

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

**FINANCIAL AUDIT
For the year ended June 30, 2019**

**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	1
Repeated audit findings	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)			
2019-001	10A	Controls over Financial Statement Preparation	Material Weakness
2019-002	10C	Controls over Grant Compliance	Noncompliance
2019-003	10D	Delay of Audit	Noncompliance
2019-004	10F	Controls over Cash	Material Weakness

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings not repeated for the year ended June 30, 2019.

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, 2019. 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 Matt Snyder, Regional Superintendent, via email on September 3, 2020.

**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

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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Macon and Piatt Counties Regional Office of Education No. 39, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 September 15, 2020 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
September 15, 2020



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Mattoon, Illinois 61938

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

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Macon and Piatt Counties Regional Office of Education No. 39, as of and for the year ended June 30, 2019, 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 September 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Macon and Piatt Counties Regional Office of Education No. 39's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 2019-001 and 2019-004 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2019-002 and 2019-003.

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
September 15, 2020

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, 2019

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, 2019**

FINDING NO. 2019-001 - Controls over Financial Statement Preparation (Repeat of Finding 2018-001)

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).

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 that the ROE did not have adequate controls over the maintenance of complete records of cash, receivables, revenues, and expenditures. While the ROE did maintain records to indicate the balances of these items, not all entries were provided to properly report the ROE's balances and activity. In addition, other adjustments were required to present agency fund 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, 2019**

FINDING NO. 2019-001 - Controls over Financial Statement Preparation (Repeat of Finding 2018-001)
(Concluded)

Cause:

Management indicated a new bookkeeper was hired at the end of fiscal year 2019. This was the first time 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.

Management's Response:

The ROE hired a new bookkeeper at the end of fiscal year 2019. This was the first time 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, 2019**

FINDING NO. 2019-002 - Controls over Grant Compliance

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 (ISBE) 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 7 of the 25 (28%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. Five of the quarterly expenditure reports were submitted nine days late, one quarterly expenditure report was submitted 54 days late, and one quarterly expenditure report was submitted 109 days late.

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:

Management indicated the ROE's new bookkeeper was unaware that the submission of expenditure reports to ISBE requires two approvals. The bookkeeper thought the expenditure reports were submitted timely, however the second approval had not been completed.

Auditors' Recommendation:

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

Management's Response:

The ROE's new bookkeeper was unaware that the submission of expenditure reports to ISBE requires two approvals. The bookkeeper thought the expenditure reports were submitted timely, however the second approval had not been completed. The ROE has implemented a monthly meeting between the Bookkeeper and the Regional Superintendent to ensure that all expenditure reporting requirements are met.

**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, 2019**

FINDING NO. 2019-003 – Delay of Audit

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 Governmental 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).

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.

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.

Cause:

Management indicated that staff did not get the necessary information to the ROE’s hired CPA firm 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, 2019**

FINDING NO. 2019-003 – Delay of Audit (Continued)

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. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

ROE staff did not get the necessary information to the ROE's hired CPA firm timely. Management understands the importance of meeting the August 31st deadline and will work with the ROE's hired CPA firm to meet the deadline beginning with fiscal year 2021.

**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, 2019**

FINDING NO. 2019-004 - Controls over Cash

Criteria/Specific Requirement:

Sound internal control requires 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 on a monthly basis.

Condition:

The May and June bank reconciliations for the ROE's main operating account were not complete when auditors began fieldwork on September 30, 2019. The bank reconciliations were completed November 22, 2019.

Effect:

Lack of reconciling bank accounts 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:

Management indicated a new bookkeeper was hired at the end of fiscal year 2019. This was the first time the new bookkeeper went through the process of reconciling the bank account.

Auditors' Recommendation:

The Regional Office of Education No. 39 should reconcile all bank statements every month and correct any discovered discrepancies in a timely manner.

Management's Response:

A new bookkeeper was hired at the end of fiscal year 2019. This was the first time the new bookkeeper went through the process of reconciling the bank account and therefore, the reconciliations took more time than normal. Management understands this issue and believes it has been remedied as the bookkeeper is reconciling the bank accounts in a timely manner.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2019**

Corrective Action Plan

FINDING NO. 2019-001 – Controls over Financial Statement Preparation (Repeat of Finding 2018-001)

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 that the ROE did not have adequate controls over the maintenance of complete records of cash, receivables, revenues, and expenditures. While the ROE did maintain records to indicate the balances of these items, not all entries were provided to properly report the ROE's balances and activities. In addition, other adjustments were required to present agency fund 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.

Anticipated Date of Completion:

These corrective actions will begin for the fiscal year ended June 30, 2020's 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, 2019**

Corrective Action Plan

FINDING NO. 2019-002 - Controls over Grant Compliance

Condition:

During the course of the audit, auditors noted 7 of the 25 (28%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. Five of the quarterly expenditure reports were submitted nine days late, one quarterly expenditure report was submitted 54 days late, and one quarterly expenditure report was submitted 109 days late.

Plan:

The Bookkeeper and Regional Superintendent have set up a monthly meeting to assess the status of expenditure reports to ensure that all expenditure reports are submitted timely.

Anticipated Date of Completion:

These corrective actions will begin for the fiscal year ended June 30, 2020's 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, 2019**

Corrective Action Plan

FINDING NO. 2019-003 – Delay of Audit

Condition:

The Regional Office of Education No. 39 did not provide completed financial statements in an auditable form by the August 31 deadline.

Plan:

The bookkeeper will get the required information to the CPA in a timely manner beginning with fiscal year 2021.

Anticipated Date of Completion:

This corrective action will begin for the fiscal year ended June 30, 2021's 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, 2019**

Corrective Action Plan

FINDING NO. 2019-004 - Controls over Cash

Condition:

The May and June bank reconciliations for the ROE's main operating account were not complete when auditors began fieldwork on September 30, 2019. The bank reconciliations were completed November 22, 2019.

Plan:

The bookkeeper will reconcile the bank accounts in a timely manner.

Anticipated Date of Completion:

This corrective action will begin for the fiscal year ended June 30, 2020's audit.

Name of Contact Person:

Mr. Matthew Snyder, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2019**

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, 2019**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,539,089	\$ 4,095	\$ 2,543,184
Accounts receivable	48,234	-	48,234
Due from other governments	417,597	47,258	464,855
Internal balances	19,281	(19,281)	-
Total current assets	<u>3,024,201</u>	<u>32,072</u>	<u>3,056,273</u>
NONCURRENT ASSETS			
Capital assets, net	172,463	7,824	180,287
TOTAL ASSETS	<u>3,196,664</u>	<u>39,896</u>	<u>3,236,560</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,645,289	-	1,645,289
Deferred outflows related to OPEB	211,192	-	211,192
Total deferred outflows of resources	<u>1,856,481</u>	<u>-</u>	<u>1,856,481</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	278,883	11,178	290,061
Accrued payroll and benefits	93,220	-	93,220
Due to other governments	90,602	717	91,319
Unearned revenue	494	-	494
Current portion of capital lease liability	404	-	404
Total current liabilities	<u>463,603</u>	<u>11,895</u>	<u>475,498</u>
NONCURRENT LIABILITIES			
Net pension liability	807,544	-	807,544
OPEB liability	1,322,780	-	1,322,780
Total noncurrent liabilities	<u>2,130,324</u>	<u>-</u>	<u>2,130,324</u>
TOTAL LIABILITIES	<u>2,593,927</u>	<u>11,895</u>	<u>2,605,822</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,205,068	-	2,205,068
Deferred inflows related to OPEB	1,414,478	-	1,414,478
Total deferred inflows of resources	<u>3,619,546</u>	<u>-</u>	<u>3,619,546</u>
NET POSITION			
Net investment in capital assets	172,059	7,824	179,883
Restricted for educational purposes	123,394	-	123,394
Unrestricted	(1,455,781)	20,177	(1,435,604)
TOTAL NET POSITION	<u>\$ (1,160,328)</u>	<u>\$ 28,001</u>	<u>\$ (1,132,327)</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, 2019**

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	\$ 2,251,374	\$ -	\$ 1,775,093	\$ (476,281)	\$ -	\$ (476,281)
Purchased services	1,770,888	-	1,428,263	(342,625)	-	(342,625)
Supplies and materials	315,684	-	262,956	(52,728)	-	(52,728)
Depreciation	17,097	-	-	(17,097)	-	(17,097)
Capital outlay	-	-	155,909	155,909	-	155,909
Other objects	121,964	-	115,429	(6,535)	-	(6,535)
Pension expense (benefit)	439,886	-	-	(439,886)	-	(439,886)
OPEB expense (benefit)	1,012,697	-	-	(1,012,697)	-	(1,012,697)
Administrative:						
On-behalf payments	1,017,570	-	-	(1,017,570)	-	(1,017,570)
Total Governmental Activities	6,947,160	-	3,737,650	(3,209,510)	-	(3,209,510)
Business-Type Activities:						
Workshop fees	92,498	74,515	-	-	(17,983)	(17,983)
Total primary government	\$ 7,039,658	\$ 74,515	\$ 3,737,650	(3,209,510)	(17,983)	(3,227,493)
General revenues:						
Local sources				720,778	-	720,778
On-behalf payments				1,017,570	-	1,017,570
Interest				6,916	-	6,916
Total General Revenues				1,745,264	-	1,745,264
Change in net position				(1,464,246)	(17,983)	(1,482,229)
Net position - beginning				303,918	45,984	349,902
Net position - ending				\$ (1,160,328)	\$ 28,001	\$ (1,132,327)

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, 2019**

	General Fund	Education Fund	Other Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 2,268,735	\$ 157,943	\$ 112,411
Accounts receivable	48,234	-	-
Due from other funds	215,383	-	-
Due from other governments	53,248	363,229	1,120
TOTAL ASSETS	\$ 2,585,600	\$ 521,172	\$ 113,531
LIABILITIES			
Accounts payable	\$ 9,919	\$ 268,964	\$ -
Accrued payroll and benefits	73,936	19,284	-
Due to other funds	-	195,694	408
Due to other governments	63,643	26,959	-
Unearned revenue	494	-	-
Total liabilities	147,992	510,901	408
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	18,980	257,006	-
FUND BALANCE (DEFICIT)			
Restricted	-	394	113,531
Assigned	50,379	-	-
Unassigned	2,368,249	(247,129)	(408)
Total fund balance (deficit)	2,418,628	(246,735)	113,123
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ 2,585,600	\$ 521,172	\$ 113,531

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, 2019**

	Eliminations	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,539,089
Accounts receivable	-	48,234
Due from other funds	(196,102)	19,281
Due from other governments	-	417,597
	-	417,597
TOTAL ASSETS	\$ (196,102)	\$ 3,024,201
LIABILITIES		
Accounts payable	\$ -	\$ 278,883
Accrued payroll and benefits	-	93,220
Due to other funds	(196,102)	-
Due to other governments	-	90,602
Unearned revenue	-	494
	-	494
Total liabilities	(196,102)	463,199
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	275,986
	-	275,986
FUND BALANCE (DEFICIT)		
Restricted	-	113,925
Assigned	-	50,379
Unassigned	-	2,120,712
	-	2,120,712
Total fund balance (deficit)	-	2,285,016
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ (196,102)	\$ 3,024,201

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, 2019**

Total fund balances - governmental funds	\$	2,285,016
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		172,463
<p>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.</p>		275,986
<p>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:</p>		
Deferred outflows of resources	1,856,481	
Deferred inflows of resources	<u>(3,619,546)</u>	(1,763,065)
<p>Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Capital lease payable	(404)	
Net pension liability	(807,544)	
OPEB liability	<u>(1,322,780)</u>	<u>(2,130,728)</u>
Net position of governmental activities	\$	<u><u>(1,160,328)</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, 2019**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 684,138	\$ -	\$ 36,640	\$ 720,778
State sources	1,019,793	2,823,133	1,288	3,844,214
Federal sources	-	53,377	-	53,377
On-behalf payments	293,760	-	-	293,760
Interest	6,916	-	-	6,916
Total revenues	2,004,607	2,876,510	37,928	4,919,045
EXPENDITURES				
Instructional services:				
Salaries and benefits	1,253,180	968,954	29,240	2,251,374
Purchased services	375,994	1,376,727	18,167	1,770,888
Supplies and materials	85,180	230,347	157	315,684
Other objects	1,310	120,654	-	121,964
Pension expense	91,759	48,673	1,914	142,346
OPEB expense	5,700	2,563	-	8,263
On-behalf payments	293,760	-	-	293,760
Capital outlay	2,600	153,309	-	155,909
Debt service:				
Repayment of long term lease payable	2,368	-	-	2,368
Total expenditures	2,111,851	2,901,227	49,478	5,062,556
Net change in fund balances	(107,244)	(24,717)	(11,550)	(143,511)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR				
	2,525,872	(222,018)	124,673	2,428,527
FUND BALANCES (DEFICITS), END OF YEAR				
	\$ 2,418,628	\$ (246,735)	\$ 113,123	\$ 2,285,016

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, 2019**

Net change in fund balances \$ (143,511)

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	155,909	
Depreciation expense	<u>(17,097)</u>	138,812

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	275,986	
Prior year unavailable revenue	<u>(435,927)</u>	(159,941)

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

2,368

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	(297,540)	
OPEB expense	<u>(1,004,434)</u>	

Change in net position of governmental activities

\$ (1,464,246)

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, 2019**

	Business-Type Activities Nonmajor Enterprise Funds		Total
	Workshop Reimbursement	Illinois Empower	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,095	\$ -	\$ 4,095
Due from other governments	125	47,133	47,258
Total current assets	4,220	47,133	51,353
Noncurrent assets:			
Capital assets, net	7,824	-	7,824
Total assets	12,044	47,133	59,177
LIABILITIES			
Current liabilities:			
Accounts payable	678	10,500	11,178
Due to other funds	-	19,281	19,281
Due to other governments	717	-	717
Total liabilities	1,395	29,781	31,176
NET POSITION			
Net investment in capital assets	7,824	-	7,824
Unrestricted	2,825	17,352	20,177
Total net position	\$ 10,649	\$ 17,352	\$ 28,001

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, 2019**

	Business-Type Activities Nonmajor Enterprises Funds		Total
	Workshop Reimbursement	Illinois Empower	
Operating revenue:			
Charges for services	\$ 15,732	\$ 58,783	\$ 74,515
Operating expenses:			
Salaries and benefits	39,211	11,112	50,323
Purchased services	9,692	29,686	39,378
Supplies and materials	105	633	738
Depreciation expense	2,059	-	2,059
Total operating expenses	51,067	41,431	92,498
Operating income (loss)	(35,335)	17,352	(17,983)
Net position, beginning of year	45,984	-	45,984
Net position, end of year	\$ 10,649	\$ 17,352	\$ 28,001

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, 2019**

	Business-Type Activities Nonmajor Enterprise Funds		Total
	Workshop Reimbursement	Illinois Empower	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 16,382	\$ 11,650	\$ 28,032
Payments to suppliers and providers of goods and services	(8,402)	(19,819)	(28,221)
Payments to employees	(39,211)	(11,112)	(50,323)
Net cash (used for) operating activities	(31,231)	(19,281)	(50,512)
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(9,883)	-	(9,883)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash transfers from other funds	-	-	-
Receipts from interfund borrowings	-	19,281	19,281
Net cash flows from noncapital financing activities	-	19,281	19,281
Net decrease in cash and cash equivalents	(41,114)	-	(41,114)
Cash and cash equivalents, beginning of year	45,209	-	45,209
Cash and cash equivalents, end of year	\$ 4,095	\$ -	\$ 4,095
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS USED FOR OPERATING ACTIVITIES			
Operating income (loss)	\$ (35,335)	\$ 17,352	\$ (17,983)
Adjustments to reconcile operating income (loss) to net cash flows used for operating activities:			
Depreciation expense	2,059	-	2,059
(Increase) decrease in assets:			
Due from other governments	650	(47,133)	(46,483)
Increase (decrease) in liabilities:			
Accounts payable	678	10,500	11,178
Due to other governments	717	-	717
Net cash used for operating activities	\$ (31,231)	\$ (19,281)	\$ (50,512)

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, 2019

	<u>Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 362,163
Due from other governments	<u>2,799,663</u>
Total assets	<u>\$ 3,161,826</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 66,842
Due to other governments	<u>3,094,984</u>
Total liabilities	<u>\$ 3,161,826</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, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education No. 39 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 39 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 39's financial statements. In addition, the Regional Office of Education No. 39 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 39 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. Governmental Funds

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

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

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Governmental Funds (Continued)

General Fund (Continued)

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

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

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
June 30, 2019

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
June 30, 2019

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.

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
June 30, 2019

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 nonmajor proprietary funds:

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

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

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
June 30, 2019

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
June 30, 2019

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
June 30, 2019

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 five individuals eligible to carry forward a maximum of five days of unused vacation time to the next year with director's approval, but the previous year's unused vacation time is forfeited if unused by the end of the next year. Unused vacation time is paid on termination of employment. Management has determined that the current year accrual for vacation time is immaterial to the financial statements; therefore, this amount has not been accrued.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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 and Bus Permit.

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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, Baby Talk, School Improvement, Truants Alternative/Optional Education, Ounce of Prevention - Training and Technical, Homeless Children Youth Program, and General Education Development.

E. **New Accounting Pronouncements** - In 2019, the Regional Office of Education No. 39 implemented Governmental Accounting Standards Board (GASB) Statement No. 83 - *Certain Asset Retirement Obligations* and GASB Statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. These statements had no impact on the Regional Office of Education No. 39's financial statements.

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, and Regional Safe School Cooperative Education Program.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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, 2019, the carrying amount of the Regional Office of Education No. 39's governmental activities, business-type activities, and fiduciary fund's deposits were \$ 2,511,268, \$ 4,095 and \$ 362,163, respectively. The bank balances totaled \$ 2,783,020 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, 2019, 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 \$ 27,821. The bank balance invested in the Illinois Funds Money Market Fund was \$ 27,821. 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, 2019, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside, independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the 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
June 30, 2019**

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, 2019 was as follows:

	June 30, 2018	Increases	Decrease	June 30, 2019
Governmental activities:				
Capital assets being depreciated:				
Leasehold improvements	\$ 45,000	\$ -	\$ -	\$ 45,000
Equipment and furniture	528,934	155,909	-	684,843
Total assets	<u>573,934</u>	<u>155,909</u>	<u>-</u>	<u>729,843</u>
Less accumulated depreciation for:				
Leasehold improvements	(45,000)	-	-	(45,000)
Equipment and furniture	(495,283)	(17,097)	-	(512,380)
Total accumulated depreciation	<u>(540,283)</u>	<u>(17,097)</u>	<u>-</u>	<u>(557,380)</u>
Governmental activities capital assets, net	<u>\$ 33,651</u>	<u>\$ 138,812</u>	<u>\$ -</u>	<u>\$ 172,463</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 5,555	\$ 9,883	\$ -	\$ 15,438
Less accumulated depreciation for:				
Equipment	(5,555)	(2,059)	-	(7,614)
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 7,824</u>	<u>\$ -</u>	<u>\$ 7,824</u>

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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>\$ 17,097</u>
Business-type:	
Workshop fees	<u>\$ 2,059</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/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system 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 years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

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

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Benefits Provided (Continued)

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 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, 2019, State of Illinois contributions recognized by the Regional Office of Education No. 39 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 39, and the Regional Office of Education No. 39 recognized revenue and expenditures of \$ 651,689 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, 2019, were \$ 5,209, and are deferred because they were paid after the June 30, 2018 measurement date.

Federal and special trust fund contributions - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 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. Since these contributions are normal cost contributions, which are considered employer specific liability contributions under GASB 68, the "federal funds" contributions are no longer includable for purposes of allocating collective pension amounts.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Contributions (Continued)

Federal and special trust fund contributions (continued) - 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. Any change in proportionate share resulting from this statutory change for individual employers will be recognized and amortized over the remaining service lives of all members beginning in fiscal year 2018.

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, 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. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the Regional Office of Education No. 39 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or 3 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	\$ 101,293
State's proportionate share of the net pension liability associated with the employer	<u>6,939,027</u>
Total	<u><u>\$ 7,040,320</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The Regional Office of Education No. 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, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the Regional Office of Education No. 39's proportion was .0001299553 percent, which was a decrease of .0029530377 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Regional Office of Education No. 39 recognized pension expense of \$ 651,689 and revenue of \$ 651,689 for support provided by the State. For the year ended June 30, 2019, the Regional Office of Education No. 39 recognized pension expense of \$ 218,693. At June 30, 2019, 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	\$ 2,036	\$ 22
Net difference between projected and actual earnings on pension plan investments	-	310
Change in assumptions	4,443	2,871
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>803,465</u>	<u>1,898,493</u>
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	809,944	1,901,696
Employer Contributions Made Subsequent to the Measurement Date	<u>5,209</u>	<u>-</u>
Total Deferred Amount Related to Pensions	<u>\$ 815,153</u>	<u>\$ 1,901,696</u>

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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)

\$ 5,209 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30,	Net Deferred Inflows of of Resources
2020	\$ 266,313
2021	120,895
2022	161,856
2023	362,005
2024	180,683
Total	\$1,091,752

Actuarial Assumptions

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

Inflation	2.50%
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, 2018 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, 2017 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
June 30, 2019**

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%	6.70%
U.S. equities small/mid cap	2.0%	7.90%
International equities developed	13.6%	7.00%
Emerging market equities	3.4%	9.40%
U.S. bond core	8.0%	2.20%
U.S. bonds high yield	4.2%	4.40%
International debt developed	2.2%	1.30%
Emerging international debt	2.6%	4.50%
Real estate	16.0%	5.40%
Real return	4.0%	1.80%
Absolute return	14.0%	3.90%
Private equity	15.0%	10.20%
Total	<u>100.0%</u>	

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	\$ 124,227	\$ 101,293	\$ 82,825

TRS Fiduciary Net Position

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

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

IMRF Plan Description

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

Benefits Provided

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

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

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

- 3% of the original pension amount, or
- 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
June 30, 2019**

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	39
Inactive plan members entitled to but not yet receiving benefits	49
Active plan members	<u>29</u>
Total	<u><u>117</u></u>

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 2018 was 12.17%. For the fiscal year 2019, the Regional Office of Education No. 39 contributed \$ 122,845 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% 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
June 30, 2019**

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 Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives.
- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37%	7.15%
International equities	18%	7.25%
Fixed income	28%	3.75%
Real estate	9%	6.25%
Alternatives:	7%	
Private equity	-	8.50%
Hedge funds	-	5.50%
Commodities	-	3.20%
Cash equivalents	1%	2.50%
Total	100%	

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Assets) (A) - (B)
Balances at December 31, 2017	\$ 5,382,861	\$5,441,830	\$ (58,969)
Changes for the year:			
Service Cost	104,946	-	104,946
Interest on the total pension liability	399,330	-	399,330
Differences between expected and actual experience of the total pension liability	92,182	-	92,182
Changes in assumptions	157,382	-	157,382
Contributions - employer	-	137,137	(137,137)
Contributions - employee	-	69,608	(69,608)
Net investment income	-	(214,118)	214,118
Benefit payments, including refunds of employee contributions	(231,446)	(231,446)	-
Other (net transfer)	-	(4,007)	4,007
Net changes	522,394	(242,826)	765,220
Balances at December 31, 2018	\$ 5,905,255	\$ 5,199,004	\$ 706,251

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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)	\$ 1,419,800	\$ 706,251	\$ 121,261

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

For the year ended June 30, 2019, the Regional Office of Education No. 39 recognized pension expense of \$ 221,193. At June 30, 2019, 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	\$ 57,937	\$ 10,330
Assumptions changes	98,915	52,972
Net difference between projected and actual earnings on pension plan investments	619,812	240,070
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	776,664	303,372
Pension Contributions Made Subsequent to the Measurement Date	53,472	-
Total Deferred Amount Related to Pensions	\$ 830,136	\$ 303,372

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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)

\$ 53,472 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2020. 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 of of Resources</u>
2019	\$ 179,349
2020	126,887
2021	43,517
2022	<u>123,539</u>
Total	<u>\$ 473,292</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
June 30, 2019**

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.

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, 2019, 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 \$ 72,121 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, 2019, and 0.88 and 0.84 percent during the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2019, the Regional Office of Education No. 39 paid \$ 8,263 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and 2017, the Regional Office of Education No. 39 paid \$ 8,192 and \$ 9,189 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
June 30, 2019**

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, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

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

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled 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-2014.

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018. The increase in the single discount rate from 3.56 percent to 3.62 percent caused the OPEB liability to decrease from 2017 to 2018.

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 (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Employer's proportionate share of the collective net OPEB liability	\$ 1,243,991	\$ 1,034,573	\$ 869,308

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, 2018, 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 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	1% Decrease*	Healthcare Cost Trend Rates	1% Increase**
Employer's proportionate share of the collective net OPEB liability	\$ 838,895	\$ 1,034,573	\$ 1,298,267

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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 2019 decreasing to an ultimate rate of 3.86% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

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

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

At June 30, 2019, 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	\$ 1,034,573
State's proportionate share of the net OPEB liability associated with the employer	1,389,219
Total	\$ 2,423,792

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and was rolled forward to the June 30, 2018 measurement date. The 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, 2018, the Regional Office of Education No. 39's proportion was 0.003927 percent, which was an decrease of .000828 from its proportion measured as of June 30, 2017 (0.004755 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2019, the Regional Office of Education No. 39 recognized OPEB expense of \$ 72,121 and revenue of \$ 72,121 for support provided by the State. For the year ending June 30, 2019, the Regional Office of Education No. 39 recognized OPEB expense of \$ 1,002,425. At June 30, 2019, 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
June 30, 2019**

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	\$ -	\$ 3,712
Changes of assumptions	-	150,651
Net difference between projected and actual earnings on OPEB plan investments	-	32
Changes in proportion and differences between employer contributions and proportionate share of contributions	195,665	1,260,083
Employer contributions subsequent to the measurement date	8,263	-
 Total Deferred Amount Related to OPEB	 \$ 203,928	 \$ 1,414,478

\$ 8,263 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, 2020. 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
2020	\$ 188,674
2021	188,674
2022	188,674
2023	188,674
2024	188,666
Thereafter	275,451
Total	\$ 1,218,813

THIS Fiduciary Net Position:

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

MACON AND PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 39

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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
June 30, 2019**

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, 2019 membership consisted of:

Inactive employees currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>43</u>
Total	<u><u>44</u></u>

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 \$ 8,684 from other Regional Office of Education No. 39 resources and benefit payments of \$ 8,684 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, 2017 actuarial valuation date and adjusted to the June 30, 2019 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
June 30, 2019**

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Insurance (Continued)

Actuarial Assumptions

Discount rate used for the total OPEB liability	3.50%
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%
Salary increases	The salary increase assumptions of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.
Annual blended premium	Premiums charged for coverage of retirees and spouse are \$ 8,548 and \$ 14,016.
Healthcare trend rates	Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2018, trend starts at 7.11% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%. The spousal trend is -3.07% in 2018 increasing to an ultimate trend of 5.00% for both non-Medicare and post-Medicare costs.
Retiree contributions rates	Same of Healthcare trend rates.

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

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation 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 single 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 three participants impacted by this assumption.

The mortality rates were used to estimate the single age at death per participant 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 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
June 30, 2019**

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at July 1, 2018	\$ 270,671
Changes for the year:	
Service Cost	8,093
Interest	10,307
Actuarial changes	-
Assumption changes	7,820
Contributions - employer	-
Contributions - employees	-
Contributions - other	-
Net investment income	-
Benefit payments	(8,684)
Administrative expense	-
Net changes	17,536
Balances at June 30, 2019	\$ 288,207

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Discount Rate

The discount rate has been decreased from 3.87% to 3.50% to better reflect the current high-quality fixed income environment. The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the 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 rate is the June 27, 2019 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Sensitivity of the Discount Rate

The following presents the Regional Office of Education No. 39's total OPEB liability calculated using a discount rate of 3.50%, as well as what the Regional Office of Education No. 39's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher or 1-percentage-lower than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Employer's total OPEB liability	\$ 311,594	\$ 288,207	\$ 267,916

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 7.11% in 2018 decreasing to an ultimate trend rate of 5.00% for both non-Medicare coverage and post-Medicare coverage. The spousal trend rates are -3.07% in 2018 increasing 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	\$ 260,266	\$ 288,207	\$ 320,500

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

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

For the year ended June 30, 2019, the Regional Office of Education No. 39 recognized OPEB expense of \$ 10,272. At June 30, 2019, the Regional Office of Education No. 39 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-
Changes in assumptions	7,264	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
 Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	 7,264	 -
 Employer Contributions Made Subsequent to the Measurement Date*	 -	 -
 Total Deferred Amounts Related to OPEB	 \$ 7,264	 -

* Contributions subsequent to the measurement date may be recognized as a reduction to the total OPEB liability. The amount is not known as of the date of this report. Subsequent to the measurement date, the following amounts will be recognized in OPEB expense in the upcoming years:

Year Ending June 30,	Net Deferred Outflows of of Resources
2020	\$ 556
2021	556
2022	556
2023	556
2024	556
Thereafter	4,484
 Total	 \$ 7,264

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

10. LONG-TERM LIABILITIES (ASSETS)

Capital Lease

During the fiscal year ended June 30, 2015, the Regional Office of Education No. 39 entered into a lease agreement to finance the acquisition of a copier. This lease agreement qualified as a capital lease for accounting purposes. The gross amount of assets recorded under the capital lease is \$ 11,023 and the accumulated depreciation as of June 30, 2019 was \$ 11,023. The lease includes an end of term purchase option of \$ 1.

The future minimum lease obligations and the net present value of these payments as of June 30, 2019 was as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 404	\$ 2	\$ 406

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):

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>	<u>Due within</u>
					<u>One Year</u>
Net pension liability - TRS	\$ 1,254,445	\$ -	\$ 1,153,152	\$ 101,293	\$ -
Net pension liability (asset) - IMRF	(58,969)	765,220	-	706,251	-
OPEB liability THIS	1,233,935	-	199,362	1,034,573	-
OPEB liability - Health Insurance	270,671	17,536	-	288,207	-
Capital lease payable	2,772	-	2,368	404	404
Total long-term liabilities	\$ 2,702,854	\$ 782,756	\$ 1,354,882	\$ 2,130,728	\$ 404

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
June 30, 2019**

12. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2019, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 215,383	\$ -
Education Fund	-	195,694
Nonmajor Special Revenue Funds	-	408
Nonmajor Enterprise Funds	-	19,281
Total	<u>\$ 215,383</u>	<u>\$ 215,383</u>

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

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, 2019:

Due from Other Governments:

General Fund:

Local Governments	\$ 53,248
	53,248

Education Funds:

Local Governments	10,014
Illinois State Board of Education	104,617
Ounce of Prevention Fund	236,830
Regional Office of Education No. 11	11,768
	363,229

Nonmajor Special Revenue Funds:

Local Governments	1,120
	1,120

Nonmajor Enterprise Funds:

Local Governments	47,258
	\$ 464,855

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

13. DUE TO/DUE FROM OTHER GOVERNMENTS (Continued)

Due from Other Governments, continued:

Agency Funds:	
Illinois State Board of Education	\$ 64,394
Illinois Comptroller	2,734,022
Local Governments	<u>1,247</u>
	<u>\$ 2,799,663</u>

Due to Other Governments:

General Fund:	
Eastern Illinois University	\$ 62,403
ROE #26	240
Richland CC	<u>1,000</u>
	<u>63,643</u>

Education Funds:	
Illinois State Board of Education	17,100
ROE #9	2,283
Local Governments	<u>7,576</u>
	<u>26,959</u>

Nonmajor Enterprise Fund::	
ROE #9	<u>717</u>
	<u>\$ 91,319</u>

Agency Funds:	
Local Governments	\$ 3,092,765
Richland CC	972
ROE #39	<u>1,247</u>
	<u>\$ 3,094,984</u>

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	\$ 117,600
Regional Superintendent - benefits (includes State paid insurance)	35,517
Assistant Regional Superintendent - salary	105,840
Assistance Regional Superintendent - benefits (includes State paid insurance)	<u>34,803</u>
	<u>\$ 293,760</u>

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

14. ON-BEHALF PAYMENTS (Continued)

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 \$ 651,689 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 \$ 72,121 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	\$ 293,760
Regional Office's share of TRS pension expense	651,689
Regional Office's share of THIS OPEB expense	<u>72,121</u>
Total	<u>\$ 1,017,570</u>

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 \$ 4,167. The lease also called for the Regional Office to pay all utilities and liability insurance. The Regional Office was committed through June 30, 2019 under this lease agreement. The Regional Office of Education entered into a new lease agreement for this facility for the period July 1, 2019 through June 30, 2021. The lease calls for monthly rental payments of \$ 5,500.

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

The Regional Office of Education No. 39 is committed through September 30, 2019 under a lease agreement for the building located at 1690 Huston Drive, Decatur, Illinois. The lease calls for monthly rental payments of \$ 4,200. The Regional Office of Education entered into a new lease agreement for this facility for the period October 1, 2019 through September 30, 2023. 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.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

15. OPERATING LEASES (Continued)

Total lease expense for the year ended June 30, 2019 was \$ 105,309. The following is a schedule of future minimum lease payments required under the above operating leases:

<u>Year Ending June 30,</u>	
2020	\$ 124,498
2021	125,856
2022	59,480
2023	57,600
2024	<u>14,400</u>
	<u>\$ 381,834</u>

16. DEFICIT FUND BALANCE

The following individual funds had negative fund balances or net position as of June 30, 2019:

Baby Talk	\$ 8,737
Truants Alternative/Optional Education	\$ 16,672
Ounce of Prevention Training and Technical	\$ 226,953
Homeless Children Youth Program	\$ 3,504
General Education Development	\$ 408

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.

17. CHANGE IN ALLOCATION OF PENSION AND OPEB BALANCES

Historically, the Regional Office of Education No. 39 had allocated the TRS net pension liability, THIS net OPEB liability and the related deferred inflows and outflows of resources between the Regional Office of Education No. 39 and the Heartland Region, an agency fund. In prior years, the allocation was necessary as the Regional Office of Education No. 39 and the Heartland Region shared the same employer number for TRS and THIS. During 2019, the Heartland Region obtained a separate TRS and THIS employer number thus eliminating the need for the allocation.

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, 2019, 2018, 2017, 2016, and 2015
(Amounts presented are for the calendar years ended December 31, 2018, 2017, 2016, 2015, and 2014)

Calendar Year Ended December 31,	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 104,946	\$ 132,618	\$ 113,496	\$ 112,435	\$ 126,812
Interest on the Total Pension Liability	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	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 Contributor	(231,446)	(213,776)	(203,593)	(166,549)	(149,424)
Net Change in Total Pension Liability	<u>522,394</u>	<u>136,019</u>	<u>212,035</u>	<u>434,974</u>	<u>415,081</u>
Total Pension Liability - Beginning	<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>\$ 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	137,137	141,334	133,490	113,014	117,065
Contributions - Employees	69,608	68,204	65,002	61,047	61,488
Net Investment Income	(214,118)	745,836	194,384	(17,686)	199,279
Benefit Payments, including Refunds of Employee Contributor	(231,446)	(213,776)	(203,592)	(166,549)	(149,424)
Other (Net Transfer)	(4,007)	(4,039)	(3,440)	2,489	(2,632)
Net Change in Plan Fiduciary Net Position	<u>(242,826)</u>	<u>737,559</u>	<u>185,844</u>	<u>(7,685)</u>	<u>225,776</u>
Plan Fiduciary Net Position - Beginning	<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>\$ 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>\$ 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	88.04%	101.10%	89.66%	89.74%	98.40%
Covered Payroll	\$ 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	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, 2019, 2018, 2017, 2016, and 2015

(Amounts presented are for the calendar years ended December 31, 2018, 2017, 2016, 2015, and 2014)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2018	\$ 137,137 *	\$ 137,137	\$ -	\$ 1,126,843	12.17%
2017	141,334	141,334	-	1,131,576	12.49%
2016	133,490	133,490	-	1,153,762	11.57%
2015	113,013	113,014	(1)	1,039,682	10.87%
2014	110,614	117,065	(6,451)	1,040,578	11.25%

Notes to Schedule:

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 2018 Contribution

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, 2019, 2018, 2017, 2016, and 2015

(Amounts presented are for the calendar years ended December 31, 2018, 2017, 2016, 2015, and 2014)

Methods and Assumptions Used to Determine 2018 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	25-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table, with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

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

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

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.0001299553%	0.0030829930%	0.0014413435%	0.0010552849%	0.0018134081%
Employer's proportionate share of the net pension liability	\$ 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>6,939,027</u>	<u>8,098,949</u>	<u>9,019,113</u>	<u>11,074,789</u>	<u>12,732,768</u>
Total	<u>\$ 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	\$ 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	11%	100%	39%	38%	35%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	39.3%	36.4%	41.5%	43.0%

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

Notes to This Required Supplementary Information

Changes of assumptions

For the 2018, 2017 and 2016 measurement year, 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.

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

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

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

For the years ended June 30, 2019, 2018, 2017, 2016, 2015, and 2014

	2019	2018	2017	2016	2015	2014
Statorily-required contribution	\$ 5,209	\$ 5,399	\$ 122,413	\$ 51,654	\$ 33,460	\$ 58,543
Contributions in relation to the statorily-required contribution	5,209	5,399	122,413	51,654	33,460	58,543
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 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%	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, 2019, 2018, 2017, and 2016

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 8,263	\$ 8,192	\$ 9,189	\$ 7,893
Contributions in relation to the statutorily-required contribution	<u>8,263</u>	<u>8,192</u>	<u>9,189</u>	<u>7,893</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 898,118	\$ 930,867	\$ 1,259,756	\$ 986,558
Contributions as a percentage of covered payroll	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, 2019, 2018 and 2017
(Amounts presented are for the years ended June 30, 2018, 2017 and 2016)**

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

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

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 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 year ended June 30, 2019 and 2018

	2019	2018
Actuarially determined contribution	N/A	N/A
Contributions in relation to the actuarially determined contribution	-	-
Contribution deficiency (excess)	N/A	N/A
Employer's covered payroll	\$ 1,610,927	\$ 1,622,353
Contributions as a percentage of covered payroll	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 \$ 8,684.

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 year ended June 30, 2019 and 2018

Total OPEB Liability	2019	2018
Service cost	\$ 8,093	\$ 7,791
Interest	10,307	9,985
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	7,820	-
Benefit payments	(8,684)	(10,228)
Net change in total OPEB liability	17,536	7,548
Total OPEB liability - beginning	270,671	263,123
Total OPEB liability - ending	\$ 288,207	\$ 270,671
Covered Payroll	\$ 1,610,927	\$ 1,622,353
Employer Total OPEB Liability as a Percentage of Covered Payroll	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 3.87% to 3.50% 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 3.87% to 3.50%.

SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2019**

	<u>General</u>	<u>Business Office</u>	<u>Pop Fund</u>
ASSETS			
Cash and cash equivalents	\$ 12,889	\$ 623,345	\$ 1,135
Accounts receivable	-	1,422	197
Due from other funds	-	-	-
Due from other governments	-	19,709	-
Total assets	<u>\$ 12,889</u>	<u>\$ 644,476</u>	<u>\$ 1,332</u>
LIABILITIES			
Accounts payable	\$ -	\$ 6,577	\$ -
Accrued payroll and benefits	-	5,476	-
Due to other funds	-	-	-
Due to other governments	-	1,000	-
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>13,053</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Assigned	-	-	-
Unassigned	12,889	631,423	1,332
Total fund balances	<u>12,889</u>	<u>631,423</u>	<u>1,332</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,889</u>	<u>\$ 644,476</u>	<u>\$ 1,332</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2019**

	<u>Junior Achievement</u>	<u>ADA State Aid</u>	<u>St. Mary's Hospital School</u>
ASSETS			
Cash and cash equivalents	\$ 3,483	\$ 1,156,974	\$ 166,701
Accounts receivable	-	152	-
Due from other funds	-	224,120	-
Due from other governments	-	-	7,499
	<u>3,483</u>	<u>1,381,246</u>	<u>174,200</u>
Total assets	<u>\$ 3,483</u>	<u>\$ 1,381,246</u>	<u>\$ 174,200</u>
LIABILITIES			
Accounts payable	\$ -	\$ 3,179	\$ -
Accrued payroll and benefits	-	52,177	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<u>-</u>	<u>55,356</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>55,356</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Assigned	3,483	-	-
Unassigned	-	1,325,890	174,200
	<u>3,483</u>	<u>1,325,890</u>	<u>174,200</u>
Total fund balances	<u>3,483</u>	<u>1,325,890</u>	<u>174,200</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,483</u>	<u>\$ 1,381,246</u>	<u>\$ 174,200</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2019**

	Student Council	Recycling and Energy	Teachers' Exchange	Alternative Education Intervention
ASSETS				
Cash and cash equivalents	\$ 119	\$ 494	\$ 63,402	\$ 4,000
Accounts receivable	-	-	5,110	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 119	\$ 494	\$ 68,512	\$ 4,000
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	62,403	-
Unearned revenue	-	494	-	-
Total liabilities	-	494	62,403	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES				
Assigned	119	-	-	4,000
Unassigned	-	-	6,109	-
Total fund balances	119	-	6,109	4,000
Total liabilities, deferred inflows of resources, and fund balances	\$ 119	\$ 494	\$ 68,512	\$ 4,000

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2019**

	<u>General State Aid</u>	<u>Baby Talk</u>	<u>Futures Foundation</u>
ASSETS			
Cash and cash equivalents	\$ 234,600	\$ -	\$ 1,075
Accounts receivable	151	-	41,202
Due from other funds	-	-	-
Due from other governments	26,040	-	-
	<u>26,040</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 260,791</u>	<u>\$ -</u>	<u>\$ 42,277</u>
LIABILITIES			
Accounts payable	\$ 163	\$ -	\$ -
Accrued payroll and benefits	16,283	-	-
Due to other funds	-	8,737	-
Due to other governments	240	-	-
Unearned revenue	-	-	-
	<u>16,686</u>	<u>8,737</u>	<u>-</u>
Total liabilities	<u>16,686</u>	<u>8,737</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>18,980</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Assigned	-	-	42,277
Unassigned	225,125	(8,737)	-
	<u>225,125</u>	<u>(8,737)</u>	<u>-</u>
Total fund balances	<u>225,125</u>	<u>(8,737)</u>	<u>42,277</u>
	<u>\$ 260,791</u>	<u>\$ -</u>	<u>\$ 42,277</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 260,791</u>	<u>\$ -</u>	<u>\$ 42,277</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2019**

	<u>Spelling Bee</u>	<u>School Improvement</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 500	\$ 18	\$ -	\$ 2,268,735
Accounts receivable	-	-	-	48,234
Due from other funds	-	-	(8,737)	215,383
Due from other governments	-	-	-	53,248
Total assets	<u>\$ 500</u>	<u>\$ 18</u>	<u>\$ (8,737)</u>	<u>\$ 2,585,600</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,919
Accrued payroll and benefits	-	-	-	73,936
Due to other funds	-	-	(8,737)	-
Due to other governments	-	-	-	63,643
Unearned revenue	-	-	-	494
Total liabilities	<u>-</u>	<u>-</u>	<u>(8,737)</u>	<u>147,992</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	18,980
FUND BALANCES				
Assigned	500	-	-	50,379
Unassigned	-	18	-	2,368,249
Total fund balances	<u>500</u>	<u>18</u>	<u>-</u>	<u>2,418,628</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 500</u>	<u>\$ 18</u>	<u>\$ (8,737)</u>	<u>\$ 2,585,600</u>

**MACON/PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION #39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019**

	General	Business Office	Pop Fund
Revenues:			
Local sources	\$ -	\$ 192,991	\$ 1,105
State sources	-	-	-
On-behalf payments	293,760	-	-
Interest	1,449	5,399	-
Total revenues	295,209	198,390	1,105
Expenditures:			
Instructional services:			
Salaries and benefits	-	128,958	-
Purchased services	-	66,858	-
Supplies and materials	-	29,488	105
Other objects	-	-	-
Pension expense	-	27,698	-
OPEB expense	-	-	-
On-behalf payments	293,760	-	-
Intergovernmental:			
Payments to other governments	-	-	-
Capital outlay	-	2,600	-
Debt service:			
Repayment of long term lease payable	-	-	-
Total expenditures	293,760	255,602	105
Excess (deficiency) of revenues over (under) expenditures	1,449	(57,212)	1,000
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	1,449	(57,212)	1,000
Fund balances, beginning of year	11,440	688,635	332
Fund balances (deficit), end of year	\$ 12,889	\$ 631,423	\$ 1,332

**MACON/PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION #39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019**

	Junior Achievement	ADA State Aid	St. Mary's Hospital School
Revenues:			
Local sources	\$ -	\$ 5,520	\$ 54,691
State sources	-	784,823	-
On-behalf payments	-	-	-
Interest	-	-	-
Total revenues	-	790,343	54,691
Expenditures:			
Instructional services:			
Salaries and benefits	-	609,175	59,294
Purchased services	-	105,945	4,657
Supplies and materials	-	49,591	-
Other objects	-	-	-
Pension expense	-	43,230	269
OPEB expense	-	3,354	467
On-behalf payments	-	-	-
Intergovernmental:			
Payments to other governments	-	-	-
Capital outlay	-	-	-
Debt service:			
Repayment of long term lease payable	-	-	-
Total expenditures	-	811,295	64,687
Excess (deficiency) of revenues over (under) expenditures	-	(20,952)	(9,996)
Other financing sources (uses):			
Transfers in	-	-	3,545
Transfers out	-	(3,545)	-
Total other financing sources (uses)	-	(3,545)	3,545
Net change in fund balance	-	(24,497)	(6,451)
Fund balances, beginning of year	3,483	1,350,387	180,651
Fund balances (deficit), end of year	\$ 3,483	\$ 1,325,890	\$ 174,200

**MACON/PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION #39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019**

	Student Council	Recycling and Energy	Teachers' Exchange	Alternative Education Intervention
Revenues:				
Local sources	\$ -	\$ -	\$ 147,424	\$ 30,000
State sources	-	-	-	-
On-behalf payments	-	-	-	-
Interest	-	-	-	-
Total revenues	-	-	147,424	30,000
Expenditures:				
Instructional services:				
Salaries and benefits	-	-	-	26,000
Purchased services	-	-	144,735	-
Supplies and materials	-	-	-	-
Other objects	-	-	-	-
Pension expense	-	-	-	-
OPEB expense	-	-	-	-
On-behalf payments	-	-	-	-
Intergovernmental:				
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Repayment of long term lease payable	-	-	-	-
Total expenditures	-	-	144,735	26,000
Excess (deficiency) of revenues over (under) expenditures	-	-	2,689	4,000
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	2,689	4,000
Fund balances, beginning of year	119	-	3,420	-
Fund balances (deficit), end of year	\$ 119	\$ -	\$ 6,109	\$ 4,000

**MACON/PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION #39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019**

	General State Aid	Baby Talk	Futures Foundation
Revenues:			
Local sources	\$ 152,160	\$ 99,747	\$ -
State sources	234,970	-	-
On-behalf payments	-	-	-
Interest	-	-	68
Total revenues	387,130	99,747	68
Expenditures:			
Instructional services:			
Salaries and benefits	330,687	99,066	-
Purchased services	47,247	6,552	-
Supplies and materials	5,996	-	-
Other objects	1,310	-	-
Pension expense	18,017	2,545	-
OPEB expense	1,558	321	-
On-behalf payments	-	-	-
Intergovernmental:			
Payments to other governments	-	-	-
Capital outlay	-	-	-
Debt service:			
Repayment of long term lease payable	2,368	-	-
Total expenditures	407,183	108,484	-
Excess (deficiency) of revenues over (under) expenditures	(20,053)	(8,737)	68
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(20,053)	(8,737)	68
Fund balances, beginning of year	245,178	-	42,209
Fund balances (deficit), end of year	\$ 225,125	\$ (8,737)	\$ 42,277

**MACON/PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION #39**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019**

	Spelling Bee	School Improvement	Total
Revenues:			
Local sources	\$ 500	\$ -	\$ 684,138
State sources	-	-	1,019,793
On-behalf payments	-	-	293,760
Interest	-	-	6,916
Total revenues	500	-	2,004,607
Expenditures:			
Instructional services:			
Salaries and benefits	-	-	1,253,180
Purchased services	-	-	375,994
Supplies and materials	-	-	85,180
Other objects	-	-	1,310
Pension expense	-	-	91,759
OPEB expense	-	-	5,700
On-behalf payments	-	-	293,760
Intergovernmental:			
Payments to other governments	-	-	-
Capital outlay	-	-	2,600
Debt service:			
Repayment of long term lease payable	-	-	2,368
Total expenditures	-	-	2,111,851
Excess (deficiency) of revenues over (under) expenditures	500	-	(107,244)
Other financing sources (uses):			
Transfers in	-	-	3,545
Transfers out	-	-	(3,545)
Total other financing sources (uses)	-	-	-
Net change in fund balance	500	-	(107,244)
Fund balances, beginning of year	-	18	2,525,872
Fund balances (deficit), end of year	\$ 500	\$ 18	\$ 2,418,628

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2019**

	Truants Alternative/ Optional Education	ROE/ISC Operations	Ounce of Prevention - Training and Technical	Regional Safe Schools
ASSETS				
Cash and cash equivalents	\$ 1,244	\$ 11,621	\$ -	\$ 4,390
Due from other governments	16,672	-	236,830	-
Total assets	\$ 17,916	\$ 11,621	\$ 236,830	\$ 4,390
LIABILITIES				
Accounts payable	\$ -	\$ 9,338	\$ 48,542	\$ -
Accrued payroll and benefits	14,894	-	-	4,390
Due to other funds	-	-	178,411	-
Due to other governments	3,022	2,283	-	-
Total liabilities	17,916	11,621	226,953	4,390
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	16,672	-	236,830	-
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	-
Unassigned	(16,672)	-	(226,953)	-
Total fund balances (deficits)	(16,672)	-	(226,953)	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 17,916	\$ 11,621	\$ 236,830	\$ 4,390

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2019**

	Early Childhood Block Grant	Not on Tobacco	Early Childhood Block Grant- Continuing Three to Five	Homeless Children Youth Program
ASSETS				
Cash and cash equivalents	\$ 124,975	\$ 394	\$ 14,078	\$ -
Due from other governments	87,945	-	-	11,768
Total assets	\$ 212,920	\$ 394	\$ 14,078	\$ 11,768
LIABILITIES				
Accounts payable	\$ 205,344	\$ -	\$ -	\$ 4,499
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	7,269
Due to other governments	7,576	-	14,078	-
Total liabilities	212,920	-	14,078	11,768
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	3,504
FUND BALANCES (DEFICITS)				
Restricted	-	394	-	-
Unassigned	-	-	-	(3,504)
Total fund balances (deficits)	-	394	-	(3,504)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 212,920	\$ 394	\$ 14,078	\$ 11,768

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2019**

	Work Readiness	Regional Safe School Cooperative Education Program	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,241	\$ 157,943
Due from other governments	10,014	-	363,229
Total assets	\$ 10,014	\$ 1,241	\$ 521,172
LIABILITIES			
Accounts payable	\$ -	\$ 1,241	\$ 268,964
Accrued payroll and benefits	-	-	19,284
Due to other funds	10,014	-	195,694
Due to other governments	-	-	26,959
Total liabilities	10,014	1,241	510,901
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	257,006
FUND BALANCES (DEFICITS)			
Restricted	-	-	394
Unassigned	-	-	(247,129)
Total fund balances (deficits)	-	-	(246,735)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 10,014	\$ 1,241	\$ 521,172

**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, 2019**

	Truants Alternative/ Optional Education	ROE/ISC Operations	Ounce of Prevention - Training and Technical	Regional Safe Schools
Revenues:				
State sources	\$ 197,152	\$ 122,254	\$ 598,543	\$ 77,129
Federal sources	-	-	-	-
Total revenues	<u>197,152</u>	<u>122,254</u>	<u>598,543</u>	<u>77,129</u>
Expenditures:				
Instructional services:				
Salaries and benefits	171,584	64,151	169,882	75,448
Purchased services	14,771	39,667	350,778	1,000
Supplies and materials	177	7,491	49,373	-
Other objects	-	-	23,684	-
Pension expense	10,344	1,167	13,614	264
OPEB expense	276	182	52	417
Capital outlay	-	9,596	21,821	-
Total expenditures	<u>197,152</u>	<u>122,254</u>	<u>629,204</u>	<u>77,129</u>
Net change in fund balance	-	-	(30,661)	-
Fund balances (deficits), beginning of year	<u>(16,672)</u>	<u>-</u>	<u>(196,292)</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ (16,672)</u>	<u>\$ -</u>	<u>\$ (226,953)</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, 2019**

	Early Childhood Block Grant	Not on Tobacco	Early Childhood Block Grant- Continuing Three to Five
Revenues:			
State sources	\$ 1,742,516	\$ -	\$ 42,504
Federal sources	-	-	-
Total revenues	1,742,516	-	42,504
Expenditures:			
Instructional services:			
Salaries and benefits	374,789	-	29,763
Purchased services	962,390	-	4,271
Supplies and materials	165,937	-	684
Other objects	95,892	-	1,078
Pension expense	20,078	-	1,144
OPEB expense	1,538	-	98
Capital outlay	121,892	-	-
Total expenditures	1,742,516	-	37,038
Net change in fund balance	-	-	5,466
Fund balances (deficits), beginning of year	-	394	(5,466)
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, 2019**

	Homeless Children Youth Program	Work Readiness	Regional Safe School Cooperative Education Program	Total
Revenues:				
State sources	\$ -	\$ -	\$ 43,035	\$ 2,823,133
Federal sources	28,635	24,742	-	53,377
Total revenues	28,635	24,742	43,035	2,876,510
Expenditures:				
Instructional services:				
Salaries and benefits	24,934	24,742	33,661	968,954
Purchased services	644	-	3,206	1,376,727
Supplies and materials	4,499	-	2,186	230,347
Other objects	-	-	-	120,654
Pension expense	2,062	-	-	48,673
OPEB expense	-	-	-	2,563
Capital outlay	-	-	-	153,309
Total expenditures	32,139	24,742	39,053	2,901,227
Net change in fund balance	(3,504)	-	3,982	(24,717)
Fund balances (deficits), beginning of year	-	-	(3,982)	(222,018)
Fund balances (deficits), end of year	\$ (3,504)	\$ -	\$ -	\$ (246,735)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION, FY18
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 200,174	\$ 200,174	\$ 16,672
Expenditures:			
Salaries and benefits	184,832	184,832	-
Purchased services	15,165	15,165	-
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, 2018			\$ -

**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, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 200,174	\$ 200,174	\$ 180,480
Expenditures:			
Salaries and benefits	185,029	185,029	171,584
Purchased services	14,968	14,968	14,771
Supplies and materials	177	177	177
Pension expense	-	-	10,344
OPEB expense	-	-	276
Total expenditures	200,174	200,174	197,152
Net change in fund balance	\$ -	\$ -	(16,672)
Fund balance, July 1, 2018			-
Fund balance (deficit), end of year			\$ (16,672)

**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, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 122,254	\$ 122,254	\$ 122,254
Expenditures:			
Salaries and benefits	58,431	64,498	64,151
Purchased services	50,098	40,725	39,667
Supplies and materials	4,325	7,435	7,491
Capital outlay	9,400	9,596	9,596
Pension expense	-	-	1,167
OPEB expense	-	-	182
Total expenditures	122,254	122,254	122,254
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, FY18
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 190,000	\$ 477,500	\$ 303,333
Expenditures:			
Salaries and benefits	89,349	148,161	-
Purchased services	85,146	247,131	73,711
Supplies and materials	15,005	45,693	23,842
Capital outlay	500	23,295	9,488
Other objects	-	13,220	-
Total expenditures	190,000	477,500	107,041
Net change in fund balance	\$ -	\$ -	196,292
Fund balance (deficit), beginning of year			(196,292)
Fund balance, July 1, 2018			\$ -

**MACON AND PLATT 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, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 562,500	\$ 562,500	\$ 295,210
Expenditures:			
Salaries and benefits	173,640	178,921	169,882
Purchased services	319,794	299,756	277,067
Supplies and materials	14,723	41,123	25,531
Capital outlay	-	15,750	12,333
Other objects	54,343	26,950	23,684
Pension expense	-	-	13,614
OPEB expense	-	-	52
Total expenditures	<u>562,500</u>	<u>562,500</u>	<u>522,163</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(226,953)
Fund balance, July 1, 2018			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (226,953)</u>

**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, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 77,129	\$ 77,129	\$ 77,129
Expenditures:			
Salaries and benefits	77,129	77,129	75,448
Purchased services	-	-	1,000
Pension expense	-	-	264
OPEB expense	-	-	417
Total expenditures	77,129	77,129	77,129
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, FY18
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 1,277,685	\$ 1,277,685	\$ 154,721
Expenditures:			
Salaries and benefits	707,262	521,727	-
Purchased services	550,623	642,953	110,768
Supplies and materials	18,400	71,029	42,914
Capital outlay	1,400	3,051	1,039
Other objects	-	38,925	-
Total expenditures	1,277,685	1,277,685	154,721
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, July 1, 2018			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD BLOCK GRANT, FY19
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 1,759,800	\$ 1,587,795	\$ 1,587,795
Expenditures:			
Salaries and benefits	406,384	394,195	374,789
Purchased services	1,158,120	843,221	851,622
Supplies and materials	63,449	129,287	123,023
Capital outlay	22,000	115,217	120,853
Other objects	109,847	105,875	95,892
Pension expense	-	-	20,078
OPEB expense	-	-	1,538
Total expenditures	1,759,800	1,587,795	1,587,795
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2018			-
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, FY18
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 65,576	\$ 65,576	\$ 5,466
Expenditures:			
Salaries and benefits	50,155	48,482	-
Purchased services	11,210	10,309	-
Supplies and materials	4,211	4,784	-
Other objects	-	2,001	-
Total expenditures	65,576	65,576	-
Net change in fund balance	\$ -	\$ -	5,466
Fund balance (deficit), beginning of year			(5,466)
Fund balance, July 1, 2018			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD BLOCK GRANT - CONTINUING THREE TO FIVE, FY19
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 69,116	\$ 37,038	\$ 37,038
Expenditures:			
Salaries and benefits	51,608	30,578	29,763
Purchased services	14,259	4,265	4,271
Supplies and materials	3,249	684	684
Other objects	-	1,511	1,078
Pension expense	-	-	1,144
OPEB expense	-	-	98
Total expenditures	69,116	37,038	37,038
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2018			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
HOMELESS CHILDREN YOUTH PROGRAM
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 28,864	\$ 32,380	\$ 28,635
Expenditures:			
Salaries and benefits	26,999	26,999	24,934
Purchased services	870	870	644
Supplies and materials	995	4,511	4,499
Pension expense	-	-	2,062
Total expenditures	28,864	32,380	32,139
Net change in fund balance	\$ -	\$ -	(3,504)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (3,504)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION PROGRAM, FY18
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 39,748	\$ 39,748	\$ 3,982
Expenditures:			
Salaries and benefits	24,969	24,969	-
Purchased services	8,550	8,550	-
Supplies and materials	6,229	6,229	-
Total expenditures	39,748	39,748	-
Net change in fund balance	\$ -	\$ -	3,982
Fund balance (deficit), beginning of year			(3,982)
Fund balance, July 1, 2018			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION PROGRAM, FY19
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 39,053	\$ 39,053	\$ 39,053
Expenditures:			
Salaries and benefits	33,661	33,661	33,661
Purchased services	3,392	3,392	3,206
Supplies and materials	2,000	2,000	2,186
Total expenditures	39,053	39,053	39,053
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**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Permit</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 104,018	\$ -	\$ 8,393	\$ 112,411
Due from other governments	-	-	1,120	1,120
Total assets	\$ 104,018	\$ -	\$ 9,513	\$ 113,531
LIABILITIES				
Due to other funds	\$ -	\$ 408	\$ -	\$ 408
FUND BALANCE				
Restricted	104,018	-	9,513	113,531
Unassigned	-	(408)	-	(408)
Total fund balance (deficit)	104,018	(408)	9,513	113,123
Total liabilities and fund balances	\$ 104,018	\$ -	\$ 9,513	\$ 113,531

**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, 2019**

	Institute	General Education Development	Bus Permit	Total
Revenues:				
Local sources	\$ 28,220	\$ 4,600	\$ 3,820	\$ 36,640
State sources	-	-	1,288	1,288
Total revenues	<u>28,220</u>	<u>4,600</u>	<u>5,108</u>	<u>37,928</u>
Expenditures:				
Instructional services:				
Salaries and benefits	17,253	5,120	6,867	29,240
Purchased services	14,341	1,822	2,004	18,167
Supplies and materials	-	157	-	157
Pension expense	868	446	600	1,914
Total expenditures	<u>32,462</u>	<u>7,545</u>	<u>9,471</u>	<u>49,478</u>
Net change in fund balances	(4,242)	(2,945)	(4,363)	(11,550)
Fund balances, beginning of the year	<u>108,260</u>	<u>2,537</u>	<u>13,876</u>	<u>124,673</u>
Fund balances (deficits), end of the year	<u>\$ 104,018</u>	<u>\$ (408)</u>	<u>\$ 9,513</u>	<u>\$ 113,123</u>

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Heartland Region Fund</u>	<u>Regional Board of Trustees</u>	<u>School Occupation Facility Tax</u>	<u>Decatur Community Partnership</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 329,625	\$ 1,350	\$ -	\$ 31,188	\$ 362,163
Due from other governments	65,641	-	2,704,769	29,253	2,799,663
Total assets	<u>\$ 395,266</u>	<u>\$ 1,350</u>	<u>\$ 2,704,769</u>	<u>\$ 60,441</u>	<u>\$ 3,161,826</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 65,842	\$ -	\$ -	\$ 1,000	\$ 66,842
Due to other governments	329,424	1,350	2,704,769	59,441	3,094,984
Total liabilities	<u>\$ 395,266</u>	<u>\$ 1,350</u>	<u>\$ 2,704,769</u>	<u>\$ 60,441</u>	<u>\$ 3,161,826</u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>HEARTLAND REGION FUND</u>				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 287,721	\$ 1,835,602	\$ 1,793,698	\$ 329,625
Due from other governments	2,102,176	65,641	2,102,176	65,641
Total current assets	<u>2,389,897</u>	<u>1,901,243</u>	<u>3,895,874</u>	<u>395,266</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	592,806	-	592,806	-
Deferred outflows related to OPEB	114,618	-	114,618	-
Total deferred outflows of resources	<u>707,424</u>	<u>-</u>	<u>707,424</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 3,097,321</u>	<u>\$ 1,901,243</u>	<u>\$ 4,603,298</u>	<u>\$ 395,266</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 63,883	\$ 65,842	\$ 63,883	\$ 65,842
Due to other governments	360,527	1,835,401	1,866,504	329,424
Total current liabilities	<u>424,410</u>	<u>1,901,243</u>	<u>1,930,387</u>	<u>395,266</u>
Noncurrent liabilities:				
Net pension liability	1,100,904	-	1,100,904	-
Net OPEB liability	1,082,908	-	1,082,908	-
Total noncurrent liabilities	<u>2,183,812</u>	<u>-</u>	<u>2,183,812</u>	<u>-</u>
Total liabilities	<u>2,608,222</u>	<u>1,901,243</u>	<u>4,114,199</u>	<u>395,266</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	359,540	-	359,540	-
Deferred inflows related to OPEB	129,559	-	129,559	-
Total deferred inflows of resources	<u>489,099</u>	<u>-</u>	<u>489,099</u>	<u>-</u>
Total liabilities and deferred inflows	<u>\$ 3,097,321</u>	<u>\$ 1,901,243</u>	<u>\$ 4,603,298</u>	<u>\$ 395,266</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, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<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	\$ -	\$ 10,328,469	\$ 10,328,469	\$ -
Due from other governments	2,675,052	2,704,769	2,675,052	2,704,769
Total assets	\$ 2,675,052	\$ 13,033,238	\$ 13,003,521	\$ 2,704,769
LIABILITIES				
Due to other governments	\$ 2,675,052	\$ 13,033,238	\$ 13,003,521	\$ 2,704,769
 <u>DECATUR COMMUNITY PARTNERSHIP</u>				
ASSETS				
Cash and cash equivalents	\$ 21,003	\$ 214,849	\$ 204,664	\$ 31,188
Due from other governments	28,907	29,253	28,907	29,253
Total assets	\$ 49,910	\$ 244,102	\$ 233,571	\$ 60,441
LIABILITIES				
Due to other governments	\$ 49,910	\$ 243,102	\$ 233,571	\$ 59,441
Accounts payable	-	1,000	-	1,000
Total liabilities	\$ 49,910	\$ 244,102	\$ 233,571	\$ 60,441

**MACON/PIATT COUNTIES
REGIONAL OFFICE OF EDUCATION #39**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 310,074	\$ 12,378,920	\$ 12,326,831	\$ 362,163
Due from other governments	4,806,135	2,799,663	4,806,135	2,799,663
Total assets	<u>5,116,209</u>	<u>15,178,583</u>	<u>17,132,966</u>	<u>3,161,826</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	592,806	-	592,806	-
Deferred outflows related to OPEB	114,618	-	114,618	-
Total deferred outflows of resources	<u>707,424</u>	<u>-</u>	<u>707,424</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 5,823,633</u>	<u>\$ 15,178,583</u>	<u>\$ 17,840,390</u>	<u>\$ 3,161,826</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 63,883	\$ 66,842	\$ 63,883	\$ 66,842
Due to other governments	3,086,839	15,111,741	15,103,596	3,094,984
Total current liabilities	<u>3,150,722</u>	<u>15,178,583</u>	<u>15,167,479</u>	<u>3,161,826</u>
Noncurrent liabilities:				
Net pension liability	1,100,904	-	1,100,904	-
Net OPEB liability	1,082,908	-	1,082,908	-
Total noncurrent liabilities	<u>2,183,812</u>	<u>-</u>	<u>2,183,812</u>	<u>-</u>
Total liabilities	<u>5,334,534</u>	<u>15,178,583</u>	<u>17,351,291</u>	<u>3,161,826</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	359,540	-	359,540	-
Deferred inflows related to OPEB	129,559	-	129,559	-
Total deferred inflows of resources	<u>489,099</u>	<u>-</u>	<u>489,099</u>	<u>-</u>
Total liabilities and deferred inflows	<u>\$ 5,823,633</u>	<u>\$ 15,178,583</u>	<u>\$ 17,840,390</u>	<u>\$ 3,161,826</u>