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, liabilities, 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 #50 has presented all major funds that met the above qualifications.

The Regional Office of Education #50 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #50. It is used to account for all financial resources in the Region except those required to be accounted and reported for in other funds. General Fund includes the following:

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

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

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

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

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

School Service Account – This program is used to account for interest accrued in the no-longer utilized Distributive fund and payment of staff development expenditures requested by the entity that earned the interest.

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

Major 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 various grant and 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.

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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.

Math and Science Sprouting Stems – This program is used to account for federal grant monies received for, and payment of, expenditures to improve the content knowledge and pedagogical skills of kindergarten through third grade teachers in mathematics and science.

Math and Science Green Stems – This program is used to account for federal grant monies received for, and payment of, expenditures to improve the content knowledge and pedagogical skills of high school teachers in mathematics and science.

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

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

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

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

ARRA Education Jobs – This program is used to account for grant monies received for, and payment of, expenditures related to saving or creating education jobs.

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Teaching American History – 2 Grades 4-6 – This program is used to account for federal grant monies received for, and payment of, expenditures related to improving the content knowledge of grades 4-6 American History teachers so they can offer effective instruction in their classrooms.

Pan Flu Outreach Education – This program is used to account for grant monies received for, and payment of, expenditures related to education outreach activities regarding pandemic influenza that can become model programs for the State of Illinois.

Additionally, the Regional Office of Education #50 reports the following nonmajor fund types:

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

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 #50 on a cost reimbursement basis are reported. The Regional Office of Education #50 reports its Local Workshop Fund as a major proprietary fund. The Local Workshop Fund is used to account for the workshop fees and fees for technology services of the Regional Office of Education #50.

I. GOVERNMENTAL FUND BALANCES

Fund balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances are presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Nonspendable Fund Balance – the portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, and Bus Driver Training.

Committed Fund Balance - the portion of a Governmental Fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

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

Unassigned Fund Balance – the portion of a Governmental Fund’s net assets that are expendable financial resources in a governmental fund that are not designated for a specific purpose. The following fund balances are unassigned: ESR General Operation Account and McKinney-Vento Education for Homeless Children and Youth.

J. NET ASSETS

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

Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

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

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #50 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

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

M. 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

N. COMPENSATED ABSENCES

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. 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.

P. BUDGET INFORMATION

The Regional Office of Education #50 acts as the administrative agent for certain grant programs that are accounted for in the General Fund and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets are required to be or have been legally adopted. Certain programs within the General Fund and Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information.

Budget to actual statements have been provided in supplementary schedules for the following funds: McKinney-Vento Education for Homeless Children and Youth, Title I School Improvement and Accountability, Math and Science Sprouting Stems, Math and Science Green Stems, Title I School Dropout Prevention Project, ROE School Services, Regional Safe Schools, Federal Special Education Preschool Discretionary, and Teaching American History – 2 Grades 4 – 6.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Regional Office of Education #50 does not have a formal investment policy. The Regional Office of Education #50 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2012, the carrying amount of the Regional Office of Education #50's Government-wide deposits were \$1,576,888, and the bank balances were \$1,479,062. Of the total bank balances as of June 30, 2012, \$250,000 was secured by federal depository insurance and \$1,229,062 was collateralized by securities pledged by the Regional Office of Education #50's financial institution in the name of the Regional Office.

CUSTODIAL CREDIT RISK

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – CASH AND CASH EQUIVALENTS (Concluded)

To guard against custodial credit risk for deposits with financial institutions, the St. Clair County Regional Office of Education #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 #50.

B. INVESTMENTS

The Regional Office of Education #50's, only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2012, the Regional Office of Education #50 had investments with carrying and fair value of \$108,376 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2012, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 - DEFINED BENEFIT PENSION PLAN

Plan Description. The St. Clair County Regional Office of Education #50's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The St. Clair County Regional Office of Education #50's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Continued)

plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at www.imrf.org.

Funding Policy. As set by statute, the St. Clair Regional Office of Education #50's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The St. Clair Regional Office of Education #50's annual required contribution rate for calendar year 2011 was 12.80 percent.

The St. Clair Regional Office of Education #50 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2011 was \$98,215.

THREE YEAR TREND INFORMATION			
Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/11	\$98,215	100%	\$0
12/31/10	115,109	73%	0
12/31/09	54,652	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #50's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The St. Clair County Regional Office of Education #50's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 89.43 percent funded. The actuarial accrued liability for benefits was \$2,668,005 and the actuarial value of assets was \$2,385,972, resulting in an underfunded actuarial accrued liability (UAAL) of \$282,033.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$767,303 and the ratio of the UAAL to the covered payroll was 37 percent. The schedule of funding progress, presented as RSI following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The St. Clair County Regional Office of Education #50 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multi-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2012, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #50's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #50. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #50 recognized revenue and expenditures of \$120,917 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 (\$119,685) and 23.38 (\$165,762) percent, respectively.

The Regional Office of Education #50 makes other types of employer contributions directly to TRS.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$5,540. Contributions for the years ending June 30, 2011, and June 30, 2010, were \$5,655 and \$5,131, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #50, there is a statutory requirement for the Regional Office of Education #50 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$633,192 were paid from federal and special trust funds that required employer contributions of \$157,728. For the years ended June 30, 2011 and June 30, 2010, required Regional Office of Education #50 contributions were \$149,754 and \$85,811, respectively.

- **Early Retirement Option.** The Regional Office of Education #50 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2012, 2011, and 2010, the Regional Office of Education #50 paid no contributions to the ERO program.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #50 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #50 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2012, the Regional Office of Education #50 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education #50 paid no employer contributions on salary increases in excess of 6 percent.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

If the Regional Office of Education #50 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #50 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the Regional Office of Education #50 during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012, as recertified pursuant to Public Act 96-1511). For the year ended June 30, 2012, the Regional Office of Education #50 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education #50 paid no employer contributions granted for sick leave days.

Further information on TRS TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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

NOTE 5 – OTHER POST EMPLOYMENT BENEFITS

A. TEACHERS' HEALTH INSURANCE SECURITY FUND

The St. Clair County Regional Office of Education #50 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

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

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

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (Continued)

- **On behalf contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of St. Clair County Regional Office of Education #50. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$8,405, and St. Clair County Regional Office of Education #50 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2011 and 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of the St. Clair County Regional Office of Education #50 employees were \$8,580 and \$7,430, respectively.

- **Employer contributions to THIS Fund.** The St. Clair County Regional Office of Education #50 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2012 and 2011, and 0.63 percent during the years ended June 30, 2010. For the year ended June 30, 2012, the St. Clair County Regional Office of Education #50 paid \$6,304 to the THIS Fund. For the years ended June 30, 2011 and 2010, the St. Clair County Regional Office of Education #50 paid \$6,435 and \$5,573 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

B. EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST

Plan Description. The St. Clair County Regional Office of Education #50 contributes to the Egyptian Area Schools Employee Benefit Trust (the "Trust"), a cost-sharing multiple-employer defined benefit health care plan administered by the Board of Managers of the Trust. The Trust provides medical benefits to active and retired employees of approximately 180 participating employers. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. A copy of the report may be obtained by writing to the Egyptian Area Schools Employee Benefit Trust, c/o Meritain Health, 1109 Hartman Lane, Suite 202, Shiloh, IL 62221, or by calling Meritain Health at (866) 588-2431, Option 3 x 6105. The report is also posted on the Trust's website at www.egtrust.org.

Funding Policy. The Trust Agreement establishing the Trust provides that contribution rates are established and may be modified by the Board of Managers of the Trust. Contribution rates are normally adjusted as of September 1 each year. As of June 30, 2012, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (Concluded)

	Platinum	Gold	Silver	Bronze
	Plan	Plan	Plan	Plan
Employee (Retiree)	\$632	\$571	\$493	\$420
Employee + spouse	\$1,305	\$1,178	\$1,022	\$864
Employee + child(ren)	\$1,260	\$1,136	\$985	\$848
Family	\$1,405	\$1,266	\$1,100	\$933

Participating employers may require employees and/or retirees to pay some or all of the required contributions to the employer, but the employer has the legal obligation to pay contributions to the Trust. St. Clair County Regional Office of Education #50 requires retirees to pay 100% of the contribution for coverage for retirees and their dependents.

The Board of Managers of the Trust sets the employer contribution rates each year based on an actuarial valuation. The Trust's actuary has determined that as of June 30, 2012 the contribution rates exceed the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The St. Clair County Regional Office of Education #50's contributions to the Trust for the years ending June 30, 2012, June 30, 2011 and June 30, 2010, were \$340,890, \$294,334, and \$298,466, respectively, which equaled the contractually required contributions each year.

NOTE 6 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012 consist of the following individual due to/from other funds in the governmental and proprietary fund Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets. The balances between governmental and business-type activities were not eliminated in the government-wide Statement of Net Assets.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 52,276	\$ 52,239
Education Fund	-	32,758
Proprietary Fund	32,721	-
Totals	<u>\$ 84,997</u>	<u>\$ 84,997</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 - INTERFUND ACTIVITY (Concluded)

TRANSFERS

At the end of the fiscal year, the Regional Office of Education #50 transfers interest income associated with the Education Funds to the ESR General Operation Account as partial reimbursement for expenditures paid by the ESR General Operation Account through the year on behalf of the Education funds. The total interest transferred from other General Funds and Education Funds to the ESR General Operation Account for the year ended June 30, 2012 was \$379. An additional \$20,299 in local funds that was loaned to fund the School Service Account was transferred back to the ESR General Operations Accounts.

	Transfer Out	Transfer In
General Fund	\$ 20,302	\$ 20,564
Education Fund	262	-
Totals	\$ 20,564	\$ 20,564

NOTE 7 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #50 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in capital assets for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities				
Equipment	\$ 608,791	\$ 4,693	\$ 28,487	\$ 584,997
Furniture and Fixtures	80,898	-	-	80,898
Governmental Activities Total Assets	689,689	4,693	28,487	665,895
Less Accumulated Depreciation	481,906	67,142	27,243	521,805
Governmental Funds Investment in Capital Assets, Net	\$ 207,783	\$ (62,449)	\$ 1,244	\$ 144,090
Business Type Activities				
Equipment	\$ 18,847	\$ -	\$ -	\$ 18,847
Furniture and Fixtures	23,332	-	-	23,332
Business-type Activities Total Assets	42,179	-	-	42,179
Less Accumulated Depreciation	24,206	7,705	-	31,911
Investment in Capital Assets, Net	\$ 17,973	\$ (7,705)	\$ -	\$ 10,268

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 7 - CAPITAL ASSET ACTIVITY (Concluded)

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, 2012 of \$67,142 and \$7,705 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 assets that reports capital assets net of accumulated depreciation. The Regional Office’s assets are composed of furniture and equipment.

NOTE 8 - RISK MANAGEMENT

The Regional Office of Education #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 #50 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 9 – ON BEHALF PAYMENTS

St. Clair County provides the St. Clair County Regional Office of Education #50 with staff and pays certain expenditures on behalf of the St. Clair County Regional Office of Education #50. The expenditures paid on the St. Clair County Regional Office of Education #50’s behalf for the year ended June 30, 2012, were as follows:

Salaries and benefits	\$ 212,176
Purchased services	<u>95,241</u>
Total	<u>\$ 307,417</u>

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #50:

Regional Superintendent Salary	\$ 104,616
Assistant Regional Superintendent Salary	58,845
Regional Superintendent Fringe Benefit (Includes State paid insurance)	15,720
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	1,937
Regional Superintendent TRS Pension Contribution	26,059
Assistant Regional Superintendent TRS Pension Contribution	14,659
TRS Pension Contributions	80,199
THIS Contributions	<u>8,405</u>
Total	<u><u>\$ 310,440</u></u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 – ON BEHALF PAYMENTS (Concluded)

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

These amounts have been recorded in the accompanying financial statements as State and local revenue and expenditures.

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #50's General Fund, Education Fund, Nonmajor Special Revenue Funds and Proprietary Fund have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

<u>General Fund</u>		
Illinois State Board of Education	\$	52,453
<u>Education Fund</u>		
School Districts		10,148
U.S. Department of Education		273,559
<u>Nonmajor Special Revenue Funds</u>		
School Districts		705
<u>Proprietary Fund</u>		
School Districts		480
Total	\$	<u><u>337,345</u></u>

Due To Other Governments:

<u>General Fund</u>		
Local Governments	\$	1,948
<u>Education Fund</u>		
Local Governments		56,563
Southern Illinois University		5,000
Federal Government		220
<u>Nonmajor Special Revenue Funds</u>		
Local Governments		187
Total	\$	<u><u>63,918</u></u>

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 11 - OPERATING LEASE

The Regional Office of Education #50 entered into an operating lease for its Belleville office space. Rent expense for the building for fiscal year 2012 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 #50 with rent subsidies under this agreement of \$4,667 per month. This amount has been recorded as rental expense and local revenue on the Statement of Activities. The lease may be cancelled by the Regional Office of Education #50 upon 365 days written notification to the landlord, St. Clair County.

The Regional Office of Education #50 entered into an operating lease for space to operate educational programs. Rent expense for the building for fiscal year 2012 totaled \$51,000. Future minimum operating lease commitments are as follows:

Year ending June 30, 2013	<u>\$ 51,000</u>
------------------------------	------------------

Monthly rental payments are required through June 30, 2013. Annual rent is \$51,000 plus the published annual Consumer Price Index increase. Rent for 2012 and 2011 remained consistent with no increase. This amount has been recorded as an expense split between the Regional Safe School, General State Aid 18-8, and Truants/Alternative Optional Education funds. The lease may be cancelled by the Regional Office of Education #50 upon 365 days written notification to the landlord, St. Mary's Parish.

NOTE 12 - RECLASSIFICATION

The Employee Activity Fund has been reclassified from the agency fund to the general fund in fiscal year 2012. The Employee Activity Fund is not restricted and is used to fund employee activities as the Regional Superintendent deems appropriate.

These reclassifications had the following effect on the beginning fund balance for the general fund:

	<u>General Fund</u>
Fund balance, July 1, 2011	\$ 1,233,099
Reclassification of Employee Activity Fund	<u>125</u>
Beginning Fund Balance, July 1, 2011, Reclassified	<u>\$ 1,233,224</u>

The agency fund does not recognize fund balances, and therefore, this reclassification has had no effect on the beginning fund balance for the agency fund.

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 13 – DEFICIT FUND BALANCES

Because some revenues 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 this revenue caused a deficit fund balance as of June 30, 2012 in the McKinney - Vento Education for Homeless Children and Youth of (\$3,033).

REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Unfunded Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	2,385,972	2,668,005	282,033	89.43	767,303	36.76%
12/31/10	2,153,580	2,400,218	246,638	89.72	990,611	24.90%
12/31/09	2,305,179	2,745,273	440,094	83.97	1,268,029	34.71%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$2,254,500.

On a market basis, the funded ratio would be 84.50%.

SUPPLEMENTAL INFORMATION

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2012

	ESR General Operation Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Employee Activity Fund	Young Authors Conference	National School Breakfast and Lunch
ASSETS						
Cash and cash equivalents	\$ 112,146	\$ 23,853	\$ 8,633	\$ 145	\$ 2,958	\$ 23,704
Accounts receivable	26	-	-	-	-	-
Due from other funds	37	-	-	-	-	-
Due from other governments						
State	-	-	-	-	-	214
TOTAL ASSETS	\$ 112,209	\$ 23,853	\$ 8,633	\$ 145	\$ 2,958	\$ 23,918
LIABILITIES						
Accounts payable	\$ 181	\$ 21,905	\$ 8,633	\$ -	\$ -	\$ 6
Salary and benefits payable	1,157	-	-	-	-	658
Due to other funds	-	-	-	-	-	-
Due to other governments						
Local	-	1,948	-	-	-	-
Total Liabilities	1,338	23,853	8,633	-	-	664
FUND BALANCE						
Assigned	-	-	-	145	2,958	23,254
Unassigned	110,871	-	-	-	-	-
Total Fund Balance	110,871	-	-	145	2,958	23,254
TOTAL LIABILITIES AND FUND BALANCE	\$ 112,209	\$ 23,853	\$ 8,633	\$ 145	\$ 2,958	\$ 23,918

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2012

	General State Aid 18-8	Regional Safe Schools	School Service Account	Building Fund	TOTALS
ASSETS					
Cash and cash equivalents	\$ 817,601	\$ -	\$ -	\$ 63,325	\$ 1,052,365
Accounts receivable	-	-	-	-	26
Due from other funds	52,239	-	-	-	52,276
Due from other governments					
State	-	52,239	-	-	52,453
TOTAL ASSETS	\$ 869,840	\$ 52,239	\$ -	\$ 63,325	\$ 1,157,120
LIABILITIES					
Accounts payable	\$ 5,933	\$ -	\$ -	\$ 220	\$ 36,878
Salary and benefits payable	55,192	-	-	3,065	60,072
Due to other funds	-	52,239	-	-	52,239
Due to other governments					
Local	-	-	-	-	1,948
Total Liabilities	61,125	52,239	-	3,285	151,137
FUND BALANCE					
Assigned	808,715	-	-	60,040	895,112
Unassigned	-	-	-	-	110,871
Total Fund Balance	808,715	-	-	60,040	1,005,983
TOTAL LIABILITIES AND FUND BALANCE	\$ 869,840	\$ 52,239	\$ -	\$ 63,325	\$ 1,157,120

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	ESR General Operation Account	Payroll Clearing Fund	Worker Compensation Escrow Fund	Employee Activity Fund	Young Authors Conference	National School Breakfast and Lunch
REVENUES						
Local sources	\$ 1,193	\$ -	\$ -	\$ 20	\$ 3,910	\$ 3,059
Local sources-payments made on behalf of region	307,417	-	-	-	-	-
State sources	-	-	-	-	-	724
State sources-payments made on behalf of region	310,440	-	-	-	-	-
Federal sources	-	-	-	-	-	19,297
Total Revenues	<u>619,050</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>3,910</u>	<u>23,080</u>
EXPENDITURES						
Salaries and benefits	12,647	-	-	-	-	3,950
Purchased services	7,189	-	-	-	2,078	19,267
Supplies and materials	2,089	-	-	-	956	-
Other objects	2,153	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Payments made on behalf of region	617,857	-	-	-	-	-
Total Expenditures	<u>641,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,034</u>	<u>23,217</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,885)</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>876</u>	<u>(137)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	20,564	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interest	594	-	-	-	13	69
Total Other Financing Sources (Uses)	<u>21,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>69</u>
NET CHANGE IN FUND BALANCE	(1,727)	-	-	20	889	(68)
FUND BALANCE - BEGINNING (Restated) (See Note 12)	<u>112,598</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>2,069</u>	<u>23,322</u>
FUND BALANCE - ENDING	<u>\$ 110,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ 2,958</u>	<u>\$ 23,254</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	General State Aid 18-8	Regional Safe Schools	School Service Account	Building Fund	TOTALS
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ 39,630	\$ 47,812
Local sources-payments made on behalf of region	-	-	-	-	307,417
State sources	260,987	195,233	-	-	456,944
State sources-payments made on behalf of region	-	-	-	-	310,440
Federal sources	-	-	-	-	19,297
Total Revenues	<u>260,987</u>	<u>195,233</u>	<u>-</u>	<u>39,630</u>	<u>1,141,910</u>
EXPENDITURES					
Salaries and benefits	297,416	186,012	-	16,129	516,154
Purchased services	93,954	8,665	-	14,020	145,173
Supplies and materials	16,458	556	-	1,237	21,296
Other objects	-	-	-	-	2,153
Payments to other governments	-	-	70,125	-	70,125
Payments made on behalf of region	-	-	-	-	617,857
Total Expenditures	<u>407,828</u>	<u>195,233</u>	<u>70,125</u>	<u>31,386</u>	<u>1,372,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(146,841)</u>	<u>-</u>	<u>(70,125)</u>	<u>8,244</u>	<u>(230,848)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	20,564
Transfers out	(3)	-	(20,299)	-	(20,302)
Interest	2,507	-	114	48	3,345
Total Other Financing Sources (Uses)	<u>2,504</u>	<u>-</u>	<u>(20,185)</u>	<u>48</u>	<u>3,607</u>
NET CHANGE IN FUND BALANCE					
	<u>(144,337)</u>	<u>-</u>	<u>(90,310)</u>	<u>8,292</u>	<u>(227,241)</u>
FUND BALANCE - BEGINNING (Restated)					
	<u>953,052</u>	<u>-</u>	<u>90,310</u>	<u>51,748</u>	<u>1,233,224</u>
(See Note 12)					
FUND BALANCE - ENDING					
	<u>\$ 808,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,040</u>	<u>\$ 1,005,983</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
GENERAL FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 195,233	\$ 195,233	\$ 195,233
Total Revenues	<u>195,233</u>	<u>195,233</u>	<u>195,233</u>
EXPENDITURES			
Salaries and benefits	188,075	188,075	186,012
Purchased services	7,008	7,008	8,665
Supplies and materials	150	150	556
Total Expenditures	<u>195,233</u>	<u>195,233</u>	<u>195,233</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

	McKinney-Vento Education for Homeless Children and Youth	Career and Technical Education Improvement	Title I School Improvement & Accountability	Math & Science Sprouting Stems	Math & Science Green Stems
ASSETS					
Cash and cash equivalents	\$ -	\$ 563	\$ -	\$ -	\$ -
Accounts receivable	-	269	-	-	-
Due from other governments					
Local	-	-	-	-	-
Federal	18,221	-	131,530	3,611	-
TOTAL ASSETS	\$ 18,221	\$ 832	\$ 131,530	\$ 3,611	\$ -
LIABILITIES					
Accounts payable	\$ 126	\$ 7	\$ 90,067	\$ 3,409	\$ -
Salary and benefits payable	2,907	825	37,360	105	-
Due to other funds	15,188	-	3,883	97	-
Unearned revenue	3,033	-	-	-	-
Due to other governments					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	-	220	-	-
Total Liabilities	21,254	832	131,530	3,611	-
FUND BALANCE (DEFICIT)					
Unassigned	(3,033)	-	-	-	-
Total Fund Balance (Deficit)	(3,033)	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 18,221	\$ 832	\$ 131,530	\$ 3,611	\$ -

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

	Title I School Dropout Prevention Project	Mental Health Parent Resource	ROE School Services	Bilingual Education Downstate TPI	ARRA Education Jobs
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 414	\$ 45,520	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments					
Local	-	10,148	-	-	-
Federal	68,196	-	-	-	-
TOTAL ASSETS	\$ 68,196	\$ 10,148	\$ 414	\$ 45,520	\$ -
LIABILITIES					
Accounts payable	\$ 9,925	\$ 17	\$ 393	\$ 172	\$ -
Salary and benefits payable	36,150	2,318	-	10,015	-
Due to other funds	-	7,813	21	891	-
Unearned revenue	-	-	-	-	-
Due to other governments					
Local	22,121	-	-	34,442	-
State	-	-	-	-	-
Federal	-	-	-	-	-
Total Liabilities	68,196	10,148	414	45,520	-
FUND BALANCE (DEFICIT)					
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 68,196	\$ 10,148	\$ 414	\$ 45,520	\$ -

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

	Federal Special Education Preschool Discretionary	Teaching American History - 2 Grades 4 - 6	Pan Flu Outreach Education	TOTALS
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 46,497
Accounts receivable	-	-	-	269
Due from other governments				
Local	-	-	-	10,148
Federal	30,172	21,829	-	273,559
TOTAL ASSETS	\$ 30,172	\$ 21,829	\$ -	\$ 330,473
LIABILITIES				
Accounts payable	\$ 12,305	\$ 12,205	\$ -	\$ 128,626
Salary and benefits payable	13,002	4,624	-	107,306
Due to other funds	4,865	-	-	32,758
Unearned revenue	-	-	-	3,033
Due to other governments				
Local	-	-	-	56,563
State	-	5,000	-	5,000
Federal	-	-	-	220
Total Liabilities	30,172	21,829	-	333,506
FUND BALANCE (DEFICIT)				
Unassigned	-	-	-	(3,033)
Total Fund Balance (Deficit)	-	-	-	(3,033)
TOTAL LIABILITIES AND FUND BALANCE	\$ 30,172	\$ 21,829	\$ -	\$ 330,473

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	McKinney-Vento Education for Homeless Children and Youth	Career and Technical Education Improvement	Title I School Improvement & Accountability	Math & Science Sprouting Stems	Math & Science Green Stems
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	22,565	-	-	-
Federal sources	29,285	-	1,486,005	183,145	15,041
Total Revenue	<u>29,285</u>	<u>22,565</u>	<u>1,486,005</u>	<u>183,145</u>	<u>15,041</u>
EXPENDITURES					
Salaries and benefits	25,131	21,817	943,858	8,230	5,232
Purchased services	7,018	748	368,360	151,384	7,657
Supplies and materials	169	-	172,287	23,531	2,152
Capital outlay	-	-	1,500	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>32,318</u>	<u>22,565</u>	<u>1,486,005</u>	<u>183,145</u>	<u>15,041</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,033)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(6)	(1)	-	(60)	-
Interest	6	1	-	60	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(3,033)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (3,033)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	Title I School Dropout Prevention Project	Mental Health Parent Resource	ROE School Services	Bilingual Education Downstate TPI	ARRA Education Jobs
REVENUES					
Local sources	\$ -	\$ 60,363	\$ -	\$ 170,944	\$ -
State sources	-	-	44,713	-	-
Federal sources	948,509	-	-	-	447
Total Revenue	<u>948,509</u>	<u>60,363</u>	<u>44,713</u>	<u>170,944</u>	<u>447</u>
EXPENDITURES					
Salaries and benefits	651,181	55,426	22,230	133,169	447
Purchased services	291,413	4,937	21,322	36,472	-
Supplies and materials	2,722	-	1,161	1,303	-
Capital outlay	3,193	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>948,509</u>	<u>60,363</u>	<u>44,713</u>	<u>170,944</u>	<u>447</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(21)	(174)	-
Interest	-	-	21	174	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	Federal Special Education Preschool Discretionary	Teaching American History - 2 Grades 4 - 6	Pan Flu Outreach Education	TOTALS
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ 231,307
State sources	-	-	-	67,278
Federal sources	487,081	337,024	1,408	3,487,945
Total Revenue	<u>487,081</u>	<u>337,024</u>	<u>1,408</u>	<u>3,786,530</u>
EXPENDITURES				
Salaries and benefits	318,870	110,908	-	2,296,499
Purchased services	124,308	178,140	1,408	1,193,167
Supplies and materials	43,903	29,912	-	277,140
Capital outlay	-	-	-	4,693
Payments to other governments	-	18,064	-	18,064
Total Expenditures	<u>487,081</u>	<u>337,024</u>	<u>1,408</u>	<u>3,789,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	(3,033)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(262)
Interest	-	-	-	262
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	(3,033)
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,033)</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to August 31, 2012)
EDUCATION FUND ACCOUNT
MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 41,848	\$ 40,863	\$ 29,285
Total Revenues	<u>41,848</u>	<u>40,863</u>	<u>29,285</u>
EXPENDITURES			
Salaries and benefits	31,753	27,344	25,131
Purchased services	9,297	7,766	7,018
Supplies and materials	798	5,753	169
Total Expenditures	<u>41,848</u>	<u>40,863</u>	<u>32,318</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	(6)
Interest	-	-	6
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(3,033)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,033)</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2011 to August 31, 2012)
 EDUCATION FUND ACCOUNT
 TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 1,041,999	\$ 1,679,765	\$ 1,486,005
Total Revenues	<u>1,041,999</u>	<u>1,679,765</u>	<u>1,486,005</u>
EXPENDITURES			
Salaries and benefits	1,041,999	1,075,316	943,858
Purchased services	-	372,347	368,360
Supplies and materials	-	232,102	172,287
Capital outlay	-	-	1,500
Total Expenditures	<u>1,041,999</u>	<u>1,679,765</u>	<u>1,486,005</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2010 to September 30, 2011)
EDUCATION FUND ACCOUNT
MATH AND SCIENCE PARTNERSHIP
MATH AND SCIENCE SPROUTING STEMS (11-4936-10)
FOR THE YEAR ENDED JUNE 30, 2012

	2011 Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	Spent In		
			FY 11	FY 12	
REVENUES					
Federal	\$ 250,000	\$ 250,000	\$ 141,090	\$ 108,159	\$ 249,249
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>141,090</u>	<u>108,159</u>	<u>249,249</u>
EXPENDITURES					
Salaries and benefits	41,291	28,393	15,775	5,430	21,205
Purchased services	147,815	148,042	81,927	79,409	161,336
Supplies and materials	60,894	73,565	43,388	23,320	66,708
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>141,090</u>	<u>108,159</u>	<u>249,249</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	(60)	-	(60)
Interest	-	-	60	-	60
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2011 to September 30, 2012)
EDUCATION FUND ACCOUNT
MATH AND SCIENCE PARTNERSHIP
MATH AND SCIENCE SPROUTING STEMS (12-4936-10)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>2012 Budgeted Amounts</u>		<u>Total Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Federal	\$ 100,000	\$ 100,000	\$ 74,986
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>74,986</u>
EXPENDITURES			
Salaries and benefits	12,724	3,429	2,800
Purchased services	84,078	92,498	71,975
Supplies and materials	<u>3,198</u>	<u>4,073</u>	<u>211</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>74,986</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	(60)
Interest	<u>-</u>	<u>-</u>	<u>60</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</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>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of September 1, 2010 to August 31, 2011)
EDUCATION FUND ACCOUNT
MATH AND SCIENCE PARTNERSHIP
MATH AND SCIENCE GREEN STEMS (11-4936-00)
FOR THE YEAR ENDED JUNE 30, 2012

	2011 Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	Spent In		
			FY 11	FY 12	
REVENUES					
Federal	\$ 250,000	\$ 228,750	\$ 143,450	\$ 15,041	\$ 158,491
Total Revenues	<u>250,000</u>	<u>228,750</u>	<u>143,450</u>	<u>15,041</u>	<u>158,491</u>
EXPENDITURES					
Salaries and benefits	22,512	25,746	6,375	5,232	11,607
Purchased services	116,690	125,617	32,403	7,657	40,060
Supplies and materials	108,322	72,416	44,710	2,152	46,862
Capital outlay	2,476	4,971	59,962	-	59,962
Total Expenditures	<u>250,000</u>	<u>228,750</u>	<u>143,450</u>	<u>15,041</u>	<u>158,491</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2010 to September 30, 2011)
EDUCATION FUND ACCOUNT
TITLE I SCHOOL DROPOUT PREVENTION PROJECT (11-S360A100078)
FOR THE YEAR ENDED JUNE 30, 2012

	2011 Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	Spent In FY 11	FY 12	
REVENUES					
Federal	\$ 988,394	\$ 988,394	\$ 475,551	\$ 163,490	\$ 639,041
Total Revenues	<u>988,394</u>	<u>988,394</u>	<u>475,551</u>	<u>163,490</u>	<u>639,041</u>
EXPENDITURES					
Salaries and benefits	658,181	658,181	318,143	114,204	432,347
Purchased services	285,013	285,013	132,878	47,462	180,340
Supplies and materials	24,200	24,200	5,575	1,824	7,399
Capital outlay	21,000	21,000	18,955	-	18,955
Total Expenditures	<u>988,394</u>	<u>988,394</u>	<u>475,551</u>	<u>163,490</u>	<u>639,041</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2011 to September 30, 2012)
EDUCATION FUND ACCOUNT
TITLE I SCHOOL DROPOUT PREVENTION PROJECT (12-S360A100078)
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 989,536	\$ 1,338,889	\$ 785,019
Total Revenues	<u>989,536</u>	<u>1,338,889</u>	<u>785,019</u>
EXPENDITURES			
Salaries and benefits	792,536	902,389	536,977
Purchased services	185,200	368,700	243,951
Supplies and materials	11,800	67,800	898
Capital outlay	-	-	3,193
Total Expenditures	<u>989,536</u>	<u>1,338,889</u>	<u>785,019</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
ROE SCHOOL SERVICES (12-3730-00)
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 44,713	\$ 44,713	\$ 44,713
Total Revenues	<u>44,713</u>	<u>44,713</u>	<u>44,713</u>
EXPENDITURES			
Salaries and benefits	19,818	23,008	22,230
Purchased services	22,122	21,025	21,322
Supplies and materials	<u>2,773</u>	<u>680</u>	<u>1,161</u>
Total Expenditures	<u>44,713</u>	<u>44,713</u>	<u>44,713</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	(21)
Interest	<u>-</u>	<u>-</u>	<u>21</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
FEDERAL SPECIAL EDUCATION PRESCHOOL DISCRETIONARY (12-4605-00)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Total Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Federal	\$ 489,250	\$ 489,250	\$ 487,081
Total Revenues	<u>489,250</u>	<u>489,250</u>	<u>487,081</u>
EXPENDITURES			
Salaries and benefits	335,170	322,324	318,870
Purchased services	126,313	122,410	124,308
Supplies and materials	27,767	44,516	43,903
Total Expenditures	<u>489,250</u>	<u>489,250</u>	<u>487,081</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
TEACHING AMERICAN HISTORY - 2 GRADES 4-6
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Total Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Federal	\$ 392,130	\$ 392,130	\$ 337,024
Total Revenues	<u>392,130</u>	<u>392,130</u>	<u>337,024</u>
EXPENDITURES			
Salaries and benefits	126,861	126,861	110,908
Purchased services	198,439	198,439	178,140
Supplies and materials	36,830	36,830	29,912
Payments to other governments	<u>30,000</u>	<u>30,000</u>	<u>18,064</u>
Total Expenditures	<u>392,130</u>	<u>392,130</u>	<u>337,024</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>Institute Fund</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>TOTALS</u>
ASSETS				
Cash and cash equivalents	\$ 161,771	\$ 83,223	\$ 18,440	\$ 263,434
Accounts receivable	50	-	-	50
Due from other governments				
Local	-	705	-	705
	<u>161,821</u>	<u>83,928</u>	<u>18,440</u>	<u>264,189</u>
TOTAL ASSETS				
LIABILITIES				
Accounts payable	\$ 335	\$ 77	\$ 314	\$ 726
Salary and benefits payable	899	-	431	1,330
Due to other governments				
Local	187	-	-	187
Total Liabilities	<u>1,421</u>	<u>77</u>	<u>745</u>	<u>2,243</u>
FUND BALANCE				
Restricted	<u>160,400</u>	<u>83,851</u>	<u>17,695</u>	<u>261,946</u>
Total Fund Balance	<u>160,400</u>	<u>83,851</u>	<u>17,695</u>	<u>261,946</u>
TOTAL LIABILITIES AND FUND BALANCE				
	<u>\$ 161,821</u>	<u>\$ 83,928</u>	<u>\$ 18,440</u>	<u>\$ 264,189</u>

ST. CLAIR COUNTY
REGIONAL OFFICE OF EDUCATION #50
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Institute Fund	General Education Development	Bus Driver Training	TOTALS
REVENUES				
Local sources	\$ 116,672	\$ 39,577	\$ 6,032	\$ 162,281
State sources	-	-	1,873	1,873
Total Revenues	<u>116,672</u>	<u>39,577</u>	<u>7,905</u>	<u>164,154</u>
EXPENDITURES				
Salaries and benefits	24,826	11,225	2,498	38,549
Purchased services	12,795	6,186	1,363	20,344
Supplies and materials	1,358	11,525	74	12,957
Other objects	36,137	-	-	36,137
Total Expenditures	<u>75,116</u>	<u>28,936</u>	<u>3,935</u>	<u>107,987</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>41,556</u>	<u>10,641</u>	<u>3,970</u>	<u>56,167</u>
OTHER FINANCING SOURCES (USES)				
Interest	191	226	45	462
Total Other Financing Sources (Uses)	<u>191</u>	<u>226</u>	<u>45</u>	<u>462</u>
NET CHANGE IN FUND BALANCE	41,747	10,867	4,015	56,629
FUND BALANCE - BEGINNING	<u>118,653</u>	<u>72,984</u>	<u>13,680</u>	<u>205,317</u>
FUND BALANCE - ENDING	<u>\$ 160,400</u>	<u>\$ 83,851</u>	<u>\$ 17,695</u>	<u>\$ 261,946</u>

See accompanying Independent Auditors' Report

FEDERAL COMPLIANCE SECTION

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # (1st eight digits) or Contract #</u>	<u>Federal Expenditures 7/1/11 - 6/30/12</u>
U.S. Dept. of Education			
Fund for the Improvement of Education -			
Teaching American History	84.215X	U215X070245	\$ 337,024
Total Fund for the Improvement of Education			<u>337,024</u>
High School Graduation Initiative -			
Title I School Dropout Prevention Project	84.360	11-S360A100078	163,490
Title I School Dropout Prevention Project	84.360	12-S360A100078	785,019
			<u>948,509</u>
Total U.S. Dept. of Education			<u>1,285,533</u>
U.S. Dept. of Education			
passed through Illinois State Board of Education:			
Mathematics and Science Partnership	84.366B	11-4936-00	15,041
Mathematics and Science Partnership	84.366B	11-4936-10	106,433
Mathematics and Science Partnership	84.366B	12-4936-10	76,712
Total Mathematics and Science Partnership			<u>198,186</u>
Title I, Part A - Grants to Local Educational Agencies -			
Title I School Improvement and Accountability	84.010	12-4331-SS	1,143,186
Title I School Improvement and Accountability	84.010	11-4331-SS	342,819
Total Title I, Part A - Grants to Local Educational Agencies			<u>1,486,005 (M)</u>
Improving Special Education Preschool Grants -			
Federal Special Education Preschool Discretionary	84.173A	12-4605-00	487,081
Total Improving Special Education Preschool Grants			<u>487,081</u>
Education Jobs Fund			
ARRA Education Jobs Fund	84.410	12-4880-93	447

The accompany notes are an integral part of this schedule

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # (1st eight digits) or Contract #</u>	<u>Federal Expenditures 7/1/11 - 6/30/12</u>
U.S. Dept. of Agriculture			
passed through Illinois State Board of Education:			
School Breakfast Program	10.553	12-4220-00	3,624
School Breakfast Program	10.553	11-4220-00	647
			<u>4,271</u>
National School Lunch Program	10.555	12-4210-00	12,719
National School Lunch Program	10.555	11-4210-00	2,307
			<u>15,026</u>
Total passed through Illinois State Board of Education			<u>2,191,016</u>
 U.S. Department of Health & Human Services Center for Disease Control passed through St. Clair County Health Department			
Public Health Emergency Preparedness			
Pan Flu Outreach Education	93.069	17180050	1,408
Total passed through St. Clair County Health Department			<u>1,408</u>
 U.S. Department of Education passed through Bond/Fayette/Effingham Regional Office of Education #3			
Education for Homeless Children & Youth -			
McKinney-Vento Education for Homeless Children and Youth	84.196A	12-4920-00	32,318
Total passed through Bond/Fayette/Effingham Regional Office of Education #3			<u>32,318</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 3,510,275</u></u>

(M) Program was audited as a major program.

The accompany notes are an integral part of this schedule

ST. CLAIR COUNTY
 REGIONAL OFFICE OF EDUCATION #50
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of ROE #50 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #50 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Teaching American History - 2 Grades 4 - 6	84.215X	<u>\$ 18,064</u>

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Title I, Part A – Grants to Local Educational Agencies

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.

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None