

**STATE OF ILLINOIS
MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**FINANCIAL AUDIT
For the year ended June 30, 2016**

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

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**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

OFFICIALS

Regional Superintendent (Current and during the audit period).....Mr. Matthew Snyder
Assistant Regional Superintendent (Current and during the audit period) Ms. Jill Reedy

Office is located at:

1690 Huston Drive
Decatur, IL 62526

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports 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	1	1
Repeated audit findings	-	-
Prior recommendations implemented or not repeated	1	-

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2016-001	10	Failure to Apply Appropriate Accounting Principles	Significant Deficiency
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
2015-001		Controls over Financial Statement Preparation	Material Weakness

EXIT CONFERENCE

The Macon and Piatt Counties Regional Office of Education No. 39 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2016. Throughout the audit, numerous meetings were held between the auditors and Regional Office to discuss matters contained in this audit report.

Responses to the recommendations were provided by Matthew Snyder, Regional Superintendent via email on April 4, 2017.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Macon and Piatt Counties Regional Office of Education No. 39 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education No. 39's basic financial statements.

WEST & COMPANY, LLC

MEMBERS

RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE
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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Macon and Piatt Counties Regional Office of Education No. 39, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Macon and Piatt Counties Regional Office of Education No. 39's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Macon and Piatt Counties Regional Office of Education No. 39, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 14A - 14F, and the Illinois Municipal Retirement Fund – Schedules of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois – Schedules of Employer's Proportionate Share of the Net Pension Liability, and Teacher's Retirement System of the State of Illinois – Schedules of Employer Contributions on pages 59 - 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Macon and Piatt Counties Regional Office of Education No. 39's basic financial statements. The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2017 on our consideration of the Macon and Piatt Counties Regional Office of Education No. 39's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon and Piatt Counties Regional Office of Education No. 39's internal control over financial reporting and compliance.

****Signature on File****

Mattoon, Illinois
July 19, 2017

WEST & COMPANY, LLC

MEMBERS

RICHARD C. WEST
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JANICE K. ROMACK
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D. RAIF PERRY
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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*

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Macon and Piatt Counties Regional Office of Education No. 39, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Macon and Piatt Counties Regional Office of Education No. 39's basic financial statements, and have issued our report thereon dated July 19, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Macon and Piatt Counties Regional Office of Education No. 39's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Macon and Piatt Counties Regional Office of Education No. 39's internal control. Accordingly, we do not express an opinion on the effectiveness of the Macon and Piatt Counties Regional Office of Education No. 39's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Macon and Piatt Counties Regional Office of Education No. 39'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*.

Regional Office of Education No. 39's Response to Finding

Macon and Piatt Counties Regional Office of Education No. 39's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Macon and Piatt Counties Regional Office of Education No. 39's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Macon and Piatt Counties Regional Office of Education No. 39's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Macon and Piatt Counties Regional Office of Education No. 39's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

****Signature on File****

Mattoon, Illinois
July 19, 2017

SCHEDULE OF FINDINGS AND RESPONSES

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the year ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements in accordance with GAAP

Type of auditors' report issued UNMODIFIED

Internal Control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2016**

Section II – Financial Statement Findings

FINDING NO. 2016-001 - Failure to Apply Appropriate Accounting Principles

Criteria/Specific Requirement:

Generally accepted accounting principles (GAAP) require that a lease be capitalized if any one of the following four criteria is a characteristic of the lease transaction: (1) the lease transfers ownership of the property to the lessee by the end of the lease term, (2) the lease contains bargain purchase options, (3) the lease term is equal to 75% or more of the estimated economic life of the leased property, or (4) the present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90% of the fair value of the leased property. Capital leases are treated as an acquisition of assets and the incurrence of obligations by the lessee.

Condition:

The Macon and Piatt Counties Regional Office of Education No. 39 did not properly record certain lease transactions and capital asset acquisitions, and as a result, did not properly apply the appropriate generally accepted accounting principles. Payments on capital leases were accounted for as operating leases and recorded as purchased services. The leases met the criteria requiring them to be capitalized due to the bargain purchase options.

Auditors proposed adjusting entries to record the lease transactions in accordance with GAAP.

Effect:

Failure to use the applicable generally accepted accounting principles may result in inaccurate and incomplete financial statements.

Cause:

According to Regional Office of Education No. 39's management, the Regional Office generally does not keep the equipment after the lease term and, therefore, considered the recording of the lease transactions as operating expenses proper.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2016**

Section II – Financial Statement Findings

FINDING NO. 2016-001 - Failure to Apply Appropriate Accounting Principles (Continued)

Auditors' Recommendation:

We recommend the Regional Office of Education No. 39 establish procedures to ensure lease transactions and capital asset acquisitions are properly accounted for and reported in accordance with generally accepted accounting principles. If necessary, accounting and reporting guidance should be obtained from technical resources to be in conformity with GAAP.

Management's Response:

We acknowledge that the financial statements did not include the lease liability and capital asset as in accordance with US GAAP. We will include this information in our financial statements and will be alert for the issue going forward.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2016**

Corrective Action Plan

Condition:

The Macon and Piatt Counties Regional Office of Education No. 39 did not properly record certain lease transactions and capital asset acquisitions, and as a result, did not properly apply the appropriate generally accepted accounting principles. Payments on capital leases were accounted for as operating leases and recorded as purchased services. The leases met the criteria requiring them to be capitalized due to the bargain purchase options.

Auditors proposed adjusting entries to record the lease transactions in accordance with GAAP.

Plan:

The Regional Office of Education No. 39 will record this capital asset according to the generally accepted accounting principles.

Anticipated Date of Completion:

The Regional Office of Education No. 39 will record the lease for FY17's audit.

Name of Contact Person:

Mr. Matthew Snyder, Regional Superintendent

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2016**

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

The Regional Office of Education No. 39 for the Counties of Macon and Piatt provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follows.

2016 FINANCIAL HIGHLIGHTS

- Within the Governmental Funds, the General Fund revenues increased by \$190,878 from \$2,513,641 in FY15 to \$2,704,519 in FY16. General Fund expenditures increased by \$97,561 from \$2,612,824 in FY15 to \$2,710,385 in FY16. The increase in General Fund revenues was a result of an increase in the proration Foundation level for General State Aid, an increase in the Teacher's Exchange (cohort classes) fund, and an increase in the Spelling Bee Fund. The increase in General Fund expenditures is a result of the increase of salaries, benefits and the pension expenses.
- Within the Governmental Funds, the Education Fund and Non-Major Funds revenue decreased by \$218,298 from \$1,759,367 in FY15 to \$1,541,069 in FY16. The Special Revenue Fund expenditures decreased by \$83,825 from \$1,761,999 in FY15 to \$1,678,174 in FY16. This was a result of no funding of the Adult Education Program; dissolved at the end of FY15.
- Within the Proprietary Funds, revenues decreased \$9,945 from \$25,800 in FY15 to \$15,855 in FY16. Expenditures decreased \$11,621 from \$16,024 in FY15 to \$4,403 in FY16. This was a result of a decrease of paid workshops for professional development; many workshops were provided with no cost to participant.

USING THIS REPORT

This report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detail information about the non-major funds.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

REPORTING THE OFFICE AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Government-wide statements report information about the Regional Office as a whole. The Statement of Net Position includes all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the Regional Office's net position and how it has changed. Net position, the difference between the assets and deferred outflows and the Regional Office's liabilities and deferred inflows, is one way to measure the Regional Office's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The government-wide financial statements present all of the Regional Office's activities as governmental and business-type activities. Local, State and federal aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds. Funds are accounting devices which allows the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office established other funds to control and manage money for particular purposes.

The Regional Office has three kinds of funds:

1. Governmental funds account for all of the Regional Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office's programs. The Regional Office's governmental funds include the General Fund and the Special Revenue funds, which include education and other non-major funds.

The governmental funds' required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

REPORTING THE OFFICE AS A WHOLE (CONCLUDED)

Fund Financial Statements (Concluded)

2. Proprietary funds' are funds generated from hosting educational workshops for professional development.

The proprietary funds' required financial statements including a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

3. Fiduciary funds are used to account for assets held by the Regional Office in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

OFFICE-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY16 totaled \$389,205. The analysis that follows provides a summary of the Office's net assets at June 30, 2016.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 2,819,165	\$ 2,698,545	\$ 28,790	\$ 17,046	\$ 2,847,955	\$2,715,591
Capital assets, net	24,513	19,371	-	-	24,513	19,371
Total assets	2,843,678	2,717,916	28,790	17,046	2,872,468	2,734,962
Deferred outflows of resources	618,899	293,942	-	-	618,899	293,942
Current liabilities	234,001	124,952	411	119	234,412	125,071
Noncurrent liabilities	1,161,208	1,177,330	-	-	1,161,208	1,177,330
Total liabilities	1,395,209	1,302,282	411	119	1,395,620	1,302,401
Deferred inflows of resources	1,706,542	1,960,212	-	-	1,706,542	1,960,212
Net position:						
Net investment in capital assets	17,279	19,371	-	-	17,279	19,371
Restricted-other	139,305	151,758	-	-	139,305	151,758
Unrestricted	204,242	(421,765)	28,379	16,927	232,621	(404,838)
Total net position	\$ 360,826	\$ (250,636)	\$ 28,379	\$ 16,927	\$ 389,205	\$ (233,709)

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

OFFICE-WIDE FINANCIAL ANALYSIS (CONCLUDED)

**CHANGES IN NET POSITION
For the Years Ended June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 15,855	\$ 25,800	\$ 15,855	\$ 25,800
Operating grants and contributions	2,526,820	1,640,791	-	-	2,526,820	1,640,791
General revenues:						
Local sources	1,572,062	1,625,781	-	-	1,572,062	1,625,781
State sources	-	712,947	-	-	-	712,947
Administrative:						
On-behalf payments-state	1,210,467	1,426,347	-	-	1,210,467	1,426,347
Pension benefit	144,841	235,045	-	-	144,841	235,045
Interest	1,964	793	-	-	1,964	793
Total revenues	<u>5,456,154</u>	<u>5,641,704</u>	<u>15,855</u>	<u>25,800</u>	<u>5,472,009</u>	<u>5,667,504</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries and benefits	2,593,379	2,597,879	-	-	2,593,379	2,597,879
Purchased services	1,202,914	1,217,241	-	-	1,202,914	1,217,241
Supplies and materials	105,556	107,244	-	-	105,556	107,244
Other objects	2,640	2,695	-	-	2,640	2,695
Depreciation expense	14,682	16,661	-	-	14,682	16,661
Administrative:						
On-behalf payments-state	1,210,467	1,426,347	-	-	1,210,467	1,426,347
Business-type expenses	-	-	4,403	16,024	4,403	16,024
Total expenses	<u>5,129,638</u>	<u>5,368,067</u>	<u>4,403</u>	<u>16,024</u>	<u>5,134,041</u>	<u>5,384,091</u>
Changes in net position	326,516	273,637	11,452	9,776	337,968	283,413
Net position, beginning of year, restated (see note 17)	<u>34,310</u>	<u>(524,273)</u>	<u>16,927</u>	<u>7,151</u>	<u>51,237</u>	<u>(517,122)</u>
Net position, end of year	<u>\$ 360,826</u>	<u>\$ (250,636)</u>	<u>\$ 28,379</u>	<u>\$ 16,927</u>	<u>\$ 389,205</u>	<u>\$ (233,709)</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$5,456,154 and expenses were \$5,129,638. The Regional Office experienced an increase in net position of \$326,516. The increase was primarily the result of the reclassification of a portion of the Regional Office's TRS net pension liability, deferred inflows of resources, and deferred outflows of resources to the Heartland Region Funds, an agency fund.

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE'S FUNDS

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds' reported combined fund balances of \$2,428,521 for FY16, a decrease of \$145,072 from FY15 fund balance of \$ 2,573,593.

Governmental Fund Highlights

- County support for the Regional Office was reduced by 3% in FY16.
- The State aid foundation level plus the Loss Limit Grant remained at \$6,119 for FY16.
- Became the fiscal agent for School Improvement Grant for Danville.

Proprietary Fund Highlights

- In FY16, the Regional Office offered 55 administrator and teacher workshops. As of July 1, 2016, the Regional Office anticipates having at least 32 workshops in FY17.
- The Regional Office offered 43 teacher workshops in FY15. The increase of teacher workshops in FY16 is not reflected in both the revenues and expenses due to providing many workshops at no cost to the participant.

Budgetary Highlights

The Regional Office annually adopts budgets for several funds. The Heartland Vocational Cooperative budget is prepared by the program coordinator and serves as a guideline for activities and expenditures. This is considered separate from the Regional Office. It is audited on an annual basis by an outside auditing firm and budgets are submitted to the Illinois State Board of Education. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the two county boards for their approval. The Office Operations budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Regional Office's actual financial activity are included in the required supplementary information of this report.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE'S FUNDS (CONTINUED)

Capital Assets

Capital assets of the Regional Office of Education No. 39 include office equipment, lease improvements, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. Governmental activities net capital assets for FY16 were \$24,513 and for FY15 were \$19,371.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office was aware of several existing circumstances that could affect its financial health in the future:

- The interest rate on investments continues to increase very slightly and will impact interest earned.
- Grant funding will increase for Regional Safe Schools, Truants Alternative/Optional Education, School Services, and Early Childhood.
- County funding for FY17 will likely decrease from the FY16 level.
- Slow receipt of monies from the State due to the State's budget issues and backlogs.
- The Regional Office will be the fiscal agent for School Improvement 1003(g) grants to the Meridian and Rock Island school districts through the Illinois State Board of Education.

CONTACTING THE REGIONAL OFFICE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education No. 39 at 1690 Huston Drive, Decatur, IL 62526.

BASIC FINANCIAL STATEMENTS

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**STATEMENT OF NET POSITION
June 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,147,290	\$ 28,040	\$ 2,175,330
Accounts receivable	97,755	-	97,755
Due from other governments	574,120	750	574,870
Total current assets	<u>2,819,165</u>	<u>28,790</u>	<u>2,847,955</u>
Noncurrent assets:			
Capital assets, net	<u>24,513</u>	<u>-</u>	<u>24,513</u>
Total assets	<u>2,843,678</u>	<u>28,790</u>	<u>2,872,468</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>618,899</u>	<u>-</u>	<u>618,899</u>
LIABILITIES			
Current liabilities:			
Accounts payable	20,828	411	21,239
Accrued payroll and benefits	105,883	-	105,883
Due to other governments:	104,610	-	104,610
Unearned revenue	494	-	494
Current portion of capital lease liability	<u>2,186</u>	<u>-</u>	<u>2,186</u>
Total current liabilities	<u>234,001</u>	<u>411</u>	<u>234,412</u>
Noncurrent liabilities:			
Capital lease liability	5,048	-	5,048
Net pension liability	<u>1,156,160</u>	<u>-</u>	<u>1,156,160</u>
Total noncurrent liabilities	<u>1,161,208</u>	<u>-</u>	<u>1,161,208</u>
Total liabilities	<u>1,395,209</u>	<u>411</u>	<u>1,395,620</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>1,706,542</u>	<u>-</u>	<u>1,706,542</u>
NET POSITION			
Net investment in capital assets	17,279	-	17,279
Restricted - other	139,305	-	139,305
Unrestricted	<u>204,242</u>	<u>28,379</u>	<u>232,621</u>
Total net position	<u>\$ 360,826</u>	<u>\$ 28,379</u>	<u>\$ 389,205</u>

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2016**

FUNCTIONS/PROGRAMS	Program Revenues		Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 2,593,379	\$ -	\$ 1,778,696	\$ (814,683)	\$ -	\$ (814,683)
Purchased services	1,202,914	-	663,041	(539,873)	-	(539,873)
Supplies and materials	105,556	-	72,127	(33,429)	-	(33,429)
Capital outlay	-	-	11,312	11,312	-	11,312
Other objects	2,640	-	1,644	(996)	-	(996)
Depreciation	14,682	-	-	(14,682)	-	(14,682)
Administrative:						
On-behalf payments	1,210,467	-	-	(1,210,467)	-	(1,210,467)
Total governmental activities	5,129,638	-	2,526,820	(2,602,818)	-	(2,602,818)
Business-Type Activities:						
Workshop fees	4,403	15,855	-	-	11,452	11,452
Total primary government	\$ 5,134,041	\$ 15,855	\$ 2,526,820	(2,602,818)	11,452	(2,591,366)
General revenues:						
Local sources				1,572,062	-	1,572,062
On-behalf payments				1,210,467	-	1,210,467
Interest				1,964	-	1,964
Pension benefit				144,841	-	144,841
Total general revenues				2,929,334	-	2,929,334
Change in net position				326,516	11,452	337,968
Net position, beginning of year, restated (see note 17)				34,310	16,927	51,237
Net position, end of year				\$ 360,826	\$ 28,379	\$ 389,205

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,984,767	\$ 25,802	\$ 136,721	\$ 2,147,290
Accounts receivable	97,755	-	-	97,755
Due from other funds	352,650	-	-	352,650
Due from other governments	149,943	421,563	2,614	574,120
Total assets	<u>\$ 2,585,115</u>	<u>\$ 447,365</u>	<u>\$ 139,335</u>	<u>\$ 3,171,815</u>
LIABILITIES				
Accounts payable	\$ 2,886	\$ 17,893	\$ 49	\$ 20,828
Accrued payroll and benefits	64,405	41,103	375	105,883
Due to other funds	-	352,650	-	352,650
Due to other governments	69,285	35,325	-	104,610
Unearned revenue	494	-	-	494
Total liabilities	<u>137,070</u>	<u>446,971</u>	<u>424</u>	<u>584,465</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>34,177</u>	<u>124,652</u>	<u>-</u>	<u>158,829</u>
FUND BALANCES (DEFICIT)				
Restricted	-	394	138,911	139,305
Assigned	42,054	-	-	42,054
Unassigned	2,371,814	(124,652)	-	2,247,162
Total fund balances (deficit)	<u>2,413,868</u>	<u>(124,258)</u>	<u>138,911</u>	<u>2,428,521</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 2,585,115</u>	<u>\$ 447,365</u>	<u>\$ 139,335</u>	<u>\$ 3,171,815</u>

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2016**

Total fund balances - governmental funds	\$	2,428,521
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		24,513
Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.		158,829
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds		
Deferred outflows of resources	\$ 618,899	
Deferred inflows of resources	<u>(1,706,542)</u>	(1,087,643)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital lease payable	\$ (7,234)	
Net pension liability	<u>(1,156,160)</u>	<u>(1,163,394)</u>
Net position of governmental activities	\$	<u><u>360,826</u></u>

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2016**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 1,507,827	\$ 23,937	\$ 40,742	\$ 1,572,506
State sources	891,601	1,440,287	1,574	2,333,462
Federal sources	-	34,529	-	34,529
On-behalf payments	303,127	-	-	303,127
Interest	1,964	-	-	1,964
Total revenues	2,704,519	1,498,753	42,316	4,245,588
Expenditures:				
Instructional services:				
Salaries and benefits	1,501,429	1,065,354	26,596	2,593,379
Purchased services	731,693	445,408	25,813	1,202,914
Supplies and materials	53,678	51,858	20	105,556
Other objects	2,640	-	-	2,640
Pension expense	115,215	52,076	2,340	169,631
On-behalf payments	303,127	-	-	303,127
Capital outlay	2,603	8,709	-	11,312
Total expenditures	2,710,385	1,623,405	54,769	4,388,559
Excess expenditures over revenues	(5,866)	(124,652)	(12,453)	(142,971)
Other financing uses:				
Repayment of long term lease payable	(2,101)	-	-	(2,101)
Net change in fund balances	(7,967)	(124,652)	(12,453)	(145,072)
Fund balances, beginning of year	2,421,835	394	151,364	2,573,593
Fund balances (deficits) , end of year	\$ 2,413,868	\$ (124,258)	\$ 138,911	\$ 2,428,521

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the year ended June 30, 2016**

Net changes in fund balances - governmental funds \$ (145,072)

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

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

Current year unavailable revenue 158,829

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	\$ 11,312	
Depreciation expense	<u>(14,682)</u>	(3,370)

The issuance of long-term debt (e.g. capital lease) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

2,101

The statement of activities only reports the gain on the sales of assets, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

(444)

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension contributions	\$ 169,631	
Pension benefit	<u>144,841</u>	<u>314,472</u>

Change in net position of governmental activities \$ 326,516

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2016**

	<u>Business-Type Activities</u>
	<u>Workshop</u>
	<u>Reimbursement</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 28,040
Due from other governments	<u>750</u>
Total assets	<u>28,790</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	<u>411</u>
 NET POSITION	
Unrestricted	<u>28,379</u>
Total net position	<u><u>\$ 28,379</u></u>

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

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

For the year ended June 30, 2016

	Business-Type Activities
	Workshop Reimbursement
Operating revenue:	
Charges for services	\$ 15,855
Operating expenses:	
Salaries and benefits	218
Purchased services	2,207
Supplies and materials	1,978
Total operating expenses	4,403
Change in net position	11,452
Net position, beginning of year	16,927
Net position, end of year	\$ 28,379

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the year ended June 30, 2016**

	Business-Type Activities
	Workshop Reimbursement
Cash flows from operating activities:	
Receipts from customers	\$ 17,655
Payments to suppliers and providers of goods and services	(3,774)
Payments to employees	(337)
Net cash provided by operating activities	13,544
Net increase in cash	13,544
Cash and cash equivalents, beginning of year	14,496
Cash and cash equivalents, end of year	\$ 28,040
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 11,452
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other governments	1,800
Increase in accounts payable	411
Decrease in accrued payroll and benefits	(119)
Net cash provided by operating activities	\$ 13,544

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 232,662
Due from other governments	<u>3,063,014</u>
Total assets	<u>3,295,676</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>5,915</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,301,591</u></u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 72,919
Due to other governments	<u>3,040,368</u>
Total current liabilities	<u>3,113,287</u>
Noncurrent liabilities:	
Net pension liability	<u>51,546</u>
Total liabilities	<u>3,164,833</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>136,758</u>
Total liabilities and deferred inflows of resources	<u><u>\$ 3,301,591</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 39's accounting policies conform to generally accepted accounting principles, which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education No. 39 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Macon and Piatt Counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing 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 Office of Education No. 39 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 39 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 39's financial statements. In addition, the Regional Office of Education No. 39 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 39 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Position includes all of the Regional Office of Education No. 39's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards 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 the proprietary fund Statement of Net Position, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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. The Regional Office of Education No. 39 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period is reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 39's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 39's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

1. Governmental Funds

The Regional Office of Education No. 39 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 39 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 39. Included in this fund are:

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

General - This fund accounts for interest earned on Distributive Fund monies.

Business Office - This fund accounts for various business office expenditures, such as insurance, utilities, rent, and business personnel, and reimbursements from Macon and Piatt Counties to help cover these costs. It also accounts for pop machine revenues and expenditures as well as interest on the pooled cash account.

Water Street Pop Fund - This program accounts for revenue and expenses from the pop machine at the Water Street facility.

Adult Education - The program accounts for General State Aid proceeds used for adult education.

Junior Achievement - This program accounts for sales of candy, etc.

ADA State Aid - This program accounts for General State Aid for the Futures Unlimited School.

Futures Pop Fund - This program accounts for revenue and expenses from the Futures Unlimited pop machine.

St. Mary's Hospital School - This program accounts for charges to local school districts for educational services provided to students being treated by St. Mary's Adolescent Mental Health Services.

Student Council - This program accounts for the sales of candy, bake sales, etc. for class trips.

Recycling and Energy - This program accounts for proceeds from Caterpillar, Inc., for recycling and energy education curriculum for all students (K-12) in Macon and Piatt Counties.

Teachers' Exchange - This program accounts for revenue generated by fees from classes from Eastern Illinois University graduate classes.

General State Aid and Lunch and Breakfast - This program accounts for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Regional Safe School and accounts for federal and state nutrition reimbursements.

Baby Talk - This program accounts for monies for outreach and family literacy programs, STEPS Early Intervention, and resources for professionals, including professional training, certification seminars, and an extensive program curriculum.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

Futures Foundation - This program accounts for Futures Unlimited contributions from the Community Foundation of Decatur/Macon County and various other donors.

Spelling Bee - This fund accounts for activities related to the Macon County spelling bee winner and other award expenses.

School Improvement - This fund accounts for activities related to an agreement between the Regional Office and East St. Louis and Danville school districts. The Regional Office provides services to the school districts through the parameters set by the School Improvement Grant - Section 1003(g).

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Included among these funds are:

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

Truants Alternative/Optional Education - This program accounts for the proceeds of a grant from the Illinois State Board of Education to provide educational opportunities for drop-outs and truants.

ROE/ISC Operations - These funds are provided by the Illinois State Board of Education, through a budget application process, to the Regional Office to provide professional development to district schools and teachers in Macon and Piatt County school districts.

Title II Teacher Quality - This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

Title II Teacher Quality Leadership - This program accounts for the use of purchasing the evaluation training for teachers and evaluator training for principals through Growth Through Learning Illinois.

Ounce of Prevention - Training and Technical - This program accounts for the proceeds of a grant from the Illinois State Board of Education to train people in Prevention Initiative program through the Baby Talk Model.

Regional Safe Schools - This program accounts for the proceeds of a grant from the Illinois State Board of Education to remove violent and unproductive youths from a public school setting and place them in a program where they can receive individualized attention.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

Special Revenue Funds (Continued)

Education Fund (Continued)

Early Childhood Block Grant - This program accounts for the proceeds of a grant awarded by the Illinois State Board of Education for the systematic identification and recruitment of teen moms and dads and the delivery of culturally appropriate education in order to engage them in their child's learning.

Not on Tobacco - This program accounts for a grant awarded to Futures Unlimited for students to learn the hazards of tobacco products.

Title I - School Improvement and Accountability - This program accounts for grant proceeds to meet Illinois State Board of Education requirements for continuous improvement planning, new Illinois learning standards, and training presentations.

Early Childhood Block Grant - Continuing Three to Five - This program accounts for the proceeds of a grant from the Illinois State Board of Education for early childhood and family education programs and services that help young children enter school ready to learn.

Homeless Children Youth Program - This program accounts for the proceeds of a grant from the Illinois State Board of Education for identification, referral, and enrollment of homeless and displaced youth in Macon County schools.

Professional Development - This program provides professional development of Statewide Common Core Development Train the Trainer Trainings by working with multiple agencies to coordinate, develop and conduct the trainings.

Regional Safe School Cooperative Education Program - The program assists suspended or expelled students in completing their education by participating in career-related classrooms and structured cooperative work experiences provided by the private sector.

Nonmajor Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed for specific purposes other than debt service or capital projects. Included among these funds are:

Institute – This fund accounts for the stewardship of the assets held for the benefit of the Regional Office of Education No. 39's teachers. Fees are collected from registration of teachers' licenses. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

Nonmajor Special Revenue Funds (Continued)

General Education Development (GED) - This program accounts for monies received from students who participate in the high school equivalency programs. These proceeds are used to pay the administrative expenses incurred to administer the GED program.

Bus Permit - Experienced bus drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid prescribed by the Illinois State Board of Education and administered by the Regional Office. These monies are used to pay the administrative expenses incurred to ensure compliance with 105 ILCS 5/3-14.23 (school bus driver permits).

2. Proprietary Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Regional Office of Education No. 39 reports the following nonmajor proprietary fund:

Workshop Reimbursement - This program provides workshops for professional development presented by Regional Office of Education No. 39 employees.

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the Regional Office of Education No. 39 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

Distributive Fund - This fund distributes monies received from the State to school districts and other entities. The Regional Office of Education No. 39 has agreements with all entities that receive distributions from this fund to keep all accumulated interest.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

3. Fiduciary Funds (Continued)

Agency Funds (Continued)

Heartland Region Fund - This fund accounts for the assets held for the benefit of Heartland Region, an intergovernmental agreement between school districts that provides quality and efficient delivery of orientation and skill level vocational programs accessible to all residents in member districts.

Regional Board of Trustees - This fund accounts for monies received from individuals filing petitions requesting change of boundary hearings with the Regional Board of School Trustees. Monies are expended to cover hearing expenses.

School Occupation Facility Tax - This fund accounts for assets held by the Regional Office of Education No. 39 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facility Occupation Tax and are forwarded directly to the school districts.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

1. Deposits and Investments

The Regional Office of Education No. 39 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that Regional Office of Education No. 39 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 39 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

3. Capital Assets

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets, such as equipment, are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Leasehold improvements	3
Equipment and furniture	4

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

4. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Deferred inflows of resources on the governmental funds Balance Sheet consist of grant receivables not collected within sixty days after the year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

5. Compensated Absences

After one year of employment, noncertified and certified employees who have a 261-day contract can earn up to 20 vacation days per year, prorated based on the number of days worked. Employees with less than full-year contracts do not earn vacation days. The Regional Office currently employs five individuals eligible to carry forward a maximum of five days of unused vacation time to the next year with director's approval, but the previous year's unused vacation time is forfeited if unused by the end of the next year. Unused vacation time is paid on termination of employment. Management has determined that the current year accrual for vacation time is immaterial to the financial statements; therefore, this amount has not been accrued.

Employees who have at least a 182-day contract receive two personal days per year. Unused personal days are allowed to accrue as sick leave. Employees earn up to 15 sick days per year, depending on the length of their annual contract, and the unused portion accumulates indefinitely. Employee sick leave is recorded when paid. Upon retirement, unused sick leave may be used as service credits toward the employee's retirement fund. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

6. Equity Classifications

Government-wide and Proprietary Fund Statements

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

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

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

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued))

6. Equity Classifications (Continued)

Governmental Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a governmental fund. The following types of fund balances may be presented on the Governmental Funds Balance Sheet, the General Fund and Education Fund Combining Schedules of Accounts, and the Nonmajor Special Revenue Funds Combining Balance Sheet:

Nonspendable Fund Balance - The portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. There are no funds presenting a nonspendable fund balance.

Restricted Fund Balance - The portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. Not on Tobacco's fund balance is restricted by grant agreements or contracts. The following funds are restricted by Illinois Statute: Institute, General Education Development, and Bus Permit.

Committed Fund Balance - The portion of a governmental fund's fund balance 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 fund balance 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 balance: Junior Achievement, Futures Pop Fund, Student Council, Futures Foundation, and Spelling Bee.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts comprise unassigned fund balance: General, Business Office, Water Street Pop Fund, Adult Education, ADA State Aid, St. Mary's Hospital School, Teachers' Exchange, General State Aid & Lunch & Breakfast, School Improvement, Truants Alternative/Optional Education, Ounce of Prevention - Training and Technical, Regional Safe Schools, Early Childhood Block Grant, and Early Childhood Block Grant - Continuing Three to Five.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Accounting Pronouncements

In 2016, the Regional Office of Education No. 39 implemented Governmental Accounting Standards Board (GASB) Statement No. 72 – *Fair Value Measurement and Application*, GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. These Statements had no impact on the financial statements of the Regional Office of Education No. 39.

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 39 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the granting agency as part of the grant awards process. The granting agency must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: Truants Alternative/Optional Education, ROE/ISC Operations, Title II Teacher Quality, Title II Teacher Quality Leadership, Ounce of Prevention - Training and Technical, Regional Safe Schools, Early Childhood Block Grant, Title I - School Improvement and Accountability, Early Childhood Block Grant - Continuing Three to Five, Homeless Children Youth Program, and Regional Safe School Cooperative Education Program.

3. USE OF 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.

The Regional Office of Education No. 39's Teachers' Retirement System of the State of Illinois net pension liability is an estimate based upon actuary reports. Management has allocated a portion of the net pension liability to the Heartland Region Fund, an agency fund, in order to reasonably associate the liabilities with the employees of each of the entities.

4. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2016, the carrying amount of the Regional Office of Education No. 39's governmental activities, business-type activities, and fiduciary fund's deposits were \$2,103,111, \$28,040, and \$232,662, respectively. The bank balances totaled \$2,458,890 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 39's name, and were, therefore, not exposed to custodial credit risk.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

At June 30, 2016, the carrying amount of the Regional Office of Education No. 39's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$44,179. The bank balance invested in the Illinois Funds Money Market Fund was \$44,179. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 39's governmental activities.

Credit Risk

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

5. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education No. 39 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 39 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

6. CONTINGENCIES

The Regional Office of Education No. 39 has received funding from Federal and State grants in the current and prior years, which are subject to audits by granting agencies. The Regional Office of Education No. 39 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 39's operations.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
Governmental activities:				
Capital assets being depreciated:				
Leasehold improvements	\$ 45,000	\$ -	\$ -	\$ 45,000
Equipment and furniture	490,335	11,312	2,130	499,517
Total assets	<u>535,335</u>	<u>11,312</u>	<u>2,130</u>	<u>544,517</u>
Less accumulated depreciation for:				
Leasehold improvements	(45,000)	-	-	(45,000)
Equipment and furniture	(462,008)	(14,682)	(1,686)	(475,004)
Total accumulated depreciation	<u>(507,008)</u>	<u>(14,682)</u>	<u>(1,686)</u>	<u>(520,004)</u>
Governmental activities capital assets, net	<u>\$ 28,327</u>	<u>\$ (3,370)</u>	<u>\$ 444</u>	<u>\$ 24,513</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 5,555	\$ -	\$ -	\$ 5,555
Less accumulated depreciation for:				
Equipment	(5,555)	-	-	(5,555)
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 39 as follows:

Governmental activities:	
Instructional services	<u>\$ 14,682</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

The Regional Office of Education No. 39 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

Benefits Provided

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

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

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 39.

On behalf contributions to TRS - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 39. For the year ended June 30, 2016, State of Illinois contributions recognized by the Regional Office of Education No. 39 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 39, and the Regional Office of Education No. 39 recognized revenue and expenditures of \$907,340 in pension contributions from the State of Illinois.

2.2 formula contributions - Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$9,942, and are deferred because they were paid after the June 30, 2015 measurement date.

Federal and special trust fund contributions - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 39, there is a statutory requirement for the Regional Office of Education No. 39 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year, ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$115,675 were paid from federal and special trust funds that required employer contributions of \$41,712. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

Employer retirement cost contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 39 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the Regional Office of Education No. 39 made no payments to TRS for employer ERO contributions.

The Regional Office of Education No. 39 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Regional Office of Education No. 39 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Regional Office of Education No. 39 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 639,772
State's proportionate share of the net pension liability associated with the employer	11,074,789
Total	\$ 11,714,561

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The Regional Office of Education No. 39's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education No. 39's proportion was 0.0010552849 percent, which was a decrease of 0.0007581232 percent from its proportion measured as of June 30, 2014.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2016, the Regional Office of Education No. 39 recognized pension expense of \$907,340 and revenue of \$907,340 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education No. 39 recognized a pension benefit of \$399,996. At June 30, 2016, the Regional Office of Education No. 39 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 239	\$ 701
Net difference between projected and actual earnings on pension plan investments	12,671	22,402
Change in assumptions	8,848	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,674,274
	<hr/>	<hr/>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	21,758	1,697,377
Employer Contributions Made Subsequent to the Measurement Date	<hr/>	<hr/>
	51,654	-
Total Deferred Amounts Related to Pensions	<hr/> <hr/>	<hr/> <hr/>
	\$ 73,412	\$ 1,697,377

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$51,654 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Inflows of of Resources
2017	\$ (515,153)
2018	(515,153)
2019	(515,153)
2020	(130,160)
Total	\$ (1,675,619)

Actuarial assumptions

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

Inflation	3%
Salary increases	varies by amount of service credit
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial assumptions (Continued)

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014, which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate

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

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

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

Sensitivity of the Regional Office of Education No. 39's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 39's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the Regional Office of Education No. 39's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Lower (6.47%)	Current Discount Rate (7.47%)	1% Higher (8.47%)
Employer's proportionate share of the net pension liability	<u>\$ 790,568</u>	<u>\$ 639,772</u>	<u>\$ 516,067</u>

TRS Fiduciary Net Position

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

IMRF Plan Description

The Regional Office of Education No. 39's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 39's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

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

Retirees and beneficiaries currently receiving benefits	31
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	29
Total	111

Contributions

As set by statute, the Regional Office of Education No. 39's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 39's annual contribution rate for calendar year 2015 was 10.87%. For the calendar year 2015, the Regional Office of Education No. 39 contributed \$113,014 to the plan. The Regional Office of Education No. 39 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education No. 39's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 3.5%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38%	7.39%
International equity	17%	7.59%
Fixed income	27%	3.00%
Real estate	8%	6.00%
Alternative investments	9%	2.75-8.15%
Cash equivalents	1%	2.25%
Total	<u>100%</u>	

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate

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

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

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

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
	<hr/>	<hr/>	<hr/>
Balances at December 31, 2014	\$ 4,599,833	\$ 4,526,112	\$ 73,721
Changes for the year:			
Service Cost	112,435	-	112,435
Interest on the total pension liability	343,318	-	343,318
Differences between expected and actual experience of the total pension liability	145,770	-	145,770
Contributions - employer	-	113,014	(113,014)
Contributions - employees	-	61,047	(61,047)
Net investment income	-	(17,686)	17,686
Benefit payments, including refunds of employee contributions	(166,549)	(166,549)	-
Other (net transfer)	-	2,489	(2,489)
Net changes	<hr/> 434,974 <hr/>	<hr/> (7,685) <hr/>	<hr/> 442,659 <hr/>
Balances at December 31, 2015	<hr/> \$ 5,034,807 <hr/>	<hr/> \$ 4,518,427 <hr/>	<hr/> \$ 516,380 <hr/>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Lower (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
Net Pension Liability	\$ 1,176,166	\$ 516,380	\$ (4,011)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the Regional Office of Education No. 39 recognized a pension expense of \$255,158. At June 30, 2016, the Regional Office of Education No. 39 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Deferred Amounts Related to Pensions</u>		
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 89,674	\$ 9,165
Assumption changes	36,382	-
Net difference between projected and actual earnings on pension plan investments	356,516	-
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	482,572	9,165
Pension Contributions Made Subsequent to the Measurement Date		
	62,915	-
Total Deferred Amounts Related to Pensions	\$ 545,487	\$ 9,165

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

\$62,915 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows of Resources
2016	\$ 178,505
2017	128,771
2018	95,193
2019	70,938
Total	\$ 473,407

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

9. OTHER POST-EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education No. 39 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

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

On behalf contributions to the THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 39. State contributions are intended to match contributions to the THIS Fund from active members, which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$19,820, and the Regional Office of Education No. 39 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014 were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 39 employees were \$18,852 and \$22,112, respectively.

Employer contributions to the THIS Fund - The Regional Office of Education No. 39 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016, and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education No. 39 paid \$14,819 to the THIS Fund. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education No. 39 paid \$14,047 and \$16,413 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

B. Other Postemployment Benefits

The Regional Office of Education No. 39 allows employees, who retire through the Regional Office of Education No. 39's plan disclosed in Note 8B, the option to continue in the Regional Office of Education No. 39's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. The plan includes an implicit rate subsidy until the individual reaches the age of 65 (sixty-five). After age 65, no implicit rate subsidy is assumed. Management has determined that the current year accrual for postemployment benefit liability is immaterial to the financial statements; therefore, this amount has not been accrued.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

10. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 39 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 39 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

11. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2016, interfund receivables and payables were as follows:

All of the interfund balances due to the General Fund from the Education Fund consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds.

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 352,650	\$ -
Education Fund	-	352,650
Totals	\$ 352,650	\$ 352,650

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

12. DUE TO/DUE FROM OTHER GOVERNMENTS

The Regional Office of Education No. 39's General Fund, Education Fund, and Enterprise Funds had funds due from/to various other governmental units, which consisted of the following at June 30, 2016:

Due from Other Governments:

General Fund:

Local Governments	\$ 130,698
Illinois State Board of Education	<u>19,245</u>
	<u>149,943</u>

Education Fund:

Local Governments	337
Illinois State Board of Education	310,596
Ounce of Prevention Fund	104,842
Regional Office of Education No. 32	<u>5,788</u>
	<u>421,563</u>

Nonmajor Special Revenue Funds:

Local Governments	1,040
Illinois State Board of Education	<u>1,574</u>
	<u>2,614</u>

Workshop Reimbursement Fund:

Local Governments	<u>750</u>
	<u>\$ 574,870</u>

Agency Funds:

Illinois State Board of Education	510,296
Illinois Comptroller	<u>2,552,718</u>
	<u>\$ 3,063,014</u>

Due to Other Governments:

General Fund:

Local Governments	\$ 16,299
Eastern Illinois University	<u>52,986</u>
	<u>69,285</u>

Education Fund:

Illinois State Board of Education	<u>35,325</u>
	<u>\$ 104,610</u>

Agency Funds:

Local Governments	<u>\$ 3,040,368</u>
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**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

13. ON-BEHALF PAYMENTS

The Regional Office of Education No. 39 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

State of Illinois:	
Regional Superintendent - salary	\$ 112,008
Regional Superintendent - benefits (includes State paid insurance)	35,579
Assistant Regional Superintendent - salary	100,812
Assistant Regional Superintendent - benefits (includes State paid insurance)	34,908
THIS contributions	<u>19,820</u>
	<u><u>\$ 303,127</u></u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education No. 39 also recorded \$907,340 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 39 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 303,127
On-behalf payments for the Regional Office of Education's share of TRS pension expense	<u>907,340</u>
Total	<u><u>\$ 1,210,467</u></u>

14. OPERATING LEASES

The Regional Office of Education No. 39 was committed through July 31, 2016 under a lease agreement for the ground and second floor of a building located at 250 East William Street, Decatur, Illinois. This lease called for monthly rental payments of \$7,073. The lease also calls for the Regional Office to pay all utilities and liability insurance.

The Regional Office of Education No. 39 leased the first floor of the building located at 432 North Water Street, Decatur, Illinois through August 8, 2015. The monthly rental payments were \$4,200. The lease also called for the Regional Office to pay all utilities and liability insurance.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

14. OPERATING LEASES (Continued)

The Regional Office of Education No. 39 leased the first floor of the Tech Academy Building located at 300 East Eldorado Street, Decatur, Illinois through June 30, 2016. The monthly rental payments were \$1,667. The lease also called for the Regional Office to pay all utilities and liability insurance. During 2016, the Regional Office signed a new lease for this property with monthly rental payments of \$4,167. The Regional Office is committed through June 30, 2017 under this lease agreement.

The Regional Office of Education No. 39 is committed through September 30, 2018 under a lease agreement for the copier located at Futures Unlimited. The lease calls for monthly rental payments of \$221.

The Regional Office of Education No. 39 is committed through September 30, 2018 under a lease agreement for the building located at 1690 Huston Drive, Decatur, Illinois. The lease calls for monthly rental payments of \$4,200.

The counties served by the Regional Office of Education No. 39 are required by statute to provide the Regional Superintendents of Schools with office space. Therefore, Macon and Piatt Counties share a portion of the facility costs associated with the office space and reimburse the Regional Office of Education No. 39 for the rent, building maintenance and utilities expense incurred as a result of the lease for this office space.

Total lease expense for the year ended June 30, 2016 was \$161,718. The following is a schedule of future minimum lease payments required under the above operating leases:

Year Ending <u>June 30,</u>	
2017	\$ 110,126
2018	53,053
2019	<u>13,263</u>
	<u>\$ 176,442</u>

15. CAPITAL LEASE

During the fiscal year ended June 30, 2015, the Regional Office of Education No. 39 entered into a lease agreement to finance the acquisition of a copier. This lease agreement qualified as a capital lease for accounting purposes. The net position of the governmental activities as of June 30, 2015 has been restated to properly record the capital lease. The gross amount of assets recorded under the capital lease is \$11,023 and the accumulated depreciation as of June 30, 2016 was \$4,822. The lease includes an end of term purchase option of \$1.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

15. CAPITAL LEASE (Continued)

The future minimum lease obligations and the net present value of these payments as of June 30, 2016 was as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,186	\$ 250	\$ 2,436
2018	2,276	160	2,436
2019	2,368	68	2,436
2020	404	2	406
Total payments	<u>\$ 7,234</u>	<u>\$ 480</u>	<u>\$ 7,714</u>

The long term liability activity associated with the capital leases for the year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
Governmental Funds	<u>\$ 9,335</u>	<u>\$ -</u>	<u>\$ 2,101</u>	<u>\$ 7,234</u>

16. DEFICIT FUND BALANCE

The following individual funds had negative fund balances as of June 30, 2016:

School Improvement	\$ 34,159
Truants Alternative/Optional Education	\$ 16,672
Ounce of Prevention - Training and Technical	\$ 15,834
Regional Safe Schools	\$ 7,543
Early Childhood Block Grant	\$ 79,457
Early Childhood Block Grant - Continuing Three to Five	\$ 5,146

The Regional Office of Education No. 39 intends to reduce these deficits by collecting revenues that did not meet the criteria of "available."

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

NOTES TO FINANCIAL STATEMENTS

17. PRIOR PERIOD ADJUSTMENT

The Regional Office of Education No. 39 has restated net position of the governmental activities as of June 30, 2015. The governmental activities' net position was restated due to the recognition of a capital lease that was not recorded by the Regional Office of Education No. 39. In addition, the governmental activities' net position was restated due to a portion of the Regional Office of Education's deferred outflows of resources, net pension liability, and the deferred inflows of resources being reclassified to the Heartland Region Fund, an agency fund.

	<u>Governmental Activities</u>
Net position at June 30, 2015	\$ (250,636)
Recognition of capital lease liability	(379)
Reclassification of deferred outflows of resources	(3,571)
Reclassification of pension liability	104,937
Reclassification of deferred inflows of resources	<u>183,959</u>
Net position, restated at June 30, 2015	<u><u>\$ 34,310</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(UNAUDITED)**

For the year ended June 30, 2016

(Amounts presented are for the calendar years ended December 31, 2015 and 2014)

Total Pension Liability	2015	2014
Service cost	\$ 112,435	\$ 126,812
Interest on the total pension liability	343,318	313,188
Differences between expected and actual experience of the total pension liability	145,770	(41,927)
Changes of assumptions	-	166,432
Benefit payments, including refunds of employee contributions	(166,549)	(149,424)
Net change in total pension liability	434,974	415,081
Total pension liability - beginning	4,599,833	4,184,752
Total pension liability - ending (A)	5,034,807	4,599,833
Plan Fiduciary Net Position		
Contributions - employer	113,014	117,065
Contributions - employees	61,047	61,488
Net investment income	(17,686)	199,279
Benefit payments, including refunds of employee contributions	(166,549)	(149,424)
Other (net transfer)	2,489	(2,632)
Net change in plan fiduciary net position	(7,685)	225,776
Plan fiduciary net position - beginning	4,526,112	4,300,336
Plan fiduciary net position - ending (B)	4,518,427	4,526,112
Net pension liability - ending (A) - (B)	\$ 516,380	\$ 73,721
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.74%	98.40%
Covered Valuation Payroll	\$ 1,039,682	\$ 1,040,578
Net Pension Liability as a Percentage of Covered Valuation Payroll	49.67%	7.08%

Notes to Schedule:

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2016

(Amounts presented are for the calendar years ended December 31, 2015 and 2014)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2015	\$ 113,013	\$ 113,014	\$ (1)	\$ 1,039,682	10.87%
2014	110,614	117,065	(6,451)	1,040,578	11.25%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	28-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2016

(Amounts presented are for the calendar years ended December 31, 2015 and 2014)

Notes to Schedule: (Continued)

Other Information:

There were no benefit changes during the year.

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

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS -
SCHEDULES OF EMPLOYERS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(UNAUDITED)**

**For the year ended June 30, 2016
(Amounts presented are for the year ended June 30, 2015)**

	2015*	2014*
Employer's proportion of the net pension liability	0.0010552849%	0.0018134081%
Employer's proportionate share of the net pension liability	\$ 639,772	\$ 740,498
State's proportionate share of the net pension liability associated with the employer	11,074,789	12,732,768
Total	\$ 11,714,561	\$ 13,473,266
Employer's covered-employee payroll	\$ 1,676,185	\$ 2,092,479
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	38%	35%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

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

Notes to Schedule:

Changes of Assumptions

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS -
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily-required contribution	\$ 51,654	\$ 33,460	\$ 58,543
Contributions in relation to the statutorily-required contribution	<u>51,654</u>	<u>33,460</u>	<u>58,543</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 1,780,774	\$ 1,676,185	\$ 2,092,479
Contributions as a percentage of covered-employee payroll	2.9%	2.0%	2.8%

SUPPLEMENTARY INFORMATION

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2016**

	General	Business Office	Water Street Pop Fund	Adult Education
ASSETS				
Cash and cash equivalents	\$ 10,420	\$ 725,905	\$ 45	\$ 234,254
Accounts receivable	-	11	-	-
Due from other funds	-	-	-	-
Due from other governments	-	19,245	-	-
	<u>-</u>	<u>19,245</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 10,420</u>	<u>\$ 745,161</u>	<u>\$ 45</u>	<u>\$ 234,254</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,179	\$ -	\$ -
Accrued payroll and benefits	-	2,709	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>4,888</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Assigned	-	-	-	-
Unassigned	10,420	740,273	45	234,254
	<u>10,420</u>	<u>740,273</u>	<u>45</u>	<u>234,254</u>
Total fund balances (deficits)	<u>10,420</u>	<u>740,273</u>	<u>45</u>	<u>234,254</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 10,420</u>	<u>\$ 745,161</u>	<u>\$ 45</u>	<u>\$ 234,254</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2016**

	Junior Achievement	ADA State Aid	Futures Pop Fund	St. Mary's Hospital School
ASSETS				
Cash and cash equivalents	\$ 3,483	\$ 736,887	\$ 1,234	\$ 155,584
Accounts receivable	-	19	-	-
Due from other funds	-	488,488	-	-
Due from other governments	-	-	-	8,840
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,840</u>
Total assets	<u>\$ 3,483</u>	<u>\$ 1,225,394</u>	<u>\$ 1,234</u>	<u>\$ 164,424</u>
LIABILITIES				
Accounts payable	\$ -	\$ 182	\$ -	\$ -
Accrued payroll and benefits	-	35,994	-	696
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>36,176</u>	<u>-</u>	<u>696</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Assigned	3,483	-	1,234	-
Unassigned	-	1,189,218	-	163,728
	<u>-</u>	<u>1,189,218</u>	<u>-</u>	<u>163,728</u>
Total fund balances (deficits)	<u>3,483</u>	<u>1,189,218</u>	<u>1,234</u>	<u>163,728</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 3,483</u>	<u>\$ 1,225,394</u>	<u>\$ 1,234</u>	<u>\$ 164,424</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2016**

	Student Council	Recycling and Energy	Teachers' Exchange	General State Aid & Lunch & Breakfast
ASSETS				
Cash and cash equivalents	\$ 119	\$ 494	\$ 50,836	\$ 63,128
Accounts receivable	-	-	5,570	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	17,500
Total assets	\$ 119	\$ 494	\$ 56,406	\$ 80,628
LIABILITIES				
Accounts payable	-	-	-	416
Accrued payroll and benefits	-	-	-	15,509
Due to other funds	-	-	-	-
Due to other governments	-	-	52,986	88
Unearned revenue	-	494	-	-
Total liabilities	-	494	52,986	16,013
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS)				
Assigned	119	-	-	-
Unassigned	-	-	3,420	64,615
Total fund balances (deficits)	119	-	3,420	64,615
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 119	\$ 494	\$ 56,406	\$ 80,628

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2016**

	<u>Baby Talk</u>	<u>Futures Foundation</u>	<u>Spelling Bee</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,075	\$ 1,303
Accounts receivable	57,315	34,840	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 57,315</u>	<u>\$ 35,915</u>	<u>\$ 1,303</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll and benefits	4,079	-	-
Due to other funds	53,236	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>57,315</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICITS)			
Assigned	-	35,915	1,303
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<u>-</u>	<u>35,915</u>	<u>1,303</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 57,315</u>	<u>\$ 35,915</u>	<u>\$ 1,303</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2016**

	School Improvement	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 1,984,767
Accounts receivable	-	-	97,755
Due from other funds	-	(135,838)	352,650
Due from other governments	104,358	-	149,943
	<u>104,358</u>	<u>-</u>	<u>149,943</u>
Total assets	<u>\$ 104,358</u>	<u>\$ (135,838)</u>	<u>\$ 2,585,115</u>
LIABILITIES			
Accounts payable	\$ 109	\$ -	\$ 2,886
Accrued payroll and benefits	5,418	-	64,405
Due to other funds	82,602	(135,838)	-
Due to other governments	16,211	-	69,285
Unearned revenue	-	-	494
	<u>104,340</u>	<u>(135,838)</u>	<u>137,070</u>
Total liabilities	<u>104,340</u>	<u>(135,838)</u>	<u>137,070</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>34,177</u>	<u>-</u>	<u>34,177</u>
FUND BALANCES (DEFICITS)			
Assigned	-	-	42,054
Unassigned	<u>(34,159)</u>	<u>-</u>	<u>2,371,814</u>
Total fund balances (deficits)	<u>(34,159)</u>	<u>-</u>	<u>2,413,868</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 104,358</u>	<u>\$ (135,838)</u>	<u>\$ 2,585,115</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2016**

	General	Business Office	Water Street Pop Fund	Adult Education
Revenues:				
Local sources	\$ -	\$ 215,171	\$ 504	\$ 444
State sources	-	-	-	-
On-behalf payments	303,127	-	-	-
Interest	63	696	-	-
Total revenues	303,190	215,867	504	444
Expenditures:				
Salaries and benefits	-	131,499	-	-
Purchased services	-	67,280	-	3,628
Supplies and materials	-	11,431	459	428
Capital outlay	-	1,100	-	-
Other objects	-	696	-	-
Pension expense	-	31,865	-	-
On-behalf payments	303,127	-	-	-
Total expenditures	303,127	243,871	459	4,056
Excess (deficiency) of revenues over (under) expenditures	63	(28,004)	45	(3,612)
Other financing sources (uses)				
Repayment of long term lease payable	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	63	(28,004)	45	(3,612)
Fund balances, beginning of year	10,357	768,277	-	237,866
Fund balances (deficits), end of year	\$ 10,420	\$ 740,273	\$ 45	\$ 234,254

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2016**

	Junior Achievement	ADA State Aid	Futures Pop Fund	St. Mary's Hospital School
Revenues:				
Local sources	\$ -	\$ 3,405	\$ 3,323	\$ 89,245
State sources	-	707,638	-	-
On-behalf payments	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>711,043</u>	<u>3,323</u>	<u>89,245</u>
Expenditures:				
Salaries and benefits	-	383,099	-	99,837
Purchased services	-	184,232	-	8,427
Supplies and materials	-	17,752	3,701	34
Capital outlay	-	-	-	-
Other objects	-	-	-	-
Pension expense	-	18,681	-	1,138
On-behalf payments	-	-	-	-
Total expenditures	<u>-</u>	<u>603,764</u>	<u>3,701</u>	<u>109,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>107,279</u>	<u>(378)</u>	<u>(20,191)</u>
Other financing sources (uses)				
Repayment of long term lease payable	-	-	-	-
Transfers in	-	-	-	6,864
Transfers out	-	(6,864)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(6,864)</u>	<u>-</u>	<u>6,864</u>
Net change in fund balance	-	100,415	(378)	(13,327)
Fund balances, beginning of year	<u>3,483</u>	<u>1,088,803</u>	<u>1,612</u>	<u>177,055</u>
Fund balances (deficits), end of year	<u>\$ 3,483</u>	<u>\$ 1,189,218</u>	<u>\$ 1,234</u>	<u>\$ 163,728</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2016**

	Student Council	Recycling and Energy	Teachers' Exchange
Revenues:			
Local sources	\$ -	\$ -	\$ 158,470
State sources	-	-	-
On-behalf payments	-	-	-
Interest	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>158,470</u>
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	-	-	158,471
Supplies and materials	-	-	-
Capital outlay	-	-	-
Other objects	-	-	-
Pension expense	-	-	-
On-behalf payments	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>158,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1)</u>
Other financing sources (uses)			
Repayment of long term lease payable	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(1)
Fund balances, beginning of year	<u>119</u>	<u>-</u>	<u>3,421</u>
Fund balances (deficits), end of year	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 3,420</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2016**

	General State Aid & Lunch & Breakfast	Baby Talk	Futures Foundation
Revenues:			
Local sources	\$ 162,357	\$ 275,836	\$ -
State sources	183,963	-	-
On-behalf payments	-	-	-
Interest	-	-	1,205
Total revenues	<u>346,320</u>	<u>275,836</u>	<u>1,205</u>
Expenditures:			
Salaries and benefits	302,664	247,989	-
Purchased services	54,041	16,775	-
Supplies and materials	4,801	-	-
Capital outlay	-	-	-
Other objects	1,700	-	-
Pension expense	12,406	11,072	-
On-behalf payments	-	-	-
Total expenditures	<u>375,612</u>	<u>275,836</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,292)</u>	<u>-</u>	<u>1,205</u>
Other financing sources (uses)			
Repayment of long term lease payable	(2,101)	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>(2,101)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(31,393)	-	1,205
Fund balances, beginning of year	<u>96,008</u>	<u>-</u>	<u>34,710</u>
Fund balances (deficits), end of year	<u>\$ 64,615</u>	<u>\$ -</u>	<u>\$ 35,915</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2016**

	Spelling Bee	School Improvement	Total
Revenues:			
Local sources	\$ 4,001	\$ 595,071	\$ 1,507,827
State sources	-	-	891,601
On-behalf payments	-	-	303,127
Interest	-	-	1,964
Total revenues	<u>4,001</u>	<u>595,071</u>	<u>2,704,519</u>
Expenditures:			
Salaries and benefits	-	336,341	1,501,429
Purchased services	1,786	237,053	731,693
Supplies and materials	792	14,280	53,678
Capital outlay	-	1,503	2,603
Other objects	244	-	2,640
Pension expense	-	40,053	115,215
On-behalf payments	-	-	303,127
Total expenditures	<u>2,822</u>	<u>629,230</u>	<u>2,710,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,179</u>	<u>(34,159)</u>	<u>(5,866)</u>
Other financing sources (uses)			
Repayment of long term lease payable	-	-	(2,101)
Transfers in	-	-	6,864
Transfers out	-	-	(6,864)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,101)</u>
Net change in fund balance	1,179	(34,159)	(7,967)
Fund balances, beginning of year	<u>124</u>	<u>-</u>	<u>2,421,835</u>
Fund balances (deficits), end of year	<u>\$ 1,303</u>	<u>\$ (34,159)</u>	<u>\$ 2,413,868</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2016**

	Truants Alternative/ Optional Education	ROE/ISC Operations	Title II Teacher Quality	Title II Teacher Quality Leadership
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	33,354	79,975	114	-
Total assets	\$ 33,354	\$ 79,975	\$ 114	\$ -
LIABILITIES				
Accounts payable	\$ -	\$ 9,084	\$ -	\$ -
Accrued payroll and benefits	15,528	2,117	-	-
Due to other funds	17,826	68,774	114	-
Due to other governments	-	-	-	-
Total liabilities	33,354	79,975	114	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	16,672	-	-	-
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	-
Unassigned	(16,672)	-	-	-
Total fund balances (deficits)	(16,672)	-	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 33,354	\$ 79,975	\$ 114	\$ -

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2016**

	Ounce of Prevention - Training and Technical	Regional Safe Schools	Early Childhood Block Grant	Not on Tobacco
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 394
Due from other governments	104,842	15,230	158,914	-
Total assets	\$ 104,842	\$ 15,230	\$ 158,914	\$ 394
LIABILITIES				
Accounts payable	\$ 1,439	\$ -	\$ 6,717	\$ -
Accrued payroll and benefits	553	8,903	10,558	-
Due to other funds	102,850	6,327	141,639	-
Due to other governments	-	-	-	-
Total liabilities	104,842	15,230	158,914	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	15,834	7,543	79,457	-
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	394
Unassigned	(15,834)	(7,543)	(79,457)	-
Total fund balances (deficits)	(15,834)	(7,543)	(79,457)	394
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 104,842	\$ 15,230	\$ 158,914	\$ 394

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2016**

	Title I - School Improvement and Accountability	Early Childhood Block Grant- Continuing Three to Five	Homeless Children Youth Program
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	3,446	10,292	2,343
	<u>3,446</u>	<u>10,292</u>	<u>2,343</u>
Total assets	<u>\$ 3,446</u>	<u>\$ 10,292</u>	<u>\$ 2,343</u>
LIABILITIES			
Accounts payable	\$ 25	\$ 628	\$ -
Accrued payroll and benefits	-	601	44
Due to other funds	3,421	9,063	2,299
Due to other governments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,446</u>	<u>10,292</u>	<u>2,343</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	5,146	-
	<u>-</u>	<u>5,146</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted	-	-	-
Unassigned	-	(5,146)	-
	<u>-</u>	<u>(5,146)</u>	<u>-</u>
Total fund balances (deficits)	<u>-</u>	<u>(5,146)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 3,446</u>	<u>\$ 10,292</u>	<u>\$ 2,343</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2016**

	Professional Development	Regional Safe School Cooperative Education Program	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 25,408	\$ 25,802
Due from other governments	337	12,716	421,563
	<u>337</u>	<u>12,716</u>	<u>421,563</u>
Total assets	<u>\$ 337</u>	<u>\$ 38,124</u>	<u>\$ 447,365</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	17,893
Accrued payroll and benefits	-	2,799	41,103
Due to other funds	337	-	352,650
Due to other governments	-	35,325	35,325
	<u>-</u>	<u>35,325</u>	<u>35,325</u>
Total liabilities	<u>337</u>	<u>38,124</u>	<u>446,971</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	124,652
	<u>-</u>	<u>-</u>	<u>124,652</u>
FUND BALANCES (DEFICITS)			
Restricted	-	-	394
Unassigned	-	-	(124,652)
	<u>-</u>	<u>-</u>	<u>(124,652)</u>
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>(124,258)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 337</u>	<u>\$ 38,124</u>	<u>\$ 447,365</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2016**

	Truants Alternative/ Optional Education	ROE/ISC Operations	Title II Teacher Quality	Title II Teacher Quality Leadership
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	183,502	79,975	-	-
Federal sources	-	-	1,451	2,800
Total revenues	183,502	79,975	1,451	2,800
Expenditures:				
Salaries and benefits	177,034	39,660	-	-
Purchased services	15,241	38,506	1,212	2,800
Supplies and materials	177	1,809	239	-
Capital outlay	-	-	-	-
Pension expense	7,722	-	-	-
Total expenditures	200,174	79,975	1,451	2,800
Net change in fund balance	(16,672)	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances (deficits), end of year	\$ (16,672)	\$ -	\$ -	\$ -

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2016**

	Ounce of Prevention - Training and Technical	Regional Safe Schools	Early Childhood Block Grant	Not on Tobacco
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	174,166	69,183	874,028	-
Federal sources	-	-	-	-
Total revenues	174,166	69,183	874,028	-
Expenditures:				
Salaries and benefits	126,772	74,195	557,911	-
Purchased services	42,040	1,608	322,695	-
Supplies and materials	12,903	-	32,263	-
Capital outlay	1,489	-	7,220	-
Pension expense	6,796	923	33,396	-
Total expenditures	190,000	76,726	953,485	-
Net change in fund balance	(15,834)	(7,543)	(79,457)	-
Fund balances, beginning of year	-	-	-	394
Fund balances (deficits), end of year	\$ (15,834)	\$ (7,543)	\$ (79,457)	\$ 394

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2016**

	Title I - School Improvement and Accountability	Early Childhood Block Grant- Continuing Three to Five	Homeless Children Youth Program
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	56,610	-
Federal sources	20,883	-	9,395
Total revenues	20,883	56,610	9,395
Expenditures:			
Salaries and benefits	15,050	49,826	8,543
Purchased services	5,833	6,449	69
Supplies and materials	-	4,395	-
Capital outlay	-	-	-
Pension expense	-	1,086	783
Total expenditures	20,883	61,756	9,395
Net change in fund balance	-	(5,146)	-
Fund balances, beginning of year	-	-	-
Fund balances (deficits), end of year	\$ -	\$ (5,146)	\$ -

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2016**

	Professional Development	Regional Safe School Cooperative Education Program	Total
Revenues:			
Local sources	\$ 23,937	\$ -	\$ 23,937
State sources	-	2,823	1,440,287
Federal sources	-	-	34,529
Total revenues	23,937	2,823	1,498,753
Expenditures:			
Salaries and benefits	13,564	2,799	1,065,354
Purchased services	8,931	24	445,408
Supplies and materials	72	-	51,858
Capital outlay	-	-	8,709
Pension expense	1,370	-	52,076
Total expenditures	23,937	2,823	1,623,405
Net change in fund balance	-	-	(124,652)
Fund balances, beginning of year	-	-	394
Fund balances (deficits), end of year	\$ -	\$ -	\$ (124,258)

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 200,174	\$ 200,174	\$ 183,502
Expenditures:			
Salaries and benefits	186,276	184,756	177,034
Purchased services	13,721	15,241	15,241
Supplies and materials	177	177	177
Pension expense	-	-	7,722
Total expenditures	200,174	200,174	200,174
Net change in fund balance	\$ -	\$ -	(16,672)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (16,672)

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 79,895	\$ 79,975	\$ 79,975
Expenditures:			
Salaries and benefits	42,863	39,661	39,660
Purchased services	32,751	38,549	38,506
Supplies and materials	1,851	1,765	1,809
Capital outlay	2,430	-	-
Total expenditures	79,895	79,975	79,975
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	<u>\$ 3,023</u>	<u>\$ 5,503</u>	<u>\$ 1,451</u>
Expenditures:			
Purchased services	2,623	5,003	1,212
Supplies and materials	<u>400</u>	<u>500</u>	<u>239</u>
Total expenditures	<u>3,023</u>	<u>5,503</u>	<u>1,451</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u><u>\$ -</u></u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 2,960	\$ 2,960	\$ 2,800
Expenditures:			
Purchased services	2,960	2,960	2,800
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
OUNCE OF PREVENTION - TRAINING AND TECHNICAL
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 190,000	\$ 190,000	\$ 174,166
Expenditures:			
Salaries and benefits	135,165	135,165	126,772
Purchased services	41,902	41,902	42,040
Supplies and materials	12,233	12,233	12,903
Capital outlay	700	700	1,489
Pension expense	-	-	6,796
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(15,834)
Fund balance, beginning of year			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (15,834)</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 76,726	\$ 76,726	\$ 69,183
Expenditures:			
Salaries and benefits	75,118	75,118	74,195
Purchased services	1,608	1,608	1,608
Pension expense	-	-	923
Total expenditures	76,726	76,726	76,726
Net change in fund balance	\$ -	\$ -	(7,543)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (7,543)

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 953,485	\$ 953,485	\$ 874,028
Expenditures:			
Salaries and benefits	610,232	594,527	557,911
Purchased services	315,404	321,458	322,695
Supplies and materials	25,349	31,200	32,263
Capital outlay	2,500	6,300	7,220
Pension expense	-	-	33,396
Total expenditures	953,485	953,485	953,485
Net change in fund balance	\$ -	\$ -	(79,457)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (79,457)

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 58,585	\$ 58,585	\$ 20,883
Expenditures:			
Salaries and benefits	24,000	24,000	15,050
Purchased services	33,135	33,135	5,833
Supplies and materials	1,450	1,450	-
Total expenditures	58,585	58,585	20,883
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT - CONTINUING THREE TO FIVE
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	\$ 61,756	\$ 61,756	\$ 56,610
Expenditures:			
Salaries and benefits	51,443	50,908	49,826
Purchased services	6,605	7,065	6,449
Supplies and materials	3,708	3,783	4,395
Pension expense	-	-	1,086
Total expenditures	<u>61,756</u>	<u>61,756</u>	<u>61,756</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(5,146)
Fund balance, beginning of year			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (5,146)</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
HOMELESS CHILDREN YOUTH PROGRAM
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 8,058	\$ 9,395	\$ 9,395
Expenditures:			
Salaries and benefits	8,058	9,326	8,543
Purchased services	-	69	69
Pension expense	-	-	783
Total expenditures	8,058	9,395	9,395
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION PROGRAM
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	<u>\$ 38,148</u>	<u>\$ 38,148</u>	<u>\$ 2,823</u>
Expenditures:			
Salaries and benefits	15,425	15,425	2,799
Purchased services	10,223	10,223	24
Supplies and materials	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Total expenditures	<u>38,148</u>	<u>38,148</u>	<u>2,823</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u><u>\$ -</u></u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2016**

	Institute	General Education Development	Bus Permit	Total
ASSETS				
Cash and cash equivalents	\$ 110,207	\$ 9,018	\$ 17,496	\$ 136,721
Due from other governments	460	-	2,154	2,614
Total assets	\$ 110,667	\$ 9,018	\$ 19,650	\$ 139,335
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 49	\$ 49
Accrued payroll and benefits	196	90	89	375
Total liabilities	196	90	138	424
FUND BALANCE				
Restricted	110,471	8,928	19,512	138,911
Total fund balance	110,471	8,928	19,512	138,911
Total liabilities and fund balances	\$ 110,667	\$ 9,018	\$ 19,650	\$ 139,335

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2016**

	Institute	General Education Development	Bus Permit	Total
Revenues:				
Local sources	\$ 34,011	\$ 2,223	\$ 4,508	\$ 40,742
State sources	-	-	1,574	1,574
Total revenues	34,011	2,223	6,082	42,316
Expenditures:				
Salaries and benefits	16,444	5,076	5,076	26,596
Purchased services	19,337	4,486	1,990	25,813
Supplies and materials	-	20	-	20
Pension expense	1,458	441	441	2,340
Total expenditures	37,239	10,023	7,507	54,769
Net change in fund balances	(3,228)	(7,800)	(1,425)	(12,453)
Fund balances, beginning of the year	113,699	16,728	20,937	151,364
Fund balances, end of the year	<u>\$ 110,471</u>	<u>\$ 8,928</u>	<u>\$ 19,512</u>	<u>\$ 138,911</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2016**

	Distributive Fund	Heartland Region Fund	Regional Board of Trustees	School Occupation Facility Tax	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ 231,317	\$ 1,345	\$ -	\$ 232,662
Due from other governments	369,318	140,978	-	2,552,718	3,063,014
Total current assets	369,318	372,295	1,345	2,552,718	3,295,676
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	-	5,915	-	-	5,915
Total assets and deferred outflows	<u>\$ 369,318</u>	<u>\$ 378,210</u>	<u>\$ 1,345</u>	<u>\$ 2,552,718</u>	<u>\$ 3,301,591</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ -	\$ 72,919	\$ -	\$ -	\$ 72,919
Due to other governments	369,318	116,987	1,345	2,552,718	3,040,368
Total current liabilities	369,318	189,906	1,345	2,552,718	3,113,287
Noncurrent liabilities:					
Net pension liability	-	51,546	-	-	51,546
Total liabilities	369,318	241,452	1,345	2,552,718	3,164,833
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	-	136,758	-	-	136,758
Total liabilities and deferred inflows	<u>\$ 369,318</u>	<u>\$ 378,210</u>	<u>\$ 1,345</u>	<u>\$ 2,552,718</u>	<u>\$ 3,301,591</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,175,783	\$ 3,175,783	\$ -
Due from other governments	9,132	369,318	9,132	369,318
Total assets	\$ 9,132	\$ 3,545,101	\$ 3,184,915	\$ 369,318
LIABILITIES				
Due to other governments	\$ 9,132	\$ 3,545,101	\$ 3,184,915	\$ 369,318
<u>HEARTLAND REGION FUND</u>				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 247,580	\$ 1,586,718	\$ 1,602,981	\$ 231,317
Due from other governments	92,518	140,978	92,518	140,978
Total current assets	340,098	1,727,696	1,695,499	372,295
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	3,571	5,915	3,571	5,915
Total assets and deferred outflows	\$ 343,669	\$ 1,733,611	\$ 1,699,070	\$ 378,210
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 54,773	\$ 72,919	\$ 54,773	\$ 72,919
Due to other governments	-	1,660,692	1,543,705	116,987
Total current liabilities	54,773	1,733,611	1,598,478	189,906
Noncurrent liabilities:				
Net pension liability	104,937	-	53,391	51,546
Total liabilities	159,710	1,733,611	1,651,869	241,452
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	183,959	-	47,201	136,758
Total liabilities and deferred inflows	\$ 343,669	\$ 1,733,611	\$ 1,699,070	\$ 378,210

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUNDS
For the year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ 1,344	\$ 601	\$ 600	\$ 1,345
LIABILITIES				
Due to other governments	\$ 1,344	\$ 601	\$ 600	\$ 1,345
<u>SCHOOL OCCUPATION FACILITY TAX</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 8,137,079	\$ 8,137,079	\$ -
Due from other governments	2,469,723	2,552,718	2,469,723	2,552,718
Total assets	<u>\$ 2,469,723</u>	<u>\$ 10,689,797</u>	<u>\$ 10,606,802</u>	<u>\$ 2,552,718</u>
LIABILITIES				
Due to other governments	<u>\$ 2,469,723</u>	<u>\$ 10,689,797</u>	<u>\$ 10,606,802</u>	<u>\$ 2,552,718</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Concluded)
AGENCY FUNDS
For the year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 248,924	\$ 12,900,181	\$ 12,916,443	\$ 232,662
Due from other governments	2,571,373	3,063,014	2,571,373	3,063,014
Total assets	<u>2,820,297</u>	<u>15,963,195</u>	<u>15,487,816</u>	<u>3,295,676</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	3,571	5,915	3,571	5,915
Total assets and deferred outflows	<u>\$ 2,823,868</u>	<u>\$ 15,969,110</u>	<u>\$ 15,491,387</u>	<u>\$ 3,301,591</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 54,773	\$ 72,919	\$ 54,773	\$ 72,919
Due to other governments	2,480,199	15,896,191	15,336,022	3,040,368
Total current liabilities	<u>2,534,972</u>	<u>15,969,110</u>	<u>15,390,795</u>	<u>3,113,287</u>
Noncurrent liabilities:				
Net pension liability	104,937	-	53,391	51,546
Total liabilities	<u>2,639,909</u>	<u>15,969,110</u>	<u>15,444,186</u>	<u>3,164,833</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	183,959	-	47,201	136,758
Total liabilities and deferred inflows	<u>\$ 2,823,868</u>	<u>\$ 15,969,110</u>	<u>\$ 15,491,387</u>	<u>\$ 3,301,591</u>

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICTS TREASURERS
AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2016**

	<u>Heartland Region</u>	<u>Macon and Piatt Counties ROE #39</u>	<u>Total</u>
General State Aid	\$ -	\$ 852,667	\$ 852,667
General State Aid - Loss Limit	-	38,935	38,935
Transportation - Regular	25,034	-	25,034
Career & Technical Ed Imp	721,380	-	721,380
Truants Alternative Optional Education	-	200,174	200,174
Regional Safe Schools	-	76,726	76,726
Early Childhood - Block Grant	-	1,015,241	1,015,241
VE Perkins Title IIC Sec	202,494	-	202,494
Agriculture Education	848	-	848
Regional Safe Schools Coop Education	-	38,148	38,148
Title II - Teacher Quality Leadership	-	2,800	2,800
Title II - Teacher Quality	-	1,336	1,336
	<u>\$ 949,756</u>	<u>\$ 2,226,027</u>	<u>\$ 3,175,783</u>