

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

**FINANCIAL AUDIT
For the year ended June 30, 2020**

**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

Offices are 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	4	4
Repeated audit findings	4	1
Prior recommendations implemented or not repeated	-	-

Details of audit findings are presented in a separate report section.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2020-001	10A	Controls over Financial Statement Preparation	Material Weakness
2020-002	10C	Controls over Grant Compliance	Noncompliance
2020-003	10E	Delay of Audit	Noncompliance
2020-004	10G	Controls over Cash	Material Weakness

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings not repeated for the year ended June 30, 2020.

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, 2020. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report.

Responses to the recommendations were provided by Matthew Snyder, Regional Superintendent, via email on October 6, 2021.

**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 Macon and Piatt Counties Regional Office of Education No. 39's basic financial statements.



613 Broadway Avenue
P.O. Box 945
Mattoon, Illinois 61938

(217) 235-4747
www.westcpa.com

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, 2020, 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 Macon and Piatt Counties Regional Office of Education No. 39, as of June 30, 2020, 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 Illinois Municipal Retirement Fund – Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers’ Retirement System of the State of Illinois – Schedule of Employer’s Proportionate Share of the Net Pension Liability, Teachers’ Retirement System of the State of Illinois – Schedules of Employer’s Contributions, Teacher’s Health Insurance Security Fund – Schedules of the Employer Contributions, Teacher’s Health Insurance Security Fund – Schedule of the Employer’s Proportionate Share of the Collective Net OPEB Liability, Other Post Employment Benefits – Health Insurance - Schedule of the Employer’s Contributions, and Other Post Employment Benefits – Health Insurance - Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 68-76 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.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements 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 October 15, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Macon and Piatt Counties Regional Office of Education No. 39's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon and Piatt Counties Regional Office of Education No. 39's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
October 15, 2021



613 Broadway Avenue
P.O. Box 945
Mattoon, Illinois 61938

(217) 235-4747
www.westcpa.com

**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, 2020, and the related notes to the financial statements, which collectively comprise Macon and Piatt Counties Regional Office of Education No. 39's basic financial statements, and have issued our report thereon dated October 15, 2021.

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) as a basis for designing 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 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as findings 2020-001 and 2020-004 that we consider to be material weaknesses.

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 from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as findings 2020-002 and 2020-003.

Regional Office of Education No. 39's Responses to Findings

The Macon and Piatt Counties Regional Office of Education No. 39's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Macon and Piatt Counties Regional Office of Education No. 39's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
October 15, 2021

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, 2020**

Financial Statements in accordance with GAAP

Type of auditors' report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? X yes 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, 2020**

FINDING NO. 2020-001 - Controls over Financial Statement Preparation (Repeat of Finding 19-001 and 18-001)

Criteria/Specific Requirement:

The Regional Office of Education No. 39 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB). Additionally, effective June 25, 2021 Public Act 102-0025 allows that a Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit.

GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate to be provided in the fund financial statements.

Condition:

The ROE does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. During review of the ROE's accounting records, auditors noted the ROE did not have adequate controls over the maintenance of complete records of cash, receivables, unavailable revenue, and revenue. While the ROE did maintain records to indicate the balances of these items, numerous adjustments were required to present balances in accordance with generally accepted accounting principles.

Effect:

The ROE's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner.

**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, 2020**

FINDING NO. 2020-001 - Controls over Financial Statement Preparation (Repeat of Finding 19-001 and 18-001) (Concluded)

Cause:

Regional Office management indicated that at the end of fiscal year 2019 a new bookkeeper was hired. Fiscal year 2020's audit was the second time that the new bookkeeper went through the process of closing the books.

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations. Additionally, ROE management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE financial statements.

Management's Response:

The ROE hired a new bookkeeper at the end of fiscal year 2019. Fiscal year 2020's audit was the second time that the new bookkeeper went through the process of closing the books. The bookkeeper has been working with an outside CPA firm to remedy these issues going forward.

**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, 2020**

FINDING NO. 2020-002 - Controls over Grant Compliance (Repeat of Finding 19-002)

Criteria/Specific Requirement:

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office of Education No. 39 (ROE) must incorporate certain procedures into its operations in order to comply with the grant agreements with these entities.

The ROE is responsible for establishing and maintaining an internal control system over the completion of timely quarterly expenditure reports required for grants administered by the Illinois State Board of Education. The Illinois State Board of Education requires expenditure reports to be filed within 20 days of the applicable end of each quarter.

Condition:

During the course of the audit, auditors noted 15 of the 20 (75%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. Four of the quarterly expenditure reports were submitted 2 days late, nine quarterly expenditure reports were submitted between 10 and 20 days late, one quarterly expenditure report was submitted between 20 and 30 days late, and one quarterly expenditure report was submitted 45 days late. In addition, 4 quarterly expenditure reports required by the Illinois State Board of Education were not submitted.

Effect:

Lack of timely filed expenditure reports could result in a delay of grant funding. In addition, noncompliance with grant requirements could lead to the granting agency requesting reimbursement or the loss of grants for future periods.

Cause:

Regional Office management indicated the transition to a new bookkeeper caused a delay in the fiscal year 2019 expenditure reporting and set the expenditure reporting behind for fiscal year 2020. The restrictions of Covid-19 and the pandemic during FY20, coupled with the integration of the new bookkeeper made it more difficult to complete the expenditure reports in a timely manner and ensure the accuracy of the information.

Auditors' Recommendation:

The ROE should implement adequate internal controls to ensure that expenditure reports are filed timely.

**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, 2020**

FINDING NO. 2020-002 - Controls over Grant Compliance (Repeat of Finding 19-002) (Concluded)

Management's Response:

The restrictions of Covid-19 and the pandemic during FY20, coupled with the integration of the new bookkeeper made it more difficult to complete the expenditure reports in a timely manner and ensure the accuracy of the information. Reports will be submitted in timelier manner going forward.

**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, 2020**

FINDING NO. 2020-003 – Delay of Audit (Repeat of Finding 19-003)

Criteria/Specific Requirement:

Regional Office of Education No. 39 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Additionally, effective June 25, 2021 Public Act 102-0025 allows that a Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit.

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

Condition:

The Regional Office of Education No. 39 did not provide completed financial statements in an auditable form by the August 31 deadline. The preliminary draft was provided to the auditors on April 7, 2021.

In addition, auditors noted inconsistencies with the bank reconciliation of the main operating account that required the Regional Office of Education No. 39 to revise the June 30, 2020 bank reconciliation. Auditors discussed concerns about the bank reconciliation with Regional Office of Education No. 39 management on June 7, 2021. The revised bank reconciliation was provided to the auditors on July 26, 2021.

Effect:

When financial statements and records are not provided in a timely manner, delays in the audit occur and the usefulness of the financial statements and related findings resulting from the audit is impacted. Additionally, untimely financial statements could result in repercussions from granting agencies including a loss of funding.

**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, 2020**

FINDING NO. 2020-003 – Delay of Audit (Repeat of Finding 19-003) (Continued)

Cause:

Regional Office management indicated that at the end of fiscal year 2019 a new bookkeeper was hired. This transition caused a delay in the fiscal year 2019 audit and set the audit schedule behind for fiscal year 2020. The restrictions of Covid-19 and the pandemic during fiscal year 2020, coupled with the integration of the new bookkeeper effectively derailed the audit timing.

Auditors' Recommendation:

The Regional Office of Education No. 39 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. Additionally, ROE management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE financial statements. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

At the end of fiscal year 2019 a new bookkeeper was hired. This transition caused a delay in the fiscal year 2019 audit and set the audit schedule behind for fiscal year 2020. The restrictions of Covid-19 and the pandemic during fiscal year 2020, coupled with the integration of the new bookkeeper effectively derailed the audit timing. Management will continue to work with the ROE's hired CPA firm to minimize audit delays going forward.

**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, 2020**

FINDING NO. 2020-004 – Controls over Cash (Repeat of Finding 19-004)

Criteria/Specific Requirement:

Sound internal controls require bank reconciliations to be performed monthly to ensure that all transactions have been recorded. The bank reconciliation process should include identifying and correcting all discrepancies between the bank records and the books on a timely basis. Sound internal control over cash requires bank reconciliations to be completed and reviewed by the appropriate level of management on a monthly basis.

Condition:

The Regional Office of Education No. 39's bank reconciliations are not being reviewed or do not show documentation of review to ensure the reconciliation is taking place and that the reconciliation is complete.

In addition, auditors noted the bank reconciliation of the main operating account had a material variance when comparing the balance per the bank reconciliation to the balance per the adjusted trial balance. The variance required the Regional Office of Education No. 39 to revise the June 30, 2020 bank reconciliation. Auditors discussed concerns about the bank reconciliation with Regional Office of Education No. 39 management on June 7, 2021. The revised bank reconciliation was provided to the auditors on July 26, 2021.

Effect:

Lack of reconciling bank accounts and reviewing bank reconciliations timely could result in management or employees not being able to prevent or detect financial statement misstatements in a timely manner. In addition, not identifying and addressing unrecorded items on a timely basis could cause expenditure reports to granting agencies to be incorrect.

Cause:

Regional Office management indicated the ROE's accounting software is a fairly dated Disk Operating System command accounting system. The new bookkeeper had difficulties reconciling cash variances at the end of fiscal year 2019. The ROE's hired CPA firm was able to help the new bookkeeper manually reconcile the cash accounts, but did not fix the reconciliation issues inside of the accounting software. The recording of cash transactions into the accounting software was completed monthly for fiscal year 2020, however the variances created while closing fiscal year 2019 made it difficult to reconcile to fiscal year 2020 bank accounts in the accounting system.

**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, 2020**

FINDING NO. 2020-004 – Controls over Cash (Repeat of Finding 19-004) (Continued)

Auditors' Recommendation:

As part of its internal controls over cash, the Regional Office of Education No. 39 should reconcile all bank statements every month and correct any discrepancies in a timely manner. In addition, Regional Office of Education No. 39's management should review bank reconciliations and document their review each month after the reconciliation has been completed.

Management's Response:

Reconciliation issues rolling forward from fiscal year 2019 in the ROE's accounting software caused reconciliation issues for fiscal year 2020. Management will continue to work with the ROE's hired CPA firm to resolve reconciliation issues 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, 2020**

Corrective Action Plan

FINDING NO. 2020-001 - Controls over Financial Statement Preparation (Repeat of Finding 19-001 and 18-001)

Condition:

The ROE does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. During review of the ROE's accounting records, auditors noted the ROE did not have adequate controls over the maintenance of complete records of cash, receivables, unavailable revenue, and revenue. While the ROE did maintain records to indicate the balances of these items, numerous adjustments were required to present balances in accordance with generally accepted accounting principles.

Plan:

The ROE will implement preparation procedures that ensure the financial statements are complete and accurate. These procedures will be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations. The ROE will continue to work with the ROE's hired CPA firm through the fiscal year 2021 audit.

Anticipated Date of Completion:

Process started with the ROE's hired CPA firm in April 2021 and will continue through the fiscal year 2021 audit.

Name of Contact Person:

Mr. Matthew Snyder, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2020**

Corrective Action Plan

FINDING NO. 2020-002 - Controls over Grant Compliance (Repeat of Finding 19-002)

Condition:

During the course of the audit, auditors noted 15 of the 20 (75%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. Four of the quarterly expenditure reports were submitted 2 days late, nine quarterly expenditure reports were submitted between 10 and 20 days late, one quarterly expenditure report was submitted between 20 and 30 days late, and one quarterly expenditure report was submitted 45 days late. In addition, 4 quarterly expenditure reports required by the Illinois State Board of Education were not submitted.

Plan:

The ROE does anticipate some late reports in the next fiscal year due to the switch to a new accounting system. However, the bookkeeper and Regional Superintendent plan to meet as needed to prepare and review expenditure reports to ensure that the expenditure reports are accurate and are submitted in a timelier manner.

Anticipated Date of Completion:

Fiscal year 2022

Name of Contact Person:

Mr. Matthew Snyder, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2020**

Corrective Action Plan

FINDING NO. 2020-003 – Delay of Audit (Repeat of Finding 19-003)

Condition:

The Regional Office of Education No. 39 did not provide completed financial statements in an auditable form by the August 31 deadline. The preliminary draft was provided to the auditors on April 7, 2021.

In addition, auditors noted inconsistencies with the bank reconciliation of the main operating account that required the Regional Office of Education No. 39 to revise the June 30, 2020 bank reconciliation. Auditors discussed concerns about the bank reconciliation with Regional Office of Education No. 39 management on June 7, 2021. The revised bank reconciliation was provided to the auditors on July 26, 2021.

Plan:

Although the ROE does anticipate that the fiscal year 2021 audit will be delayed until October 2021, the financial statements will be in auditable form at that time and will not cause any further delays in future audit cycles. The ROE plans to continue to work with the hired CPA firm to have the financial statements in auditable form by the August 31st deadline for all years after fiscal year 2021.

Anticipated Date of Completion:

Fiscal year 2022

Name of Contact Person:

Mr. Matthew Snyder, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2020**

Corrective Action Plan

FINDING NO. 2020-004 – Controls over Cash (Repeat of Finding 19-004)

Condition:

The Regional Office of Education No. 39's bank reconciliations are not being reviewed or do not show documentation of review to ensure the reconciliation is taking place and that the reconciliation is complete.

In addition, auditors noted the bank reconciliation of the main operating account had a material variance when comparing the balance per the bank reconciliation to the balance per the adjusted trial balance. The variance required the Regional Office of Education No. 39 to revise the June 30, 2020 bank reconciliation. Auditors discussed concerns about the bank reconciliation with Regional Office of Education No. 39 management on June 7, 2021. The revised bank reconciliation was provided to the auditors on July 26, 2021.

Plan:

The ROE will retain the services of the hired CPA firm during fiscal year 2021 to assist with the bank reconciliations. The bookkeeper will continue to complete the reconciliations monthly. All bank reconciliations will be reviewed by Regional Superintendent monthly.

Anticipated Date of Completion:

Fiscal year 2021.

Name of Contact Person:

Mr. Matthew Snyder, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2020**

There were no prior audit findings not repeated.

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
June 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,318,977	\$ -	\$ 2,318,977
Accounts receivable	69,155	-	69,155
Due from other governments	475,193	23,625	498,818
Internal balances	53,976	(53,976)	-
Total current assets	<u>2,917,301</u>	<u>(30,351)</u>	<u>2,886,950</u>
NONCURRENT ASSETS			
Capital assets, net	129,908	5,353	135,261
TOTAL ASSETS	<u>3,047,209</u>	<u>(24,998)</u>	<u>3,022,211</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	791,889	-	791,889
Deferred outflows related to OPEB	169,045	-	169,045
Total deferred outflows of resources	<u>960,934</u>	<u>-</u>	<u>960,934</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	157,779	2,700	160,479
Accrued payroll and benefits	100,507	-	100,507
Due to other governments	252	-	252
Unearned revenue	154,188	-	154,188
Total current liabilities	<u>412,726</u>	<u>2,700</u>	<u>415,426</u>
NONCURRENT LIABILITIES			
Net pension liability	291,716	-	291,716
OPEB liability	1,319,442	-	1,319,442
Total noncurrent liabilities	<u>1,611,158</u>	<u>-</u>	<u>1,611,158</u>
TOTAL LIABILITIES	<u>2,023,884</u>	<u>2,700</u>	<u>2,026,584</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,708,608	-	1,708,608
Deferred inflows related to OPEB	1,267,126	-	1,267,126
Total deferred inflows of resources	<u>2,975,734</u>	<u>-</u>	<u>2,975,734</u>
NET POSITION			
Net investment in capital assets	129,908	5,353	135,261
Restricted for educational purposes	120,741	-	120,741
Unrestricted	(1,242,124)	(33,051)	(1,275,175)
TOTAL NET POSITION	<u>\$ (991,475)</u>	<u>\$ (27,698)</u>	<u>\$ (1,019,173)</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, 2020**

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 2,279,396	\$ -	\$ 1,917,434	\$ (361,962)	\$ -	\$ (361,962)
Purchased services	1,838,712	-	1,726,068	(112,644)	-	(112,644)
Supplies and materials	92,593	-	70,470	(22,123)	-	(22,123)
Depreciation	47,958	-	-	(47,958)	-	(47,958)
Capital outlay	-	-	7,998	7,998	-	7,998
Other objects	75,998	-	75,299	(699)	-	(699)
Pension expense (benefit)	(40,635)	-	-	40,635	-	40,635
OPEB expense (benefit)	(100,039)	-	-	100,039	-	100,039
Administrative:						
On-behalf payments	1,074,545	-	-	(1,074,545)	-	(1,074,545)
Total Governmental Activities	5,268,528	-	3,797,269	(1,471,259)	-	(1,471,259)
Business-Type Activities:						
Workshop fees	108,989	53,290	-	-	(55,699)	(55,699)
Total primary government	\$ 5,377,517	\$ 53,290	\$ 3,797,269	(1,471,259)	(55,699)	(1,526,958)
General revenues:						
Local sources				551,267	-	551,267
On-behalf payments				1,074,545	-	1,074,545
Interest				16,895	-	16,895
Loss on disposal of capital assets				(2,595)	-	(2,595)
Total General Revenues				1,640,112	-	1,640,112
Change in net position				168,853	(55,699)	113,154
Net position - beginning				(1,160,328)	28,001	(1,132,327)
Net position - ending				\$ (991,475)	\$ (27,698)	\$ (1,019,173)

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, 2020**

	General Fund	Education Fund	Other Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 1,934,847	\$ 262,837	\$ 121,293
Accounts receivable	69,155	-	-
Due from other funds	335,065	-	-
Due from other governments	132,470	342,683	40
TOTAL ASSETS	\$ 2,471,537	\$ 605,520	\$ 121,333
LIABILITIES			
Accounts payable	\$ 10,268	\$ 146,111	\$ 1,400
Accrued payroll and benefits	76,689	23,818	-
Due to other funds	-	281,089	-
Due to other governments	252	-	-
Unearned revenue	494	153,694	-
Total liabilities	87,703	604,712	1,400
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	56,789	285,100	-
FUND BALANCE (DEFICIT)			
Restricted	-	394	119,933
Assigned	47,374	-	-
Unassigned	2,279,671	(284,686)	-
Total fund balance (deficit)	2,327,045	(284,292)	119,933
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ 2,471,537	\$ 605,520	\$ 121,333

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 (Continued)
June 30, 2020**

	Eliminations	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,318,977
Accounts receivable	-	69,155
Due from other funds	(281,089)	53,976
Due from other governments	-	475,193
TOTAL ASSETS	\$ (281,089)	\$ 2,917,301
LIABILITIES		
Accounts payable	\$ -	\$ 157,779
Accrued payroll and benefits	-	100,507
Due to other funds	(281,089)	-
Due to other governments	-	252
Unearned revenue	-	154,188
Total liabilities	(281,089)	412,726
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	341,889
FUND BALANCE (DEFICIT)		
Restricted	-	120,327
Assigned	-	47,374
Unassigned	-	1,994,985
Total fund balance (deficit)	-	2,162,686
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ (281,089)	\$ 2,917,301

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, 2020**

Total fund balances - governmental funds	\$	2,162,686
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		129,908
Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred inflows of resources in the governmental funds.		341,889
Pension & OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources	960,934	
Deferred inflows of resources	<u>(2,975,734)</u>	(2,014,800)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	(291,716)	
OPEB liability	<u>(1,319,442)</u>	<u>(1,611,158)</u>
Net position of governmental activities	\$	<u><u>(991,475)</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, 2020**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 474,114	\$ -	\$ 39,344	\$ 513,458
State sources	1,122,838	2,580,831	1,285	3,704,954
Federal sources	-	64,221	-	64,221
On-behalf payments	293,432	-	-	293,432
Interest	16,895	-	-	16,895
Total revenues	1,907,279	2,645,052	40,629	4,592,960
EXPENDITURES				
Instructional services:				
Salaries and benefits	1,369,243	891,504	18,649	2,279,396
Purchased services	215,863	1,608,785	14,064	1,838,712
Supplies and materials	41,067	51,506	20	92,593
Other objects	127	75,871	-	75,998
Pension expense	68,931	48,235	1,086	118,252
OPEB expense	6,488	2,017	-	8,505
On-behalf payments	293,432	-	-	293,432
Capital outlay	3,307	4,691	-	7,998
Debt service:				
Repayment of long term lease payable	404	-	-	404
Total expenditures	1,998,862	2,682,609	33,819	4,715,290
Net change in fund balances	(91,583)	(37,557)	6,810	(122,330)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR				
	2,418,628	(246,735)	113,123	2,285,016
FUND BALANCES (DEFICITS), END OF YEAR				
	\$ 2,327,045	\$ (284,292)	\$ 119,933	\$ 2,162,686

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, 2020**

Net change in fund balances \$ (122,330)

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

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

Capital outlay	7,998	
Depreciation expense	<u>(47,958)</u>	(39,960)

In the statement of activities, only the loss on sale of property is reported where as in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying amount of the assets sold. (2,595)

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

Current year unavailable revenue	341,889	
Prior year unavailable revenue	<u>(275,986)</u>	65,903

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. 404

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 expense	158,887	
OPEB expense	<u>108,544</u>	

Change in net position of governmental activities \$ 168,853

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, 2020**

	Business-Type Activities		Total
	Illinois Empower	Nonmajor Enterprise Fund Workshop Reimbursement	
ASSETS			
Current assets:			
Due from other governments	\$ 15,500	\$ 8,125	\$ 23,625
Noncurrent assets:			
Capital assets, net	-	5,353	5,353
 Total assets	 15,500	 13,478	 28,978
LIABILITIES			
Current liabilities:			
Accounts payable	1,350	1,350	2,700
Due to other funds	52,072	1,904	53,976
Total liabilities	53,422	3,254	56,676
NET POSITION			
Net investment in capital assets	-	5,353	5,353
Unrestricted	(37,922)	4,871	(33,051)
Total net position	\$ (37,922)	\$ 10,224	\$ (27,698)

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, 2020**

	Business-Type Activities		Total
	Illinois Empower	Nonmajor Enterprise Fund Workshop Reimbursement	
Operating revenue:			
Charges for services	\$ 37,000	\$ 16,290	\$ 53,290
Operating expenses:			
Salaries and benefits	81,582	111	81,693
Purchased services	10,666	12,598	23,264
Supplies and materials	26	1,535	1,561
Depreciation expense	-	2,471	2,471
Total operating expenses	92,274	16,715	108,989
Operating income (loss)	(55,274)	(425)	(55,699)
Net position, beginning of year	17,352	10,649	28,001
Net position (deficit), end of year	\$ (37,922)	\$ 10,224	\$ (27,698)

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, 2020**

	Business-Type Activities		Total
	Illinois Empower	Nonmajor Enterprise Fund Workshop Reimbursement	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 68,633	\$ 8,290	\$ 76,923
Payments to suppliers and providers of goods and services	(19,842)	(14,178)	(34,020)
Payments to employees	(81,582)	(111)	(81,693)
Net cash (used for) operating activities	(32,791)	(5,999)	(38,790)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from interfund borrowings	32,791	1,904	34,695
Net cash flows from noncapital financing activities	32,791	1,904	34,695
Net decrease in cash and cash equivalents	-	(4,095)	(4,095)
Cash and cash equivalents, beginning of year	-	4,095	4,095
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS USED FOR OPERATING ACTIVITIES			
Operating income (loss)	\$ (55,274)	\$ (425)	\$ (55,699)
Adjustments to reconcile operating income (loss) to net cash flows used for operating activities:			
Depreciation expense	-	2,471	2,471
(Increase) decrease in assets:			
Due from other governments	31,633	(8,000)	23,633
Increase (decrease) in liabilities:			
Accounts payable	(9,150)	672	(8,478)
Due to other governments		(717)	(717)
Net cash used for operating activities	\$ (32,791)	\$ (5,999)	\$ (38,790)

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 FUND
June 30, 2020**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 333,501
Due from other governments	<u>2,638,194</u>
Total assets	<u><u>\$ 2,971,695</u></u>
LIABILITIES	
Accounts payable	\$ 72,963
Due to other governments	<u>2,898,732</u>
Total liabilities	<u><u>\$ 2,971,695</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
June 30, 2020**

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. New Accounting Pronouncements

The global pandemic, coronavirus disease (COVID-19), has resulted in significant business disruptions due to mandated temporary work stoppages, limitations on travel, limitations on the size and duration of group meetings, and employee absences. In light of the pandemic, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the effective dates for certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Due to the Regional Office of Education No. 39's implementation of this Statement, only certain provisions of GASB Statement No. 92, *Omnibus 2020* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* were required to be implemented for the year ended June 30, 2020.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. New Accounting Pronouncements (continued)

The implemented provisions of these Statements had no significant impact on the financial statements of the Regional Office of Education No. 39. The Regional Office of Education No. 39 decided not to implement any postponed provisions of the GASB Statements prior to their adjusted effective dates.

C. 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.

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-wide and Fund Financial Statements (continued)

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.

D. 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.

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. Unavailable revenues arise when potential revenue does not meet both the measurable and available criteria. Unearned resources arise 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.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (continued)

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:

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.

Pop Fund - This program accounts for revenue and expenses from the pop machines at the Eldorado Street and Futures facilities.

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.

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.

Alternative Education Intervention - This program accounts for the proceeds of a grant from the Community Foundation of Macon County to provide at-risk students with academic, behavioral, and social supports to ensure students regain credits to continue their education and achieve high school graduation.

General State Aid - 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.

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 (Continued)
June 30, 2020

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 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 other 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.

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 (Continued)
June 30, 2020

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.

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.

Work Readiness - This program accounts for the proceeds of a grant from Workforce Investment Solutions to provide opportunities for students to develop work skills necessary to secure employment, training, or further education.

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.

Family Violence Counseling - This program accounts for the proceeds of a grant from the Illinois Family Violence Coordinating Councils to provide professional education to assist in responding to family violence.

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 proceeds earned from teacher registration, certificate renewals, and examinations. The proceeds are used to pay administrative expenses incurred on behalf of the teachers' institute, such as certificates, workshops, and general meetings, to ensure compliance with 105 ILCS 5/3-12. 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 (Continued)
June 30, 2020**

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 - This program accounts for registration and user fees and a distribution from the Illinois State Board of Education. These monies are used to pay the administrative expenses incurred to ensure compliance with 105 ILCS 5/3-14/32 (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 major proprietary fund:

Illinois Empower - This program also provides workshops for professional development presented by consultants.

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.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

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.

Decatur Community Partnership - Substance Abuse grant and contributions are used with other agencies, organizations and people who work collaboratively to promote a drug free community. In addition, the Decatur Community Partnership strives to improve the health of the Decatur and Macon County Community.

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.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

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)

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.”

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 and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

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)

4. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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 unrecognized items that have not yet reduced pension and OPEB expense.

5. Post-employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Regional Office of Education No. 39's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 39's OPEB Plan, and additions to/deductions from the Regional Office of Education No. 39's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 39's Plan. For this purpose, the Regional Office of Education No. 39's Plan recognizes the benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 39's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

6. 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 five full-year contracts do not earn vacation days. The Regional Office currently employs six 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.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

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. Compensated Absences (continued)

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.

7. 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.

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.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

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)

7. **Equity Classifications** (continued)

Governmental Fund Statements (continued)

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, Student Council, Alternative Education Intervention, 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, Pop Fund, ADA State Aid, St. Mary's Hospital School, Teachers' Exchange, General State Aid, School Improvement, Ounce of Prevention - Training and Technical, and Family Violence Counseling.

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, Ounce of Prevention - Training and Technical, Regional Safe Schools, Early Childhood Block Grant, Early Childhood Block Grant - Continuing Three to Five, Homeless Children Youth Program, Work Readiness, Regional Safe School Cooperative Education Program, and Family Violence Counseling.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

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.

4. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2020, the carrying amount of the Regional Office of Education No. 39's governmental activities, business-type activities, and fiduciary fund's deposits were \$ 2,188,496, \$ -0-, and \$ 333,501, respectively. The bank balances totaled \$ 2,426,768 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.

B. Investments

At June 30, 2020, 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 \$ 130,481. The bank balance invested in the Illinois Funds Money Market Fund was \$ 177,532. 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, 2020, 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

4. DEPOSITS AND INVESTMENTS (continued)

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.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	June 30, 2019	Increases	Decreases	June 30, 2020
Governmental activities:				
Capital assets being depreciated:				
Leasehold improvements	\$ 45,000	\$ -	\$ -	\$ 45,000
Equipment and furniture	684,843	7,998	(2,874)	689,967
Total assets	729,843	7,998	(2,874)	734,967
Less accumulated depreciation for:				
Leasehold improvements	(45,000)	-	-	(45,000)
Equipment and furniture	(512,380)	(47,958)	279	(560,059)
Total accumulated depreciation	(557,380)	(47,958)	279	(605,059)
Governmental activities capital assets, net	\$ 172,463	\$ (39,960)	\$ (2,595)	\$ 129,908
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 15,438	\$ -	\$ -	\$ 15,438
Less accumulated depreciation for:				
Equipment	(7,614)	(2,471)	-	(10,085)
Business-type activities capital assets, net	\$ 7,824	\$ (2,471)	\$ -	\$ 5,353

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

7. CAPITAL ASSETS (continued)

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

Governmental activities:	
Instructional services	<u>\$ 47,958</u>
Business-type:	
Workshop fees	<u>\$ 2,471</u>

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 <https://www.trsil.org/financial/cafrs/fy2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest consecutive 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.

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different than Tier 1.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2020

8. **RETIREMENT FUND COMMITMENTS** (continued)

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

Benefits Provided (continued)

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2019, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 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, 2020, State of Illinois contributions recognized by the Regional Office of Education No. 39 were based on the State's proportionate share of the pension expense associated with the Regional Office of Education No. 39, and the Regional Office of Education No. 39 recognized revenue and expenditures of \$ 720,906 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, 2020, were \$ 5,546, and are deferred because they were paid after the June 30, 2019 measurement date.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

8. RETIREMENT FUND COMMITMENTS (continued)

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

Contributions (continued)

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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2020, no salaries were paid from federal and special trust funds that required employer contributions.

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 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, 2020, 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, 2019, 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	\$ 93,295
State's proportionate share of the net pension liability associated with the employer	<u>6,639,704</u>
Total	<u><u>\$ 6,732,999</u></u>

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

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)

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019. 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, 2019, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2019, the Regional Office of Education No. 39's proportion was .0001150254 percent, which was a decrease of .0000149299 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Regional Office of Education No. 39 recognized pension expense of \$ 720,906 and revenue of \$ 720,906 for support provided by the State. For the year ended June 30, 2020, the Regional Office of Education No. 39 recognized a pension benefit of \$ 262,636. At June 30, 2020, 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	\$ 1,530	\$ -
Net difference between projected and actual earnings on pension plan investments	148	-
Change in assumptions	2,090	1,791
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>533,177</u>	<u>1,368,668</u>
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	536,945	1,370,459
Employer Contributions Made Subsequent to the Measurement Date	<u>5,546</u>	<u>-</u>
Total Deferred Amount Related to Pensions	<u><u>\$ 542,491</u></u>	<u><u>\$ 1,370,459</u></u>

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

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)

\$ 5,546 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30,	Net Deferred Inflows of of Resources
2021	\$ (122,872)
2022	(163,543)
2023	(363,770)
2024	(182,468)
2025	(861)
Total	\$ (833,514)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	varies by amount of service credit
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

In the June 30, 2019 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2018 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are used on a fully generational basis using projection table MP-2014.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

8. RETIREMENT FUND COMMITMENTS (continued)

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

Actuarial Assumptions (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.30%
U.S. equities small/mid cap	2.0%	7.70%
International equities developed	13.6%	7.00%
Emerging market equities	3.4%	9.50%
U.S. bonds core	8.0%	2.20%
U.S. bonds high yield	4.2%	4.00%
International debt developed	2.2%	1.10%
Emerging international debt	2.6%	4.40%
Real estate	16.0%	5.20%
Real return	4.0%	1.80%
Absolute return	14.0%	4.10%
Private equity	15.0%	9.70%
Total	100.0%	

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

8. RETIREMENT FUND COMMITMENTS (continued)

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

Discount Rate

At June 30, 2019, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 113,952	\$ 93,295	\$ 76,311

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2019 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 (Continued)
June 30, 2020

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 their 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
- ½ 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 (Continued)
June 30, 2020**

8. RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	45
Inactive plan members entitled to but not yet receiving benefits	45
Active plan members	25
Total	115

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 2019 was 9.85%. For the fiscal year 2020, the Regional Office of Education No. 39 contributed \$ 114,316 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, 2019. 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, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.35% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

8. RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)

Actuarial Assumptions (continued)

- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives.
- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	37%	5.75%
International equity	18%	6.50%
Fixed income	28%	3.25%
Real estate	9%	5.20%
Alternatives investments	7%	3.60-7.60%
Cash equivalents	1%	1.85%
Total	<u>100%</u>	

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

8. RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2019. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Assets) (A) - (B)
Balances at December 31, 2018	\$ 5,905,255	\$ 5,199,004	\$ 706,251
Changes for the year:			
Service Cost	115,507	-	115,507
Interest on the total pension liability	421,774	-	421,774
Differences between expected and actual experience of the total pension liability	190,469	-	190,469
Changes in assumptions	-	-	-
Contributions - employer	-	101,334	(101,334)
Contributions - employee	-	60,247	(60,247)
Net investment income	-	1,079,551	(1,079,551)
Benefit payments, including refunds of employee contributions	(354,002)	(354,002)	-
Other (net transfer)	-	(5,552)	5,552
Net changes	373,748	881,578	(507,830)
Balances at December 31, 2019	\$ 6,279,003	\$ 6,080,582	\$ 198,421

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

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 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Net Pension Liability (Asset)	\$ 980,543	\$ 198,421	\$ (345,893)

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

For the year ended June 30, 2020, the Regional Office of Education No. 39 recognized pension expense of \$ 222,001. At June 30, 2020, 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 Assumptions changes	\$ 142,494	\$ 1,325
Assumptions changes	40,448	6,802
Net difference between projected and actual earnings on pension plan investments	-	330,022
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	182,942	338,149
Pension Contributions Made Subsequent to the Measurement Date	66,456	-
Total Deferred Amount Related to Pensions	\$ 249,398	\$ 338,149

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

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)

\$ 66,456 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2021. 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:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 56,566
2021	(51,336)
2022	(18,449)
2023	<u>(141,988)</u>
Total	<u><u>\$ (155,207)</u></u>

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

THIS Plan Description

The Regional Office of Education No. 39 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits.

Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

Benefits Provided

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

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

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. For the year ended June 30, 2020, 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 OPEB liability associated with the Regional Office of Education No. 39, and recognized revenue and expenditures of \$ 60,206 in OPEB contributions from the State of Illinois.

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 0.92 percent during the year ended June 30, 2020, and 0.92 and 0.88 percent during the years ended June 30, 2019 and 2018, respectively. For the year ended June 30, 2020 the Regional Office of Education No. 39 paid \$ 8,505 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2019 and 2018, the Regional Office of Education No. 39 paid \$ 8,263 and \$ 8,192 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

A. Teacher Health Insurance Security Fund (continued)

Further information on the THIS Fund

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

A. Teacher Health Insurance Security Fund (continued)

Single Discount Rate

Projected benefit payments were discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on the index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since the THIS fund is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.62 percent as of June 30, 2018, and 3.13 percent as of June 30, 2019.

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the discount rate.

The following presents the Regional Office of Education No. 39's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Employer's proportionate share of the collective net OPEB liability	\$ 1,220,650	\$ 1,015,272	\$ 852,955

Sensitivity of the employer's proportionate share of the collective Net OPEB Liability to changes in the healthcare cost trend rates

The following table shows the Regional Office of Education No. 39's net OPEB liability as of June 30, 2019, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease*	Healthcare Cost Trend Rates	1% Increase**
Employer's proportionate share of the collective net OPEB liability	\$ 820,206	\$ 1,015,272	\$ 1,278,585

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

A. Teacher Health Insurance Security Fund (continued)

Sensitivity of the employer's proportionate share of the collective Net OPEB Liability to changes in the healthcare cost trend rates (continued)

- * One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate rate of 3.81% in 2027 for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- ** One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.81% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the Regional Office of Education No. 39 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 39. The amount recognized by the Regional Office of Education No. 39 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Regional Office of Education No. 39 were as follows:

Employer's proportionate share of the collective net OPEB liability	\$ 1,015,272
State's proportionate share of the net OPEB liability associated with the employer	<u>1,374,872</u>
Total	<u>\$ 2,390,144</u>

The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2018, and was rolled forward to the June 30, 2019 measurement date. The Regional Office of Education No. 39's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 39's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 39, actuarially determined. At June 30, 2019, the Regional Office of Education No. 39's proportion was 0.003668 percent, which was an decrease of .000259 from its proportion measured as of June 30, 2018 (0.003927 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2020, the Regional Office of Education No. 39 recognized OPEB expense of \$ 60,206 and revenue of \$ 60,206 for support provided by the State. For the year ending June 30, 2020, the Regional Office of Education No. 39 recognized an OPEB benefit of \$ 123,266. At June 30, 2020, the Regional Office of Education No. 39 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

A. Teacher Health Insurance Security Fund (continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,848
Changes of assumptions	385	116,383
Net difference between projected and actual earnings on OPEB plan investments	-	33
Changes in proportion and differences between employer contributions and proportionate share of contributions	160,155	1,133,862
Employer contributions subsequent to the measurement date	8,505	-
Total Deferred Amount Related to OPEB	\$ 169,045	\$ 1,267,126

\$ 8,505 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 39 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 39's OPEB expense as follows:

Year Ending June 30,	Net Deferred Inflows of of Resources
2021	\$ (151,799)
2022	(151,799)
2023	(151,799)
2024	(151,799)
2025	(151,791)
Thereafter	(347,599)
Total	\$ (1,106,586)

THIS Fiduciary Net Position:

Detailed information about the THIS Fund fiduciary net position as of June 30, 2019, is available in the separately issued THIS Financial Report.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

9. **OTHER POST-EMPLOYMENT BENEFITS** (continued)

B. Health Insurance

Plan Description

The Regional Office of Education No. 39 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Eligibility Provisions

Full-Time Employees - IMRF

Tier I IMRF Full-Time employees:

- Age 55 with at least 8 years of service (reduced pension)
- Age 55 with at least 30 years of service (reduced pension)
- Age 55 with at least 35 years of service (full pension)
- Age 60 with at least 8 years of service (full pension)

Tier II IMRF Full-Time employees:

- Age 62 with at least 10 years of service (reduced pension)
- Age 62 with at least 30 years of service (reduced pension)
- Age 62 with at least 35 years of service (full pension)
- Age 67 with at least 10 years of service (full pension)

Full-Time Employees - TRS

Tier I TRS Full-Time employees

- Age 55 with at least 20 years of service (reduced pension)
- Age 55 with at least 35 years of service (full pension)
- Age 60 with at least 10 years of service (full pension)
- Age 62 with at least 5 years of service (full pension)

Tier II TRS Full-Time employees:

- Age 62 with at least 10 years of service (reduced pension)
- Age 67 with at least 10 years of service (full pension)

Benefits Provided

The Regional Office of Education No. 39 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education No. 39 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education No. 39 offers the Blue Cross Blue Shield PPO Plan to full-time IMRF and TRS employees. Retirees pay the full cost of coverage and may continue to be covered under the Regional Office of Education No. 39's plan past Medicare eligibility. Eligible spouse or dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse or dependent is responsible for the full cost of the coverage and may continue to be covered under the Regional Office of Education No. 39's plan past Medicare eligibility.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

B. Health Insurance (continued)

Benefits Provided (continued)

The Regional Office of Education No. 39 provides dental, vision, and life insurance coverage to all eligible employees in accordance with Illinois Compiled Statutes. Retirees may continue dental or vision coverage into retirement. The retiree is responsible for the full premium cost of coverage for the dental and vision plans. Life insurance is not available to retirees.

Membership

At June 30, 2020 membership consisted of:

Inactive employees currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	-
Active employees	45
Total	46

Funding Policy and Contributions

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

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

The contributions of \$ 14,909 from other Regional Office of Education No. 39 resources and benefit payments of \$ 14,909 from other Regional Office of Education No. 39 resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Total OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2020 actuarial valuation date and adjusted to the June 30, 2020 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

B. Health Insurance (continued)

Actuarial Assumptions

Discount rate used for the total OPEB liability	3.50% at the beginning of the year decreasing to 2.21% at the end of the year.
Long-term expected rate of return on plan assets	N/A. OPEB obligation is unfunded.
High quality 20 year tax-exempt G.O. Bonds	3.50% at the beginning of the year decreasing to 2.21% at the end of the year.
Salary increases	The salary increase assumption of 2.50% was based on a review of the IMRF Experience Study Report dated November 8, 2017 and TRS Experience Study Report dated September 18, 2018.
Annual blended premium	Premiums charged for coverage of retirees and spouse are \$ 9,918 and \$ 15,493.
Healthcare trend rates	Initial trend rate is based on the 2020 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2021, trend starts at 6.80% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
Retiree contributions rates	Same of Healthcare trend rates.

IMRF mortality rates use the RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017 using age 85 for males and age 88 for females. TRS mortality rates use RP-20 14 with White Collar Adjustment and MP-20 17 Improvement, weighted per TRS Experience Study Report dated September 18, 2018 using age 88 for males and age 89 for females.

The retirement rates based on rates from the IMRF Experience Study Report dated November 8, 2017 and the TRS Experience Study Report dated September 18, 2018 were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 74/75.

For any active participant who will not meet the service requirement necessary to retire at the assumed retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are four participants impacted by this assumption.

The mortality rates were used to estimate assumed age at death pursuant to the Alternative Measurement Method for GASB 74/75.

The probability of working to the assumed retirement age was determined based on the underlying termination and disability rates pursuant to the Alternative Measurement Method for GASB 74/75.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

B. Health Insurance (continued)

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at July 1, 2019	<u>\$ 288,207</u>
Changes for the year:	
Service Cost	1,620
Interest	9,826
Differences between expected and actual experience	(25,854)
Assumption changes	45,280
Contributions - employer	-
Contributions - employees	-
Contributions - other	-
Net investment income	-
Benefit payments	(14,909)
Administrative expense	<u>-</u>
Net changes	<u>15,963</u>
Balances at June 30, 2020	<u><u>\$ 304,170</u></u>

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

B. Health Insurance (continued)

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan assets and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Macon and Piatt Counties Regional Office of Education No. 39, then only the municipal bond rate is used in determining the total OPEB liability.

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

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

Municipal Bond Rate

The municipal bond rate assumption is based on the Bond Buyer 20-Bond GO Index. The beginning of year rate is the 3.50% rate, and the end of year rate is 2.21%. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

Inflation Rate

The long-term inflation expectation used is 2.25%, which is an underlying component of the discount rate and assumed health care trend rates.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

B. Health Insurance (continued)

Sensitivity of the Discount Rate

The net OPEB liability has been determined using the end of year a discount rate of 2.21%. Below is a table illustrating the sensitivity of the Net OPEB Liability to the discount rate assumptions.

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Employer's net OPEB liability	\$ 343,408	\$ 304,170	\$ 272,029

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education No. 39's total OPEB liability, calculated using the healthcare cost trend rates as well as what the Regional Office of Education No. 39's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 6.80% in 2021 decreasing to an ultimate trend rate of 5.00% for both non-Medicare coverage and post-Medicare coverage.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Employer's total OPEB liability	\$ 272,697	\$ 304,170	\$ 341,646

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Regional Office of Education No. 39 recognized OPEB expense of \$ 23,227. At June 30, 2020, the Regional Office of Education No. 39 reported no deferred outflows of resources or deferred inflows of resources related to this OPEB plan.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

10. LONG-TERM LIABILITIES (ASSETS)

Long-term Liability(Asset) Activity

The following is a summary of the changes in the Regional Office of Education No. 39's long-term liabilities (assets):

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
Net pension liability - TRS	\$ 101,293	\$ -	\$ 7,998	\$ 93,295	\$ -
Net pension liability - IMRF	706,251	-	507,830	198,421	-
OPEB liability THIS	1,034,573	-	19,301	1,015,272	-
OPEB liability - health insurance	288,207	15,963	-	304,170	-
Capital lease payable	404	-	404	-	-
Total long-term liabilities	\$ 2,130,728	\$ 15,963	\$ 535,533	\$ 1,611,158	\$ -

Payments on the net pension and OPEB liabilities are made by the governmental funds.

11. 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

12. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2020, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 335,065	\$ -
Education Fund	-	281,089
Illinois Empower	-	52,072
Nonmajor Enterprise Funds	-	1,904
Total	<u>\$ 335,065</u>	<u>\$ 335,065</u>

All of the interfund balances due to the General Fund from the Education Fund, Illinois Empower, and Nonmajor Enterprise Funds consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

13. DUE TO/DUE FROM OTHER GOVERNMENTS

The Regional Office of Education No. 39's General Fund, Education Fund, Nonmajor Special Revenue Funds, Enterprise Funds, and Agency Funds had funds due from/to various other governmental units, which consisted of the following at June 30, 2020:

Due from Other Governments:

General Fund:

Local Governments	\$ 132,470
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Education Funds:

Local Governments	12,967
Illinois State Board of Education	30,256
Ounce of Prevention Fund	277,691
Regional Office of Education No. 11	14,360
Illinois Comptroller	7,409

342,683

Nonmajor Special Revenue Funds:

Local Governments	40
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Illinois Empower:

Local Governments	15,500
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Nonmajor Enterprise Funds:

Local Governments	8,125
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\$ 498,818

Agency Funds:

Illinois State Board of Education	\$ 141,028
Illinois Comptroller	2,497,166

\$ 2,638,194

Due to Other Governments:

General Fund:

Regional Office of Education No. 26	\$ 160
Richland Community College	92

\$ 252

Agency Funds:

Local Governments	\$ 2,898,732
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\$ 2,898,732

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

14. 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	\$ 119,833
Regional Superintendent - benefits (includes State paid insurance)	33,241
Assistant Regional Superintendent - salary	107,844
Assistance Regional Superintendent - benefits (includes State paid insurance)	<u>32,515</u>
	<u>\$ 293,433</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 \$ 720,906 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. The Regional Office of Education No. 39 recorded \$ 60,206 in revenue and expenses as on-behalf payments from the State for the Regional Office's share of the State's Teachers' Health Insurance Security (THIS) OPEB 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	\$ 293,433
Regional Office's share of TRS pension expense	720,906
Regional Office's share of THIS OPEB expense	<u>60,206</u>
Total	<u>\$ 1,074,545</u>

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

15. OPERATING LEASES

The Regional Office of Education No. 39 leased the first floor of the Tech Academy Building located at 300 East Eldorado Street, Decatur, Illinois. The monthly rental payments were \$ 5,500. The lease also called for the Regional Office to pay all utilities and liability insurance. The Regional Office was committed through June 30, 2021 under this lease agreement.

The Regional Office of Education No. 39 was committed through August 31, 2019 under a lease agreement for the copier located at the administrative office. The lease called for monthly rental payments of \$ 221.

During the fiscal year ended June 30, 2020, the Regional Office of Education No. 39 entered into a lease agreement for a new copier at the administrative office. The Regional Office of Education No. 39 is committed through August 31, 2024 under the lease agreement. The lease calls for monthly rental payments of \$ 396.

The Regional Office of Education No. 39 is committed through September 30, 2023 under a lease agreement for the building located at 1690 Huston Drive, Decatur, Illinois. The lease calls for monthly rental payments of \$ 4,800.

The Regional Office of Education No. 39 is committed through April 30, 2022 under a lease agreement for the copier located at the administrative office. The lease calls for monthly rental payments of \$ 188.

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, 2020 was \$ 128,458. The following is a schedule of future minimum lease payments required under the above operating leases:

<u>Year Ending</u> <u>June 30,</u>	
2021	\$ 130,608
2022	64,232
2023	62,352
2024	19,152
2025	<u>792</u>
	<u>\$ 277,136</u>

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020**

16. DEFICIT FUND BALANCE

The following individual funds had negative fund balances or net position as of June 30, 2020:

Ounce of Prevention Training and Technical	\$ 277,277
Family Violence Counseling	\$ 7,409
Illinois Empower	\$ 37,922

The Regional Office of Education No. 39 intends to reduce these deficits by collecting revenues that did not meet the criteria of "available", collecting additional fees and from transfers from other funds.

REQUIRED SUPPLEMENTARY INFORMATION

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) & RELATED RATIOS
(UNAUDITED)
For the years ended June 30, 2020, 2019, 2018, 2017, 2016 and 2015**

Calendar Year Ended December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service Cost	\$ 115,507	\$ 104,946	\$ 132,618	\$ 113,496	\$ 112,435	\$ 126,812
Interest on the Total Pension Liability	421,774	399,330	390,829	374,591	343,318	313,188
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	190,469	92,182	(28,340)	(72,459)	145,770	(41,927)
Changes of Assumptions	-	157,382	(145,312)	-	-	166,432
Benefit Payments, including Refunds of Employee Contributions	<u>(354,002)</u>	<u>(231,446)</u>	<u>(213,776)</u>	<u>(203,593)</u>	<u>(166,549)</u>	<u>(149,424)</u>
Net Change in Total Pension Liability	373,748	522,394	136,019	212,035	434,974	415,081
Total Pension Liability - Beginning	<u>5,905,255</u>	<u>5,382,861</u>	<u>5,246,842</u>	<u>5,034,807</u>	<u>4,599,833</u>	<u>4,184,752</u>
Total Pension Liability - Ending (A)	<u>\$ 6,279,003</u>	<u>\$ 5,905,255</u>	<u>\$ 5,382,861</u>	<u>\$ 5,246,842</u>	<u>\$ 5,034,807</u>	<u>\$ 4,599,833</u>
Plan Fiduciary Net Position						
Contributions - Employer	101,334	137,137	141,334	133,490	113,014	117,065
Contributions - Employees	60,247	69,608	68,204	65,002	61,047	61,488
Net Investment Income	1,079,551	(214,118)	745,836	194,384	(17,686)	199,279
Benefit Payments, including Refunds of Employee Contributions	(354,002)	(231,446)	(213,776)	(203,592)	(166,549)	(149,424)
Other (Net Transfer)	<u>(5,552)</u>	<u>(4,007)</u>	<u>(4,039)</u>	<u>(3,440)</u>	<u>2,489</u>	<u>(2,632)</u>
Net Change in Plan Fiduciary Net Position	881,578	(242,826)	737,559	185,844	(7,685)	225,776
Plan Fiduciary Net Position - Beginning	<u>5,199,004</u>	<u>5,441,830</u>	<u>4,704,271</u>	<u>4,518,427</u>	<u>4,526,112</u>	<u>4,300,336</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 6,080,582</u>	<u>\$ 5,199,004</u>	<u>\$ 5,441,830</u>	<u>\$ 4,704,271</u>	<u>\$ 4,518,427</u>	<u>\$ 4,526,112</u>
Net Pension Liability (Asset) - Ending (A) - (B)	<u>\$ 198,421</u>	<u>\$ 706,251</u>	<u>\$ (58,969)</u>	<u>\$ 542,571</u>	<u>\$ 516,380</u>	<u>\$ 73,721</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.84%	88.04%	101.10%	89.66%	89.74%	98.40%
Covered Payroll	\$ 1,028,768	\$ 1,126,843	\$ 1,131,576	\$ 1,153,762	\$ 1,039,682	\$ 1,040,578
Net Pension Liability (Asset) as a Percentage of Covered Payroll	19.29%	62.68%	(5.21%)	47.03%	49.67%	7.08%

Notes to Schedule:

Amounts are presented for the calendar years ended December 31.

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, 2020, 2019, 2018, 2017, 2016 and 2015

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2020	\$ 114,316 *	\$ 114,316	\$ -	\$ 1,025,748	11.14%
2019	122,844	122,844	-	1,112,892	11.04%
2018	129,717	129,717	-	1,052,831	12.32%
2017	149,957	149,957	-	1,245,550	12.04%
2016	117,974	117,974	-	1,050,304	11.23%
2015	113,013	113,014	(1)	1,039,682	10.87%

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.

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 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.

**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, 2020, 2019, 2018, 2017, 2016 and 2015

Methods and Assumptions Used to Determine 2019 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 24-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table, with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (based year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation; note two year lag between valuation and rate setting

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION #39
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
(UNAUDITED)**

**For the years ended June 30, 2020, 2019, 2018, 2017, 2016 and 2015
(Amounts presented are for the years ended June 30, 2019, 2018, 2017, 2016, 2015, and 2014)**

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.0001150254%	0.0001299553%	0.0030829930%	0.0014413435%	0.0010552849%	0.0018134081%
Employer's proportionate share of the net pension liability	\$ 93,295	\$ 101,293	\$ 1,254,445	\$ 697,874	\$ 639,772	\$ 740,498
State's proportionate share of the net pension liability associated with the employer	<u>6,639,704</u>	<u>6,939,027</u>	<u>8,098,949</u>	<u>9,019,113</u>	<u>11,074,789</u>	<u>12,732,768</u>
Total	<u>\$ 6,732,999</u>	<u>\$ 7,040,320</u>	<u>\$ 9,353,394</u>	<u>\$ 9,716,987</u>	<u>\$ 11,714,561</u>	<u>\$ 13,473,266</u>
Employer's covered payroll	\$ 898,118	\$ 930,867	\$ 1,259,756	\$ 1,780,774	\$ 1,676,185	\$ 2,092,479
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10%	11%	100%	39%	38%	35%
Plan fiduciary net position as a percentage of the total pension liability	39.6%	40.0%	39.3%	36.4%	41.5%	43.0%

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

Notes to This Required Supplementary Information

Changes of assumptions

For the 2019, 2018, 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

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

**MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO.39
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)
For the years ended June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statorily-required contribution	\$ 5,546	\$ 5,209	\$ 5,399	\$ 122,413	\$ 51,654	\$ 33,460	\$ 58,543
Contributions in relation to the statorily-required contribution	<u>5,546</u>	<u>5,209</u>	<u>5,399</u>	<u>122,413</u>	<u>51,654</u>	<u>33,460</u>	<u>58,543</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 956,206	\$ 898,118	\$ 930,867	\$ 1,259,756	\$ 1,780,774	\$ 1,676,185	\$ 2,092,479
Contributions as a percentage of covered payroll	0.6%	0.6%	0.6%	9.7%	2.9%	2.0%	2.8%

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

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

**TEACHER'S HEALTH INSURANCE SECURITY FUND -
SCHEDULES OF THE EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2020, 2019, 2018, 2017 and 2016

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 8,505	\$ 8,263	\$ 8,192	\$ 9,189	\$ 7,893
Contributions in relation to the statutorily-required contribution	<u>8,505</u>	<u>8,263</u>	<u>8,192</u>	<u>9,189</u>	<u>7,893</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Employer's covered payroll	\$ 956,206	\$ 898,118	\$ 930,867	\$ 1,259,756	\$ 986,558
Contributions as a percentage of covered payroll	0.89%	0.92%	0.88%	0.73%	0.80%

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**

**TEACHER'S HEALTH INSURANCE SECURITY FUND -
SCHEDULES OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY
(UNAUDITED)**

For the years ended June 30, 2020, 2019, 2018 and 2017

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.003668%	0.003927%	0.004755%	0.004236%
Employer's proportionate share of the collective net OPEB liability	\$ 1,015,272	\$ 1,034,573	\$ 1,233,935	\$ 1,157,819
State's proportionate share of the collective net OPEB liability associated with the employer	<u>1,374,872</u>	<u>1,389,219</u>	<u>1,620,500</u>	<u>1,848,956</u>
Total	<u>\$ 2,390,144</u>	<u>\$ 2,423,792</u>	<u>\$ 2,854,435</u>	<u>\$ 3,006,775</u>
Employer's covered payroll	\$ 898,118	\$ 930,867	\$ 1,259,756	\$ 986,558
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	113.04%	111.14%	97.95%	117.36%
Plan fiduciary net position as a percentage of the total OPEB liability	0.25%	(0.07%)	(0.17%)	(0.22%)

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

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.

Changes of Benefit Term: In the June 30, 2018 actuarial valuation, there are no changes of benefit terms from the prior period.

Changes of Assumptions: For the 2019 measurement year, the assumed investment rate of return was 0.0 percent, including an inflation rate of 2.50 percent. Salary increases were assumed to depend on service and range from 9.50 percent at 1 year of service to 4.00 percent at 20 or more years of service. Salary increase includes a 3.25 percent wage inflation assumption.

For the 2018 and 2017 measurement years, the assumed investment rate of return was 0.0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to depend on service and range from 9.25 percent at 1 year of service to 3.25 percent at 20 or more years of service. Salary increase includes a 3.25 percent wage inflation assumption.

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

**OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	-	-	-
Contribution deficiency (excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Employer's covered payroll	\$ 1,885,287	\$ 1,610,927	\$ 1,622,353
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liabilities. However, the Regional Office of Education No. 39 did make contributions from other Regional Office of Education No. 39 resources in the current year in the amount of \$ 14,909.

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**

**OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE -
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY & RELATED RATIOS
(UNAUDITED)**

For the years ended June 30, 2020, 2019, and 2018

Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,620	\$ 8,093	\$ 7,791
Interest	9,826	10,307	9,985
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(25,854)	-	-
Changes in assumptions	45,280	7,820	-
Benefit payments	<u>(14,909)</u>	<u>(8,684)</u>	<u>(10,228)</u>
Net change in total OPEB liability	15,963	17,536	7,548
Total OPEB liability - beginning	<u>288,207</u>	<u>270,671</u>	<u>263,123</u>
Total OPEB liability - ending	<u><u>\$ 304,170</u></u>	<u><u>\$ 288,207</u></u>	<u><u>\$ 270,671</u></u>
Covered Payroll	\$ 1,885,287	\$ 1,610,927	\$ 1,622,353
Employer Total OPEB Liability as a Percentage of Covered Payroll	16.13%	17.89%	16.68%

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

Assumption Changes

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.50% to 2.21% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year-End based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.50% to 2.21%.

SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2020**

	<u>General</u>	<u>Business Office</u>	<u>Pop Fund</u>
ASSETS			
Cash and cash equivalents	\$ 130,482	\$ 480,016	\$ 1,955
Accounts receivable	-	2,648	-
Due from other funds	-	112,586	-
Due from other governments	-	69,340	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 130,482</u>	<u>\$ 664,590</u>	<u>\$ 1,955</u>
LIABILITIES			
Accounts payable	\$ -	\$ 9,610	\$ 110
Accrued payroll and benefits	-	5,480	-
Due to other funds	112,586	-	-
Due to other governments	-	92	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>112,586</u>	<u>15,182</u>	<u>110</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	37,809	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICITS)			
Assigned	-	-	-
Unassigned	17,896	611,599	1,845
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>17,896</u>	<u>611,599</u>	<u>1,845</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 130,482</u>	<u>\$ 664,590</u>	<u>\$ 1,955</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2020**

	<u>Junior Achievement</u>	<u>ADA State Aid</u>	<u>St. Mary's Hospital School</u>
ASSETS			
Cash and cash equivalents	\$ 3,483	\$ 930,016	\$ 160,346
Accounts receivable	-	-	-
Due from other funds	-	360,497	-
Due from other governments	-	-	630
	<u>3,483</u>	<u>1,290,513</u>	<u>160,976</u>
Total assets	<u>\$ 3,483</u>	<u>\$ 1,290,513</u>	<u>\$ 160,976</u>
LIABILITIES			
Accounts payable	\$ -	\$ 289	\$ -
Accrued payroll and benefits	-	52,034	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<u>-</u>	<u>52,323</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>52,323</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Assigned	3,483	-	-
Unassigned	-	1,238,190	160,976
	<u>3,483</u>	<u>1,238,190</u>	<u>160,976</u>
Total fund balances	<u>3,483</u>	<u>1,238,190</u>	<u>160,976</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 3,483</u>	<u>\$ 1,290,513</u>	<u>\$ 160,976</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2020**

	Student Council	Recycling and Energy	Teachers' Exchange	Alternative Education Intervention
ASSETS				
Cash and cash equivalents	\$ 119	\$ 494	\$ 8,509	\$ 3,957
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 119	\$ 494	\$ 8,509	\$ 3,957
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	2,800
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	494	-	-
Total liabilities	-	494	-	2,800
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS)				
Assigned	119	-	-	1,157
Unassigned	-	-	8,509	-
Total fund balances	119	-	8,509	1,157
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 119	\$ 494	\$ 8,509	\$ 3,957

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2020**

	General State Aid	Baby Talk	Futures Foundation
ASSETS			
Cash and cash equivalents	\$ 213,912	\$ -	\$ 1,075
Accounts receivable	-	25,432	41,075
Due from other funds	-	-	-
Due from other governments	62,500	-	-
Total assets	\$ 276,412	\$ 25,432	\$ 42,150
LIABILITIES			
Accounts payable	\$ 259	\$ -	\$ -
Accrued payroll and benefits	16,375	-	-
Due to other funds	-	25,432	-
Due to other governments	160	-	-
Unearned revenue	-	-	-
Total liabilities	16,794	25,432	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	18,980	-	-
FUND BALANCES (DEFICITS)			
Assigned	-	-	42,150
Unassigned	240,638	-	-
Total fund balances	240,638	-	42,150
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 276,412	\$ 25,432	\$ 42,150

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2020**

	Spelling Bee	School Improvement	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 465	\$ 18	\$ -	\$ 1,934,847
Accounts receivable	-	-	-	69,155
Due from other funds	-	-	(138,018)	335,065
Due from other governments	-	-	-	132,470
Total assets	\$ 465	\$ 18	\$ (138,018)	\$ 2,471,537
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 10,268
Accrued payroll and benefits	-	-	-	76,689
Due to other funds	-	-	(138,018)	-
Due to other governments	-	-	-	252
Unearned revenue	-	-	-	494
Total liabilities	-	-	(138,018)	87,703
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	56,789
FUND BALANCES (DEFICITS)				
Assigned	465	-	-	47,374
Unassigned	-	18	-	2,279,671
Total fund balances	465	18	-	2,327,045
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 465	\$ 18	\$ (138,018)	\$ 2,471,537

**MACON/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, 2020**

	General	Business Office	Pop Fund
Revenues:			
Local sources	\$ -	\$ 150,127	\$ 678
State sources	-	-	-
On-behalf payments	293,432	-	-
Interest	5,007	11,888	-
Total revenues	298,439	162,015	678
Expenditures:			
Instructional services:			
Salaries and benefits	-	82,668	-
Purchased services	-	57,003	-
Supplies and materials	-	18,087	165
Other objects	-	-	-
Pension expense	-	20,774	-
OPEB expense	-	-	-
On-behalf payments	293,432	-	-
Capital outlay	-	3,307	-
Debt service:			
Repayment of long term lease payable	-	-	-
Total expenditures	293,432	181,839	165
Excess (deficiency) of revenues over (under) expenditures	5,007	(19,824)	513
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	5,007	(19,824)	513
Fund balances (deficit), beginning of year	12,889	631,423	1,332
Fund balances (deficit), end of year	\$ 17,896	\$ 611,599	\$ 1,845

**MACON/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, 2020**

	Junior Achievement	ADA State Aid	St. Mary's Hospital School
Revenues:			
Local sources	\$ -	\$ 8,020	\$ 44,550
State sources	-	790,907	-
On-behalf payments	-	-	-
Interest	-	-	-
Total revenues	-	798,927	44,550
Expenditures:			
Instructional services:			
Salaries and benefits	-	744,399	59,793
Purchased services	-	97,825	1,116
Supplies and materials	-	14,613	-
Other objects	-	-	-
Pension expense	-	22,076	283
OPEB expense	-	3,847	449
On-behalf payments	-	-	-
Capital outlay	-	-	-
Debt service:			
Repayment of long term lease payable	-	-	-
Total expenditures	-	882,760	61,641
Excess (deficiency) of revenues over (under) expenditures	-	(83,833)	(17,091)
Other financing sources (uses):			
Transfers in	-	-	3,867
Transfers out	-	(3,867)	-
Total other financing sources (uses)	-	(3,867)	3,867
Net change in fund balance	-	(87,700)	(13,224)
Fund balances (deficit), beginning of year	3,483	1,325,890	174,200
Fund balances (deficit), end of year	\$ 3,483	\$ 1,238,190	\$ 160,976

**MACON/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, 2020**

	Student Council	Recycling and Energy	Teachers' Exchange	Alternative Education Intervention
Revenues:				
Local sources	\$ -	\$ -	\$ 2,400	\$ 30,000
State sources	-	-	-	-
On-behalf payments	-	-	-	-
Interest	-	-	-	-
Total revenues	-	-	2,400	30,000
Expenditures:				
Instructional services:				
Salaries and benefits	-	-	-	32,164
Purchased services	-	-	-	348
Supplies and materials	-	-	-	-
Other objects	-	-	-	-
Pension expense	-	-	-	128
OPEB expense	-	-	-	203
On-behalf payments	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Repayment of long term lease payable	-	-	-	-
Total expenditures	-	-	-	32,843
Excess (deficiency) of revenues over (under) expenditures	-	-	2,400	(2,843)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	2,400	(2,843)
Fund balances, beginning of year	119	-	6,109	4,000
Fund balances (deficit), end of year	\$ 119	\$ -	\$ 8,509	\$ 1,157

**MACON/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, 2020**

	General State Aid	Baby Talk	Futures Foundation
Revenues:			
Local sources	\$ 133,731	\$ 104,608	\$ -
State sources	331,931	-	-
On-behalf payments	-	-	-
Interest	-	-	-
Total revenues	465,662	104,608	-
Expenditures:			
Instructional services:			
Salaries and benefits	367,471	82,748	-
Purchased services	54,160	5,376	-
Supplies and materials	8,202	-	-
Other objects	-	-	127
Pension expense	18,484	7,186	-
OPEB expense	1,428	561	-
On-behalf payments	-	-	-
Capital outlay	-	-	-
Debt service:			
Repayment of long term lease payable	404	-	-
Total expenditures	450,149	95,871	127
Excess (deficiency) of revenues over (under) expenditures	15,513	8,737	(127)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	15,513	8,737	(127)
Fund balances (deficit), beginning of year	225,125	(8,737)	42,277
Fund balances (deficit), end of year	\$ 240,638	\$ -	\$ 42,150

**MACON/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, 2020**

	Spelling Bee	School Improvement	Total
Revenues:			
Local sources	\$ -	\$ -	\$ 474,114
State sources	-	-	1,122,838
On-behalf payments	-	-	293,432
Interest	-	-	16,895
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	1,907,279
Expenditures:			
Instructional services:			
Salaries and benefits	-	-	1,369,243
Purchased services	35	-	215,863
Supplies and materials	-	-	41,067
Other objects	-	-	127
Pension expense	-	-	68,931
OPEB expense	-	-	6,488
On-behalf payments	-	-	293,432
Capital outlay	-	-	3,307
Debt service:			
Repayment of long term lease payable	-	-	404
	<hr/>	<hr/>	<hr/>
Total expenditures	35	-	1,998,862
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	(35)	-	(91,583)
Other financing sources (uses):			
Transfers in	-	-	3,867
Transfers out	-	-	(3,867)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
Net change in fund balance	(35)	-	(91,583)
Fund balances (deficit), beginning of year	<hr/>	<hr/>	<hr/>
	500	18	2,418,628
Fund balances (deficit), end of year	<hr/>	<hr/>	<hr/>
	\$ 465	\$ 18	\$ 2,327,045

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2020**

	Truants Alternative/ Optional Education	ROE/ISC Operations	Ounce of Prevention - Training and Technical	Regional Safe Schools
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,142
Due from other governments	16,672	-	277,691	6,473
Total assets	\$ 16,672	\$ -	\$ 277,691	\$ 7,615
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 34,462	\$ -
Accrued payroll and benefits	16,203	-	-	7,615
Due to other funds	469	-	242,815	-
Unearned revenue	-	-	-	-
Total liabilities	16,672	-	277,277	7,615
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	277,691	-
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	-
Unassigned	-	-	(277,277)	-
Total fund balances (deficits)	-	-	(277,277)	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 16,672	\$ -	\$ 277,691	\$ 7,615

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2020**

	Early Childhood Block Grant	Not on Tobacco	Early Childhood Block Grant- Continuing Three to Five	Homeless Children Youth Program
ASSETS				
Cash and cash equivalents	\$ 241,559	\$ 394	\$ 19,742	\$ -
Due from other governments	-	-	3,791	14,360
Total assets	\$ 241,559	\$ 394	\$ 23,533	\$ 14,360
LIABILITIES				
Accounts payable	\$ 87,865	\$ -	\$ 23,533	\$ 251
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	14,109
Unearned revenue	153,694	-	-	-
Total liabilities	241,559	-	23,533	14,360
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS)				
Restricted	-	394	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	-	394	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 241,559	\$ 394	\$ 23,533	\$ 14,360

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2020**

	Work Readiness	Regional Safe School Cooperative Education Program	Family Violence Counseling	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 262,837
Due from other governments	12,967	3,320	7,409	342,683
Total assets	\$ 12,967	\$ 3,320	\$ 7,409	\$ 605,520
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 146,111
Accrued payroll and benefits	-	-	-	23,818
Due to other funds	12,967	3,320	7,409	281,089
Unearned revenue	-	-	-	153,694
Total liabilities	12,967	3,320	7,409	604,712
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	7,409	285,100
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	394
Unassigned	-	-	(7,409)	(284,686)
Total fund balances (deficits)	-	-	(7,409)	(284,292)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 12,967	\$ 3,320	\$ 7,409	\$ 605,520

**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, 2020**

	Truants Alternative/ Optional Education	ROE/ISC Operations	Ounce of Prevention - Training and Technical	Regional Safe Schools
Revenues:				
State sources	\$ 216,846	\$ 122,752	\$ 478,487	\$ 77,632
Federal sources	-	-	-	-
Total revenues	<u>216,846</u>	<u>122,752</u>	<u>478,487</u>	<u>77,632</u>
Expenditures:				
Instructional services:				
Salaries and benefits	181,640	88,235	189,889	74,076
Purchased services	6,659	29,736	286,906	843
Supplies and materials	177	4,294	10,388	-
Other objects	-	-	24,534	-
Pension expense	11,386	188	15,784	2,318
OPEB expense	312	299	131	395
Capital outlay	-	-	1,179	-
Total expenditures	<u>200,174</u>	<u>122,752</u>	<u>528,811</u>	<u>77,632</u>
Net change in fund balance	16,672	-	(50,324)	-
Fund balances (deficits), beginning of year	<u>(16,672)</u>	<u>-</u>	<u>(226,953)</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (277,277)</u>	<u>\$ -</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, 2020**

	Early Childhood Block Grant	Not on Tobacco	Early Childhood Block Grant- Continuing Three to Five	Homeless Children Youth Program
Revenues:				
State sources	\$ 1,606,106	\$ -	\$ 23,533	\$ -
Federal sources	-	-	-	32,060
Total revenues	1,606,106	-	23,533	32,060
Expenditures:				
Instructional services:				
Salaries and benefits	247,280	-	-	25,929
Purchased services	1,257,234	-	23,533	278
Supplies and materials	33,735	-	-	211
Other objects	50,690	-	-	-
Pension expense	12,775	-	-	2,138
OPEB expense	880	-	-	-
Capital outlay	3,512	-	-	-
Total expenditures	1,606,106	-	23,533	28,556
Net change in fund balance	-	-	-	3,504
Fund balances (deficits), beginning of year	-	394	-	(3,504)
Fund balances (deficits), end of year	\$ -	\$ 394	\$ -	\$ -

**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, 2020**

	Work Readiness	Regional Safe School Cooperative Education Program	Family Violence Counseling	Total
Revenues:				
State sources	\$ -	\$ 39,839	\$ 15,636	\$ 2,580,831
Federal sources	32,161	-	-	64,221
Total revenues	32,161	39,839	15,636	2,645,052
Expenditures:				
Instructional services:				
Salaries and benefits	29,912	34,671	19,872	891,504
Purchased services	239	2,911	446	1,608,785
Supplies and materials	444	2,257	-	51,506
Other objects	-	-	647	75,871
Pension expense	1,566	-	2,080	48,235
OPEB expense	-	-	-	2,017
Capital outlay	-	-	-	4,691
Total expenditures	32,161	39,839	23,045	2,682,609
Net change in fund balance	-	-	(7,409)	(37,557)
Fund balances (deficits), beginning of year	-	-	-	(246,735)
Fund balances (deficits), end of year	\$ -	\$ -	\$ (7,409)	\$ (284,292)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION, FY19
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 200,174	\$ 200,174	\$ 16,672
Expenditures:			
Salaries and benefits	185,029	185,029	-
Purchased services	14,968	14,968	-
Supplies and materials	177	177	-
Total expenditures	200,174	200,174	-
Net change in fund balance	\$ -	\$ -	16,672
Fund balance (deficit), beginning of year			(16,672)
Fund balance, July 1, 2019			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION, FY20
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 200,174	\$ 200,174	\$ 200,174
Expenditures:			
Salaries and benefits	193,394	193,394	181,640
Purchased services	6,603	6,603	6,659
Supplies and materials	177	177	177
Pension expense	-	-	11,386
OPEB expense	-	-	312
Total expenditures	200,174	200,174	200,174
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2019			-
Fund balance (deficit), end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 122,752	\$ 122,752	\$ 122,752
Expenditures:			
Salaries and benefits	89,303	89,303	88,235
Purchased services	29,509	29,509	29,736
Supplies and materials	3,940	3,940	4,294
Pension expense	-	-	188
OPEB expense	-	-	299
Total expenditures	122,752	122,752	122,752
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 ACCOUNT
OUNCE OF PREVENTION - TRAINING AND TECHNICAL, FY19
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 562,500	\$ 562,500	\$ 259,502
Expenditures:			
Salaries and benefits	173,640	178,921	-
Purchased services	319,794	299,756	22,161
Supplies and materials	14,723	41,123	10,388
Capital outlay	-	15,750	-
Other objects	54,343	26,950	-
Total expenditures	562,500	562,500	32,549
Net change in fund balance	\$ -	\$ -	226,953
Fund balance (deficit), beginning of year			(226,953)
Fund balance, July 1, 2019			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
OUNCE OF PREVENTION - TRAINING AND TECHNICAL, FY20
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 562,500	\$ 562,500	\$ 218,985
Expenditures:			
Salaries and benefits	185,906	190,238	189,889
Purchased services	310,634	310,648	264,745
Supplies and materials	28,544	24,198	-
Capital outlay	2,500	2,500	1,179
Other objects	34,916	34,916	24,534
Pension expense	-	-	15,784
OPEB expense	-	-	131
Total expenditures	562,500	562,500	496,262
Net change in fund balance	\$ -	\$ -	(277,277)
Fund balance, July 1, 2019			-
Fund balance (deficit), end of year			\$ (277,277)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 77,632	\$ 77,632	\$ 77,632
Expenditures:			
Salaries and benefits	77,632	76,790	74,076
Purchased services	-	842	843
Pension expense	-	-	2,318
OPEB expense	-	-	395
Total expenditures	77,632	77,632	77,632
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 ACCOUNT
EARLY CHILDHOOD BLOCK GRANT
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 1,759,800	\$ 1,759,800	\$ 1,606,106
Expenditures:			
Instructional services:			
Salaries and benefits	313,341	289,699	247,280
Purchased services	1,321,813	1,335,462	1,257,234
Supplies and materials	45,421	52,430	33,735
Other objects	76,076	73,014	50,690
Pension expense	-	-	12,775
OPEB expense	-	-	880
Capital outlay	3,149	9,195	3,512
Total expenditures	1,759,800	1,759,800	1,606,106
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 ACCOUNT
EARLY CHILDHOOD BLOCK GRANT-CONTINUING THREE TO FIVE
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 23,533	\$ 23,533	\$ 23,533
Expenditures:			
Salaries and benefits	1,752	1,752	-
Purchased services	21,781	21,781	23,533
Total expenditures	23,533	23,533	23,533
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
HOMELESS CHILDREN YOUTH PROGRAM, FY19
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 28,864	\$ 32,380	\$ 3,504
Expenditures:			
Salaries and benefits	26,999	26,999	-
Purchased services	870	870	-
Supplies and materials	995	4,511	-
Total expenditures	28,864	32,380	-
Net change in fund balance	\$ -	\$ -	3,504
Fund balance, July 1, 2019			(3,504)
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
HOMELESS CHILDREN YOUTH PROGRAM, FY20
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 34,554	\$ 34,554	\$ 28,556
Expenditures:			
Salaries and benefits	28,068	28,068	25,929
Purchased services	778	778	278
Supplies and materials	5,708	5,708	211
Pension expense	-	-	2,138
Total expenditures	34,554	34,554	28,556
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2019			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WORK READINESS**

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 55,469	\$ 55,469	\$ 32,161
Expenditures:			
Salaries and benefits	55,469	55,469	29,912
Purchased services	-	-	239
Supplies and materials	-	-	444
Pension expense	-	-	1,566
Total expenditures	55,469	55,469	32,161
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, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 39,839	\$ 39,839	\$ 39,839
Expenditures:			
Salaries and benefits	34,671	34,671	34,671
Purchased services	3,080	3,080	2,911
Supplies and materials	2,088	2,088	2,257
Total expenditures	39,839	39,839	39,839
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
FAMILY VIOLENCE COUNSELING
For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 32,042	\$ 31,320	\$ 15,636
Expenditures:			
Salaries and benefits	22,265	24,456	19,872
Purchased services	7,837	4,587	446
Supplies and materials	1,940	1,397	-
Other objects	-	880	647
Pension expense	-	-	2,080
Total expenditures	32,042	31,320	23,045
Net change in fund balance	\$ -	\$ -	(7,409)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (7,409)

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	Institute	General Education Development	Bus Permit	Total
ASSETS				
Cash and cash equivalents	\$ 112,673	\$ 1,877	\$ 6,743	\$ 121,293
Due from other governments	-	-	40	40
Total assets	\$ 112,673	\$ 1,877	\$ 6,783	\$ 121,333
LIABILITIES				
Accounts payable	\$ 1,350	\$ -	\$ 50	\$ 1,400
FUND BALANCE				
Restricted	111,323	1,877	6,733	119,933
Total fund balance	111,323	1,877	6,733	119,933
Total liabilities and fund balances	\$ 112,673	\$ 1,877	\$ 6,783	\$ 121,333

**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, 2020**

	Institute	General Education Development	Bus Permit	Total
Revenues:				
Local sources	\$ 32,119	\$ 3,535	\$ 3,690	\$ 39,344
State sources	-	-	1,285	1,285
Total revenues	<u>32,119</u>	<u>3,535</u>	<u>4,975</u>	<u>40,629</u>
Expenditures:				
Instructional services:				
Salaries and benefits	14,197	-	4,452	18,649
Purchased services	9,909	1,230	2,925	14,064
Supplies and materials	-	20	-	20
Pension expense	708	-	378	1,086
Total expenditures	<u>24,814</u>	<u>1,250</u>	<u>7,755</u>	<u>33,819</u>
Net change in fund balances	7,305	2,285	(2,780)	6,810
Fund balances (deficits), beginning of the year	<u>104,018</u>	<u>(408)</u>	<u>9,513</u>	<u>113,123</u>
Fund balances, end of the year	<u>\$ 111,323</u>	<u>\$ 1,877</u>	<u>\$ 6,733</u>	<u>\$ 119,933</u>

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2020**

	Heartland Region Fund	Regional Board of Trustees	School Occupation Facility Tax	Decatur Community Partnership	Total
ASSETS					
Cash and cash equivalents	\$ 329,276	\$ 1,350	\$ -	\$ 2,875	\$ 333,501
Due from other governments	141,028	-	2,446,486	50,680	2,638,194
Total assets	\$ 470,304	\$ 1,350	\$ 2,446,486	\$ 53,555	\$ 2,971,695
LIABILITIES					
Accounts payable	\$ 71,457	\$ -	\$ -	\$ 1,506	\$ 72,963
Due to other governments	398,847	1,350	2,446,486	52,049	2,898,732
Total liabilities	\$ 470,304	\$ 1,350	\$ 2,446,486	\$ 53,555	\$ 2,971,695

**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, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<u>HEARTLAND REGION FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 329,625	\$ 1,734,081	\$ 1,734,430	\$ 329,276
Due from other governments	65,641	141,028	65,641	141,028
Total assets	<u>\$ 395,266</u>	<u>\$ 1,875,109</u>	<u>\$ 1,800,071</u>	<u>\$ 470,304</u>
LIABILITIES				
Accounts payable	\$ 65,842	\$ 71,457	\$ 65,842	\$ 71,457
Due to other governments	329,424	1,803,652	1,734,229	398,847
Total liabilities	<u>\$ 395,266</u>	<u>\$ 1,875,109</u>	<u>\$ 1,800,071</u>	<u>\$ 470,304</u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ 1,350	\$ -	\$ -	\$ 1,350
LIABILITIES				
Due to other governments	\$ 1,350	\$ -	\$ -	\$ 1,350
<u>SCHOOL OCCUPATION FACILITY TAX</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 10,220,721	\$ 10,220,721	\$ -
Due from other governments	2,704,769	2,446,486	2,704,769	2,446,486
Total assets	\$ 2,704,769	\$ 12,667,207	\$ 12,925,490	\$ 2,446,486
LIABILITIES				
Due to other governments	\$ 2,704,769	\$ 12,667,207	\$ 12,925,490	\$ 2,446,486
<u>DECATUR COMMUNITY PARTNERSHIP</u>				
ASSETS				
Cash and cash equivalents	\$ 31,188	\$ 100,417	\$ 128,730	\$ 2,875
Due from other governments	29,253	50,680	29,253	50,680
Total assets	\$ 60,441	\$ 151,097	\$ 157,983	\$ 53,555
LIABILITIES				
Due to other governments	\$ 59,441	\$ 149,591	\$ 156,983	\$ 52,049
Accounts payable	1,000	1,506	1,000	1,506
Total liabilities	\$ 60,441	\$ 151,097	\$ 157,983	\$ 53,555

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 362,163	\$ 12,055,219	\$ 12,083,881	\$ 333,501
Due from other governments	2,799,663	2,638,194	2,799,663	2,638,194
Total assets	\$ 3,161,826	\$ 14,693,413	\$ 14,883,544	\$ 2,971,695
LIABILITIES				
Accounts payable	\$ 66,842	\$ 72,963	\$ 66,842	\$ 72,963
Due to other governments	3,094,984	14,620,450	14,816,702	2,898,732
Total liabilities	\$ 3,161,826	\$ 14,693,413	\$ 14,883,544	\$ 2,971,695