

**STATE OF ILLINOIS
CALHOUN, GREENE, JERSEY,
AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

OFFICIALS

Regional Superintendent
(Current, effective August 28, 2015) Ms. Michelle Mueller

Regional Superintendent
(Effective July 1, 2015 through August 27, 2015) Mr. Chad Hoesman

Assistant Regional Superintendent
(Current, effective August 28, 2015) Mr. Chad Hoesman

Offices are located at:

225 E. Nicholas Street
Carlinville, IL 62626

201 W. Exchange Street
Jerseyville, IL 62052

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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	5	3
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	1	-

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)			
2016-001	10	Controls over Financial Statement Preparation	Material Weakness
2016-002	13	Controls over Grant Compliance	Material Weakness and Noncompliance
2016-003	15	Controls over Preparation of Journal Entries	Material Weakness
2016-004	16	Controls over Payroll	Significant Deficiency
2016-005	18	Controls over Expenditures	Material Weakness

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2015-002	Controls over Cash, Receipts, and Disbursements	Material Weakness
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EXIT CONFERENCE

The Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2016. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report.

Responses to the recommendations were provided by Tara Dawdy, accountant, via email on January 13, 2017.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements.

WEST & COMPANY, LLC

MEMBERS

RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE
DAVID W. FALLER

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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OFFICES

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MATTOON
SULLIVAN

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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 28A - 28H, and the Illinois Municipal Retirement Fund – Schedules of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois – Schedules of Employer's Proportionate Share of the Net Pension Liability, and Teacher's Retirement System of the State of Illinois – Schedules of Employer Contributions on pages 73 - 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 May 8, 2017 on our consideration of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
May 8, 2017

MEMBERS

RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE
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**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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements, and have issued our report thereon dated May 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control. Accordingly, we do not express an opinion on the effectiveness of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as findings 2016-001, 2016-002, 2016-003, and 2016-005 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as finding 2016-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as finding 2016-002.

Regional Office of Education No. 40's Responses to Findings

The Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
May 8, 2017

SCHEDULE OF FINDINGS AND RESPONSES

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section I - Summary of Auditors' Findings

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?

X yes none reported

Noncompliance material to financial
statements noted?

X yes no

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II - Financial Statement Findings

FINDING NO. 2016-001 - Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04)

Criteria/Specific Requirement:

The Regional Office of Education No. 40 (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.

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, require governments to record and present net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

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 and other applicable entries for financial statement purposes. The ROE does not have sufficient internal controls over the processing of some accounting transactions. There are not sufficient controls over the preparation/review of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not have adequate controls over the maintenance of complete records of receivables, payables, unearned revenue, and unavailable revenue.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II - Financial Statement Findings

FINDING NO. 2016-001 - Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04) (Continued)

Condition: (Continued)

- The ROE did not have adequate controls over the maintenance of complete records of cash. Bank account balances totaling \$1,250 were excluded from the trial balance.
- The ROE did not have adequate controls over the maintenance of complete records of capital assets. Three assets were recorded in capital outlay but not included in the ROE's capital asset listing. In addition, a capital asset was added to the asset listing with a useful life inconsistent with the ROE's capitalization policy. The leasehold improvement was assigned a useful life of three years rather than the ten to fifteen years noted in the capitalization policy. Beginning accumulated depreciation was not rolled forward correctly from June 30, 2015 on the capital asset spreadsheet, so depreciation expense and ending accumulated depreciation were not calculated properly as of June 30, 2016.
- The ROE did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.
- Numerous other adjustments were required to present financial statements 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.

Cause:

According to the Regional Office of Education No. 40 management, they did not have adequate funding to hire a certified public accountant or other financial professionals with the appropriate training and expertise as full time staff.

Additionally, the complex requirements of GASB Statements No. 68 and 71 will require additional time and training before the Regional Office can fully implement the requirement on its own.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II - Financial Statement Findings

FINDING NO. 2016-001 - Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04) (Continued)

Auditors' Recommendation:

The ROE should implement comprehensive preparation and/or review procedures as a part of their internal control over the preparation of financial statements to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

Management's Response:

At this time the Regional Office of Education No. 40 does not have available funding to hire an individual to assist with financial statement preparation; however, fiscal personnel of the Regional Office will strive to do their best to prepare the financial statements in accordance with GAAP.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II – Financial Statement Findings

FINDING NO. 2016-002 – Controls over Grant Compliance (Partial Repeat of Finding 15-003)

Criteria/Specific Requirement:

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office of Education No. 40 (ROE) must incorporate certain procedures into its operations in order to comply with the grant agreements with these entities.

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

In addition, grant agreements require the ROE to report actual expenditures incurred rather than reporting expenditures based on the amount budgeted in the grant agreement. The ROE is required to spend funding in accordance with budgets submitted to grantors.

Condition:

During the course of our audit, we noted the following related to the controls over grant compliance:

- Five of the 16 (31%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. The quarterly expenditure reports were submitted nine days late.
- The Truants Alternative/Optional Education grant reported \$1,000 of a loan repayment to Jersey County in payments to other governments. The loan repayment was not included in the approved budget for this grant and should have been reported as a payment on long-term debt in the Jerseyville Office Remodel fund. In addition, a payment of \$3,354 for services provided by another government was reclassified from its proper classification of payments to other governments into a salaries account for this grant.
- The expenditures reported on the final expenditure report for the Adult Education Federal Basic grant did not agree to the expenditures recorded in the general ledger.

Effect:

Lack of timely filed expenditure reports could result in a delay of grant funding. Grant funding was spent on an unapproved expenditure, an expenditure was classified incorrectly, and expenditures reported on an expenditure report did not match the general ledger, all of which could lead to the granting agency requesting reimbursement or adjusting future grant amounts.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II – Financial Statement Findings

FINDING NO. 2016-002 – Controls over Grant Compliance (Partial Repeat of Finding 15-003)
(Continued)

Cause:

Lack of communication with accounting personnel and a misunderstanding of accounting and internal control procedure requirements by program directors.

Auditors' Recommendation:

The ROE should implement adequate internal controls to ensure that expenditure reports are filed timely and that only properly recorded and approved expenditures are included in grant expenditure reports.

Management's Response:

The ROE will implement adequate internal controls to ensure that expenditure reports are filed timely and that only properly recorded and approved expenditures are included in grant expenditure reports.

Loan repayments will be properly classified and recorded as per accounting principles.

All expenditures reported on any final expenditure reports will match general ledger expenditures.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II – Financial Statement Findings

FINDING NO. 2016-003 – Controls over Preparation of Journal Entries

Criteria/Specific Requirement:

The Regional Office of Education No. 40 (ROE) is responsible for establishing and maintaining an internal control system over journal entries to prevent errors or fraud. In addition, adequate controls over compliance with laws, regulations, and grant agreements require supervisory review of expenditures charged to grant programs.

Condition:

During our review of journal entries, we noted the ROE could not provide supporting documentation for 25 out of 25 (100%) of the journal entries selected for testing. The Regional Superintendent's or Assistant Regional Superintendent's approval of journal entries was based on a printout of the journal entries and verbal explanations as provided by the bookkeeper rather than written supporting documentation of the journal entries. It was also noted by the auditors that the printout for one month of journal entries made by the bookkeeper was not signed off as approved by the Regional Superintendent or Assistant Regional Superintendent.

Effect:

Unallowable costs could be charged to grant program expenditures or erroneous or fraudulent journal entries could be made that may not be detected and corrected on a timely basis.

Cause:

Lack of communication between the accounting personnel and a misunderstanding of accounting and internal control procedure requirements by management.

Auditors' Recommendation:

The ROE should retain all source documents used to support journal entries. In addition, the Regional Superintendent or Assistant Regional Superintendent should formally review and approve all journal entries, along with supporting documentation, prior to the entries being posted to the accounting records.

Management's Response:

The ROE will retain all source documents used to support journal entries and all entries will be reviewed and approved prior to being posted in the accounting records.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II – Financial Statement Findings

FINDING NO. 2016-004 – Controls over Payroll

Criteria/Specific Requirement:

The Regional Office of Education No. 40 (ROE) is responsible for establishing and maintaining an internal control system over payroll to prevent errors or fraud. The Regional Office has a policy that employment contracts are negotiated annually for each employee.

In addition, the Teachers' Retirement System of the State of Illinois (TRS) allows employers to pay employees' portion of retirement contributions. These employer paid retirement contributions are considered nontaxable benefits to the employee but should be included in creditable earnings for TRS calculations.

Condition:

During the course of audit fieldwork, auditors noted the following:

- Three out of six (50%) of the employment contracts that were examined by auditors were expired at the time the employees were compensated. In addition, it was noted by the auditors that one out of the six (17%) employees tested was compensated for three months under a contract prior to its approval by the Regional Superintendent or Assistant Regional Superintendent.
- The annual salary paid to one employee did not agree to the employment contract. The employee portion of TRS, which the ROE agreed to pay on the employee's behalf, was improperly withheld from the employee's first twelve pays. In correcting this error, the ROE recorded the withheld amount paid back to the employee as gross pay rather than benefits. This resulted in improper taxable income reported for the employee. In addition, creditable earnings for TRS calculations were not properly calculated.

Effect:

Without having a valid employee contract on file, the ROE would be unable to accurately prepare payroll. In addition, payroll taxes and benefits were not calculated properly because taxable income and creditable earnings were misstated.

Cause:

Due to questionable state funding, ROE No. 40 did not extend a yearly contract to all employees and was operating month to month based on the previous contract.

Lack of communication between management and accounting personnel resulted in the issues with the TRS employee's pay.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II – Financial Statement Findings

FINDING NO. 2016-004 – Controls over Payroll (Continued)

Auditors' Recommendation:

The ROE should implement adequate internal controls over payroll by reviewing and updating employment contracts annually before existing contracts expire. The ROE should also carefully review contracts to determine that employee retirement contribution amounts are being calculated and paid properly from employees' pay.

Management's Response:

The ROE will review expiring contracts near the end of the fiscal year. The ROE will then prepare and approve employment contracts for the new fiscal year prior to July 1st. If the ROE hires an employee mid-year, the employment contract will be prepared and approved before the employee is compensated.

Employee retirement contribution amounts will be calculated and paid properly from employees' pay.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II – Financial Statement Findings

FINDING NO. 2016-005 – Controls over Expenditures

Criteria/Specific Requirement:

Internal controls should ensure that expenditures incurred by the Regional Office of Education No. 40 (ROE) are adequately documented, incurred for a business purpose, and represent economical and effective use of ROE resources.

The ROE has a policy that authorized staff must fill out a “check out” form for use of the ROE’s credit cards. The form must be signed by the requestor and should be approved by the program director, Regional Superintendent, or Assistant Regional Superintendent.

Condition:

During the course of audit fieldwork it was noted that a debit card was obtained and used from September 2015 through March 2016. There were no written policies or procedures in place for the usage of the debit card, and twenty (20) of the twenty-five (25) (80%) debit card payments tested were lacking the internal controls implemented over cash disbursements and credit cards.

In addition, a gift card for \$300 was purchased for use by the teen parent services coordinator. While the coordinator submitted receipts to show how the gift card was spent, the receipts were not reconciled to the gift card amount or reviewed and approved by the Regional Superintendent or Assistant Regional Superintendent.

During the testing of seventeen (17) credit card transactions and sixty (60) cash disbursements, we noted the following exceptions:

- In fifteen (15) of the seventeen (17) (88%) credit card transactions tested, the credit card “check out” forms were missing.
- In two (2) of the seventeen (17) (12%) credit card transactions tested, receipts to support the credit card charges were missing.
- In one (1) of the seventeen (17) (6%) credit card transactions tested, the payment authorization form was not dated by the approver.
- In one (1) of the sixty (60) (2%) disbursements tested, the payment authorization form could not be located.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Section II – Financial Statement Findings

FINDING NO. 2016-005 – Controls over Expenditures (Continued)

Condition: (Continued)

- In four (4) of the sixty (60) (7%) disbursements tested, the payment authorization form was not properly prepared.
- In one (1) of the sixty (60) (2%) disbursements tested, the paid board report was not properly signed off as reviewed and approved.

Effect:

Improper or fraudulent transactions could be made that may not be detected and corrected on a timely basis.

Cause:

The ROE did not have an adequate system of internal controls over credit card transactions and cash disbursements.

Auditors' Recommendation:

The ROE should have established and implemented adequate internal controls over debit card transactions or discontinued using the debit card when the ROE found out it was a debit card rather than a credit card. The ROE has already addressed this issue by ceasing the use of the debit card in March 2016.

Additionally, the ROE should keep a copy of the gift cards purchased for use by the teen parent services coordinator. Receipts for purchases on the gift card should be approved and reconciled to the gift card balance.

The ROE's management should ensure the ROE designs and implements an adequate system of internal controls over credit card transactions and cash disbursements to prevent errors and fraud. All disbursements made by the ROE should be supported by sufficient, accurate, and properly approved documentation.

Management's Response:

The ROE has discontinued the use of debit and gift cards. The ROE has now implemented an adequate system of internal controls over credit card transactions and cash disbursements to prevent errors and fraud. All disbursements made by the ROE will be supported by sufficient, accurate, and properly approved documentation.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Corrective Action Plan

FINDING NO. 2016-001 - Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04)

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 and other applicable entries for financial statement purposes. The ROE does not have sufficient internal controls over the processing of some accounting transactions. There are not sufficient controls over the preparation/review of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not have adequate controls over the maintenance of complete records of receivables, payables, unearned revenue, and unavailable revenue.
- The ROE did not have adequate controls over the maintenance of complete records of cash. Bank account balances totaling \$1,250 were excluded from the trial balance.
- The ROE did not have adequate controls over the maintenance of complete records of capital assets. Three assets were recorded in capital outlay but not included in the ROE's capital asset listing. In addition, a capital asset was added to the asset listing with a useful life inconsistent with the ROE's capitalization policy. The leasehold improvement was assigned a useful life of three years rather than the ten to fifteen years noted in the capitalization policy. Beginning accumulated depreciation was not rolled forward correctly from June 30, 2015 on the capital asset spreadsheet, so depreciation expense and ending accumulated depreciation were not calculated properly as of June 30, 2016.
- The ROE did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.
- Numerous other adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Plan:

Regional Office of Education No. 40 will seek to find training opportunities for the fiscal personnel to fulfill these requirements.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS**

For the year ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-001 - Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04) (Continued)

Anticipated Date of Completion:

Ongoing

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Corrective Action Plan

FINDING NO. 2016-002 – Controls over Grant Compliance (Partial Repeat of Finding 15-003)

Condition:

During the course of our audit, we noted the following related to the controls over grant compliance:

- Five of the 16 (31%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. The quarterly expenditure reports were submitted nine days late.
- The Truants Alternative/Optional Education grant reported \$1,000 of a loan repayment to Jersey County in payments to other governments. The loan repayment was not included in the approved budget for this grant and should have been reported as a payment on long-term debt in the Jerseyville Office Remodel fund. In addition, a payment of \$3,354 for services provided by another government was reclassified from its proper classification of payments to other governments into a salaries account for this grant.
- The expenditures reported on the final expenditure report for the Adult Education Federal Basic grant did not agree to the expenditures recorded in the general ledger.

Plan:

All grant deadlines have been reviewed and a schedule has been created to aid in timely report filing.

Loan repayments will be properly classified and recorded as per accounting principles.

All expenditures reported on any final expenditure reports will match general ledger expenditures.

Anticipated Date of Completion:

September 2016

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Corrective Action Plan

FINDING NO. 2016-003 – Controls over Preparation of Journal Entries

Condition:

During our review of journal entries, we noted the ROE could not provide supporting documentation for 25 out of 25 (100%) of the journal entries selected for testing. The Regional Superintendent's or Assistant Regional Superintendent's approval of journal entries was based on a printout of the journal entries and verbal explanations as provided by the bookkeeper rather than written supporting documentation of the journal entries. It was also noted by the auditors that the printout for one month of journal entries made by the bookkeeper was not signed off as approved by the Regional Superintendent or Assistant Regional Superintendent.

Plan:

The ROE will retain all source documents used to support journal entries and all entries will be reviewed and approved prior to being posted in the accounting records.

Anticipated Date of Completion:

Immediately

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Corrective Action Plan

FINDING NO. 2016-004 – Controls over Payroll

Condition:

During the course of audit fieldwork, auditors noted the following:

- Three out of six (50%) of the employment contracts that were examined by auditors were expired at the time the employees were compensated. In addition, it was noted by the auditors that one out of the six (17%) employees tested was compensated for three months under a contract prior to its approval by the Regional Superintendent or Assistant Regional Superintendent.
- The annual salary paid to one employee did not agree to the employment contract. The employee portion of TRS, which the ROE agreed to pay on the employee's behalf, was improperly withheld from the employee's first twelve pays. In correcting this error, the ROE recorded the withheld amount paid back to the employee as gross pay rather than benefits. This resulted in improper taxable income reported for the employee. In addition, creditable earnings for TRS calculations were not properly calculated.

Plan:

Fiscal year 2017 employee contracts were reviewed once this issue was brought to the attention of management. Future contracts will be reviewed and approved prior to the start of each fiscal year.

Anticipated Date of Completion:

Immediately

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Corrective Action Plan

FINDING NO. 2016-005 – Controls over Expenditures

Condition:

During the course of audit fieldwork it was noted that a debit card was obtained and used from September 2015 through March 2016. There were no written policies or procedures in place for the usage of the debit card, and twenty (20) of the twenty-five (25) (80%) debit card payments tested were lacking the internal controls implemented over cash disbursements and credit cards.

In addition, a gift card for \$300 was purchased for use by the teen parent services coordinator. While the coordinator submitted receipts to show how the gift card was spent, the receipts were not reconciled to the gift card amount or reviewed and approved by the Regional Superintendent or Assistant Regional Superintendent.

During the testing of seventeen (17) credit card transactions and sixty (60) cash disbursements, we noted the following exceptions:

- In fifteen (15) of the seventeen (17) (88%) credit card transactions tested, the credit card “check out” forms were missing.
- In two (2) of the seventeen (17) (12%) credit card transactions tested, receipts to support the credit card charges were missing.
- In one (1) of the seventeen (17) (6%) credit card transactions tested, the payment authorization form was not dated by the approver.
- In one (1) of the sixty (60) (2%) disbursements tested, the payment authorization form could not be located.
- In four (4) of the sixty (60) (7%) disbursements tested, the payment authorization form was not properly prepared.
- In one (1) of the sixty (60) (2%) disbursements tested, the paid board report was not properly signed off as reviewed and approved.

Plan:

The ROE has discontinued the use of debit and gift cards. The ROE has now implemented an adequate system of internal controls over credit card transactions and cash disbursements to prevent errors and fraud. All disbursements made by the ROE will be supported by sufficient, accurate, and properly approved documentation.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS**

For the year ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-005 – Controls over Expenditures

Anticipated Date of Completion:

August 2016

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2015-001	Controls over Financial Statement Preparation	Repeated as finding 2016-001
2015-002	Controls over Cash, Receipts, and Disbursements	Resolved
2015-003	Controls over Adult Education Reporting	Partially repeated as finding 2016-002

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

The Regional Office of Education No. 40 for the Counties of Calhoun, Greene, Jersey, and Macoupin provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016 with comparative information for the year ended June 30, 2015. Readers are encouraged to consider the information in conjunction with the Regional Office of Education No. 40's financial statements that follow.

2016 FINANCIAL HIGHLIGHTS

- Within the Governmental Funds, the General Fund revenue increased by \$30,985 from \$675,228 in FY15 to \$706,213 in FY16. General Fund expenditures increased by \$33,580 from \$600,754 in FY15 to \$634,334 in FY16. The Office had an increase in students in the Safe Schools program which increased General State Aid revenue and related expenditures by approximately \$30,000.
- Within the Governmental Funds, the Special Revenue Fund revenue (consisting of the Education Fund, Institute Fund, and Non-Major Special Revenue Funds) decreased by \$83,583 from \$398,316 in FY15 to \$314,733 in FY16. The Special Revenue Fund expenditures decreased by \$95,786 from \$389,944 in FY15 to \$294,158 in FY16. The decrease in revenue and expenditures was due to funding cuts related to the Adult Education Programs.

USING THIS REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education No. 40's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the Regional Office of Education No. 40 as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office of Education No. 40's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

REPORTING THE OFFICE AS A WHOLE

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education No. 40 as a whole. The Statement of Net Position includes all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

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

-Over time, increases or decreases in the net position can be an indicator of whether the financial position is improving or deteriorating, respectively.

-To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

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

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education No. 40 established other funds to control and manage money for particular purposes.

The Regional Office of Education No. 40 has three kinds of funds:

- 1) Governmental funds account for most of the Regional Office of Education No. 40's services. These funds focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Regional Office of Education No. 40's governmental funds include the General Fund and the Special Revenue Funds.

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

REPORTING THE OFFICE AS A WHOLE (CONCLUDED)

The Statement of Net Position and the Statement of Activities (Concluded)

- 2) Proprietary funds, namely, Administrators' Academy, Workshops, and Olympiad Fund are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail.

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

- 3) Fiduciary funds are used to account for assets held by the Regional Office of Education No. 40 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

A summary reconciliation between the Government-wide financial statements and the governmental fund financial statements follows the governmental fund financial statements.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

OFFICE-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the Regional Office of Education No. 40. The net position at the end of the FY16 totaled \$287,572. At the end of FY15, the net position was \$185,894. The analysis that follows provides a summary of the Office's net position at June 30, 2016 and 2015.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 289,527	\$ 194,063	\$ 16,598	\$ 7,984	\$ 306,125	\$ 202,047
Noncurrent Assets						
Capital Assets	30,300	28,421	1,396	2,000	31,696	30,421
Net Pension Asset	405	17,515	-	-	405	17,515
Total Noncurrent Assets	30,705	45,936	1,396	2,000	32,101	47,936
TOTAL ASSETS	320,232	239,999	17,994	9,984	338,226	249,983
DEFERRED OUTFLOWS OF RESOURCES	122,237	83,707	-	-	122,237	83,707
Current Liabilities	36,341	26,389	3,054	-	39,395	26,389
Noncurrent Liabilities	31,666	106,105	-	-	31,666	106,105
TOTAL LIABILITIES	68,007	132,494	3,054	-	71,061	132,494
DEFERRED INFLOWS OF RESOURCES	101,830	15,302	-	-	101,830	15,302
Net Position:						
Net Investment in						
Capital Assets	27,700	23,221	1,396	2,000	29,096	25,221
Restricted - other	101,257	90,270	-	-	101,257	90,270
Unrestricted	143,675	62,419	13,544	7,984	157,219	70,403
TOTAL NET POSITION	\$ 272,632	\$ 175,910	\$ 14,940	\$ 9,984	\$ 287,572	\$ 185,894

- Net position of the Regional Office of Education No. 40 increased by \$101,678 from FY15.
- Governmental activities increased the net position of the Regional Office of Education No. 40 by \$96,722.
- Business-type activities increased the net position of the Regional Office of Education No. 40 by \$4,956.
- A portion of the net position related to Governmental Activities is restricted by Illinois Statute.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

OFFICE-WIDE FINANCIAL ANALYSIS (CONCLUDED)

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ 41,784	\$ 54,126	\$ 42,434	\$ 54,126	\$ 84,218
Operating grants & contributions	579,773	352,399	-	-	579,773	352,399
General revenues:						
Local sources	191,758	170,673	-	-	191,758	170,673
State sources	-	260,139	-	-	-	260,139
On-behalf payments - State	356,974	392,831	-	-	356,974	392,831
Interest	75	-	-	-	75	-
TOTAL REVENUES	<u>1,128,580</u>	<u>1,217,826</u>	<u>54,126</u>	<u>42,434</u>	<u>1,182,706</u>	<u>1,260,260</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries and benefits	496,160	507,038	-	-	496,160	507,038
Pension expense	13,150	37,144	-	-	13,150	37,144
Purchased services	139,784	158,384	-	-	139,784	158,384
Supplies and materials	6,573	21,713	-	-	6,573	21,713
Payments to other governments	2,354	8,000	-	-	2,354	8,000
Other objects	2,606	1,364	-	-	2,606	1,364
Depreciation	10,743	13,124	-	-	10,743	13,124
Administrative expenses:						
On-behalf payments - State	356,974	392,831	-	-	356,974	392,831
Business-type expenses:						
Instructional	-	-	52,684	44,271	52,684	44,271
TOTAL EXPENSES	<u>1,028,344</u>	<u>1,139,598</u>	<u>52,684</u>	<u>44,271</u>	<u>1,081,028</u>	<u>1,183,869</u>
Changes in Net Position before Transfers	100,236	78,228	1,442	(1,837)	101,678	76,391
Transfers	-	2,988	-	(2,988)	-	-
Changes in Net Position	100,236	81,216	1,442	(4,825)	101,678	76,391
Net Position, beginning, restated	<u>172,396</u>	<u>94,694</u>	<u>13,498</u>	<u>14,809</u>	<u>185,894</u>	<u>109,503</u>
Net Position, end of year	<u>\$ 272,632</u>	<u>\$ 175,910</u>	<u>\$ 14,940</u>	<u>\$ 9,984</u>	<u>\$ 287,572</u>	<u>\$ 185,894</u>

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION NO. 40 FUNDS

As previously noted, the Regional Office of Education No. 40 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's Governmental Funds report combined fund balances of \$238,446 for FY16, compared to \$152,106 for FY15.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION NO. 40 FUNDS
(CONTINUED)**

Governmental Fund Highlights:

- For their fiscal year ended August 31, 2016, Macoupin County supported the ROE at 92% with little more than 1.08% decrease from the FY15 budget with the Regional Office of Education No. 40 continuing to pay the insurance premium for the employees.
- For their fiscal year ended November 30, 2016, Jersey County continued to support the ROE at 100% with little more than a .33% decrease from FY15.
- For their fiscal year ended August 31, 2016, Calhoun County continued to support the ROE at 100% with a little more than a 5.69% decrease from FY15.
- For their fiscal year end December 31, 2016, the Greene County budget increased by 6.74% from FY15. Greene County supported the ROE at 43% of the budgeted amount.

The following changes occurred in governmental fund revenues:

- Local sources decreased \$1,703.
- State sources decreased \$16,996.
- Federal sources decreased by \$15,769.
- On behalf payments decreased from state sources \$18,205.

In total, governmental fund revenues decreased by \$52,598 and governmental fund expenditures decreased by \$62,206 for FY16. Due to less funding from the State, the Office had decreases in revenues which caused a decrease in expenditures. The State aid foundation level used to calculate the state aid received in FY16 remained at \$6,119 per student.

Proprietary Fund Highlights:

The increase in proprietary fund revenues of \$11,692 was due to the fact that the Regional Office reclassified the Olympiad Fund, with revenues of \$13,625, as a proprietary fund. The reclassification also contributed to the increase in proprietary fund expenditures of \$8,413.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION NO. 40 FUNDS
(CONTINUED)**

Budgetary Highlights:

The Regional Office of Education No. 40 did not adopt annual budgets, nor are they legally required to, for all funds under its control. The Regional Superintendent annually prepares an Office Operation Budget and submits it to the four county boards for their approval. The Macoupin County Budget and Calhoun County Budget cover a fiscal year which runs from September 1 through August 31. The Jersey County Budget runs from December 1 through November 30. The Greene County Budget runs from January 1 through December 31. Since these budgets are not based on the same operating period as the Regional Office, they are not presented.

Budgetary reports are presented for certain programs funded by the Illinois State Board of Education and the Illinois Community College Board. These budgets must be prepared and submitted to the awarding agencies for approval. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and State sources or for additional services and supplies needed. Schedules showing the original budgets and final grant budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information section of this report.

Capital Assets:

Capital assets of the Regional Office of Education No. 40 include office equipment, computers, audio-visual equipment, office furniture, and lease-hold building improvements. The Regional Office of Education No. 40 maintains an inventory of capital assets which have been accumulated over time. For FY16, net capital assets increased by \$1,275. Total capital outlay for FY16 was \$12,622 for governmental funds.

Long-Term Debt:

On April 1, 2014 the Regional Office of Education entered into a three-year loan agreement for \$7,800 for the purpose of remodeling the leased Jerseyville Office. The Jerseyville Office applied \$2,109 to the loan repayment for adjustable depreciated costs incurred on the former building at 303 W. Exchange. The repayment schedule thereafter is as follows: July 1, 2014 \$491; July 1, 2015 \$2,600 and July 1, 2016 \$2,600. The outstanding June 30, 2016 balance was \$2,600.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION NO. 40 FUNDS
(CONTINUED)**

Economic Factors and Next Year's Budget:

At the time these financial statements were prepared and audited, the Regional Office of Education No. 40 was aware of several existing circumstances that could affect its financial health in the future.

- The State of Illinois Foundation level used in the calculation has remained the same at \$6,119 per student with the expectation for prorated funding.
- FY17 funding will increase due to an increase in the ROE/ISC budget by \$29,404.
- Due to the Stopgap budget, there may be issues with payments through the end of the fiscal year, due to the State not having adopted a full budget for FY17.

**CONTACTING THE REGIONAL OFFICE OF EDUCATION NO. 40'S FINANCIAL
MANAGEMENT**

This financial report is designed to provide the Regional Office of Education No. 40's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent at the Regional Office of Education No. 40, 225 E. Nicholas Street, Carlinville, IL 62626.

BASIC FINANCIAL STATEMENTS

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 172,395	\$ 16,598	\$ 188,993
Accounts receivable	944	-	944
Due from other governments	116,188	-	116,188
Total current assets	<u>289,527</u>	<u>16,598</u>	<u>306,125</u>
Noncurrent assets:			
Capital assets, net	30,300	1,396	31,696
Net pension asset	405	-	405
Total noncurrent assets	<u>30,705</u>	<u>1,396</u>	<u>32,101</u>
Total assets	<u>320,232</u>	<u>17,994</u>	<u>338,226</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>122,237</u>	<u>-</u>	<u>122,237</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,571	-	1,571
Accrued wages and benefits	5,683	1,898	7,581
Due to other governments	13,308	1,156	14,464
Note payable, current	2,600	-	2,600
Unearned revenue	13,179	-	13,179
Total current liabilities	<u>36,341</u>	<u>3,054</u>	<u>39,395</u>
Noncurrent liabilities:			
Net pension liability	<u>31,666</u>	<u>-</u>	<u>31,666</u>
Total noncurrent liabilities	<u>31,666</u>	<u>-</u>	<u>31,666</u>
Total liabilities	<u>68,007</u>	<u>3,054</u>	<u>71,061</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>101,830</u>	<u>-</u>	<u>101,830</u>
NET POSITION			
Net investment in capital assets	27,700	1,396	29,096
Restricted - other	101,257	-	101,257
Unrestricted	143,675	13,544	157,219
Total net position	<u>\$ 272,632</u>	<u>\$ 14,940</u>	<u>\$ 287,572</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	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
FUNCTIONS/PROGRAMS						
Governmental activities:						
Instructional services:						
Salaries	\$ 448,573	\$ -	\$ 409,399	\$ (39,174)	\$ -	\$ (39,174)
Benefits	47,587	-	35,006	(12,581)	-	(12,581)
Purchased services	139,784	-	119,737	(20,047)	-	(20,047)
Supplies and materials	6,573	-	6,091	(482)	-	(482)
Capital outlay	-	-	4,622	4,622	-	4,622
Other	2,606	-	2,564	(42)	-	(42)
Payments to other governments	2,354	-	2,354	-	-	-
Depreciation	10,743	-	-	(10,743)	-	(10,743)
Pension expense	13,150	-	-	(13,150)	-	(13,150)
Administrative:						
On-behalf payments - State	356,974	-	-	(356,974)	-	(356,974)
Total governmental activities	<u>1,028,344</u>	<u>-</u>	<u>579,773</u>	<u>(448,571)</u>	<u>-</u>	<u>(448,571)</u>
Business-type activities						
Instructional	52,684	54,126	-	-	1,442	1,442
Total primary government	<u>\$ 1,081,028</u>	<u>\$ 54,126</u>	<u>\$ 579,773</u>	<u>(448,571)</u>	<u>1,442</u>	<u>(447,129)</u>
General revenues:						
Local sources				191,758	-	191,758
On-behalf payments - State				356,974	-	356,974
Interest				75	-	75
Total general revenues				<u>548,807</u>	<u>-</u>	<u>548,807</u>
Change in net position				100,236	1,442	101,678
Net position - beginning of year - restated (see Note 17)				<u>172,396</u>	<u>13,498</u>	<u>185,894</u>
Net position - end of year				<u>\$ 272,632</u>	<u>\$ 14,940</u>	<u>\$ 287,572</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>
ASSETS			
Cash and cash equivalents	\$ 61,142	\$ 15,948	\$ 80,119
Accounts receivable	-	-	590
Due from other funds	96,839	-	-
Due from other governments	17,986	96,914	-
	<u>175,967</u>	<u>112,862</u>	<u>80,709</u>
Total assets	<u>\$ 175,967</u>	<u>\$ 112,862</u>	<u>\$ 80,709</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 216	\$ 1,355	\$ -
Accrued wages and benefits	5,398	285	-
Due to other funds	-	96,839	-
Due to other governments	2,240	11,068	-
Unearned revenue	13,179	-	-
	<u>21,033</u>	<u>109,547</u>	<u>-</u>
Total liabilities	<u>21,033</u>	<u>109,547</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>17,340</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	3,315	80,709
Unassigned	137,594	-	-
	<u>137,594</u>	<u>3,315</u>	<u>80,709</u>
Total fund balances	<u>137,594</u>	<u>3,315</u>	<u>80,709</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 175,967</u>	<u>\$ 112,862</u>	<u>\$ 80,709</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BALANCE SHEET (Concluded)
GOVERNMENTAL FUNDS
June 30, 2016**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 15,186	\$ 172,395
Accounts receivable	354	944
Due from other funds	-	96,839
Due from other governments	1,288	116,188
	<u>16,828</u>	<u>116,188</u>
Total assets	<u>\$ 16,828</u>	<u>\$ 386,366</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 1,571
Accrued wages and benefits	-	5,683
Due to other funds	-	96,839
Due to other governments	-	13,308
Unearned revenue	-	13,179
	<u>-</u>	<u>130,580</u>
Total liabilities	<u>-</u>	<u>130,580</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>-</u>	<u>17,340</u>
FUND BALANCES		
Restricted	16,828	100,852
Unassigned	-	137,594
	<u>16,828</u>	<u>137,594</u>
Total fund balances	<u>16,828</u>	<u>238,446</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,828</u>	<u>\$ 386,366</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Total fund balances - governmental funds		\$ 238,446
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.</p>		17,340
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		30,300
<p>Noncurrent assets related to pension benefits are collected but not payable in the current period and, therefore, are not reported in the funds.</p>		
Net pension asset		405
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.</p>		
Deferred outflows of resources	\$ 122,237	
Deferred inflows of resources	<u>(101,830)</u>	20,407
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Note payable	\$ (2,600)	
Net pension liability	<u>(31,666)</u>	<u>(34,266)</u>
Net position of governmental activities		<u>\$ 272,632</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	General Fund	Education Fund	Institute Fund
Revenues:			
Local sources	\$ 156,141	\$ 6,777	\$ 19,431
State sources	301,540	242,191	-
Federal sources	-	34,754	-
On-behalf payments	248,512	-	-
Interest	20	-	55
Total revenues	<u>706,213</u>	<u>283,722</u>	<u>19,486</u>
Expenditures:			
Instructional services:			
Salaries	273,810	174,763	-
Benefits	34,482	13,105	-
Purchased services	56,595	78,284	1,668
Supplies and materials	624	5,648	-
Other	-	2,606	-
Payments to other governments	-	2,354	-
Pension expense	12,311	7,570	-
On-behalf payments	248,512	-	-
Capital outlay	8,000	4,622	-
Total expenditures	<u>634,334</u>	<u>288,952</u>	<u>1,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,879</u>	<u>(5,230)</u>	<u>17,818</u>
Other financing sources (uses):			
Payments on long-term debt	(2,600)	-	-
Transfers in	1,000	8,522	-
Transfers out	(8,522)	(1,000)	-
Total other financing sources (uses)	<u>(10,122)</u>	<u>7,522</u>	<u>-</u>
Net change in fund balances	61,757	2,292	17,818
Fund balances, beginning of year, restated (see Note 17)	<u>75,837</u>	<u>1,023</u>	<u>62,891</u>
Fund balances, end of year	<u>\$ 137,594</u>	<u>\$ 3,315</u>	<u>\$ 80,709</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues:		
Local sources	\$ 10,237	\$ 192,586
State sources	1,288	545,019
Federal sources	-	34,754
On-behalf payments	-	248,512
Interest	-	75
Total revenues	11,525	1,020,946
Expenditures:		
Instructional services:		
Salaries	-	448,573
Benefits	-	47,587
Purchased services	3,237	139,784
Supplies and materials	301	6,573
Other	-	2,606
Payments to other governments	-	2,354
Pension expense	-	19,881
On-behalf payments	-	248,512
Capital outlay	-	12,622
Total expenditures	3,538	928,492
Excess (deficiency) of revenues over (under) expenditures	7,987	92,454
Other financing sources (uses):		
Payments on long-term debt	-	(2,600)
Transfers in	-	9,522
Transfers out	-	(9,522)
Total other financing sources (uses)	-	(2,600)
Net change in fund balances	7,987	89,854
Fund balances, beginning of year, restated (see Note 17)	8,841	148,592
Fund balances, end of year	\$ 16,828	\$ 238,446

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Net change in fund balances \$ 89,854

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	\$ 12,622	
Depreciation expense	<u>(10,743)</u>	1,879

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to 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. 2,600

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

Current year unavailable revenue	\$ 17,340	
Prior year unavailable revenue	<u>(18,168)</u>	(828)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 19,881	
Cost of benefits earned, net	<u>(13,150)</u>	<u>6,731</u>

Change in net position of governmental activities \$ 100,236

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

		<u>Business-Type Activities</u>
		<u>Enterprise Funds</u>
		<u>Nonmajor Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	16,598
Noncurrent assets:		
Capital assets, net		<u>1,396</u>
Total assets		<u>17,994</u>
LIABILITIES		
Current liabilities:		
Accrued wages and benefits		1,898
Due to other governments		<u>1,156</u>
Total current liabilities		<u>3,054</u>
NET POSITION		
Net investment in capital assets		1,396
Unrestricted		<u>13,544</u>
Total net position	\$	<u>14,940</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

For the year ended June 30, 2016

	Business-Type Activities
	Enterprise Funds
	Nonmajor Funds
Operating revenues:	
Charges for services	\$ 54,126
Operating expenses:	
Salaries	21,381
Employee benefits	1,783
Purchased services	27,766
Supplies and materials	1,150
Depreciation	604
Total operating expenses	52,684
Operating income	1,442
Net position - beginning of year - restated (see Note 17)	13,498
Net position - end of year	\$ 14,940

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Business-Type Activities
	Enterprise Funds
	Nonmajor Funds
Cash flows from operating activities:	
Collection of fees	\$ 54,126
Payments to suppliers and providers for goods and services	(27,760)
Payments to employees	(21,266)
Net cash provided by operating activities	5,100
Cash flows from noncapital financing activities:	
Interfund loans repaid, net	4,687
Net cash provided by noncapital financing activities	4,687
Net increase in cash and cash equivalents	9,787
Cash and cash equivalents - beginning of year	6,811
Cash and cash equivalents - end of year	\$ 16,598
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,442
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	604
Increase in accrued wages and benefits	1,898
Increase in due to other governments	1,156
Net cash provided by operating activities	\$ 5,100

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,000
Due from other governments	<u>539,908</u>
Total assets	<u><u>\$ 540,908</u></u>
LIABILITIES	
Due to other governments	<u>\$ 540,908</u>
Total liabilities	<u><u>\$ 540,908</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 40'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. 40 was created by Illinois Public Act 76-735, as amended, effective August 7, 1995. The Regional Office operates under the School Code (105 ILCS 5/3 and 5/3A). The region encompasses Calhoun, Greene, Jersey, and Macoupin 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. 40 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. 40 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. 40's financial statements. In addition, the Regional Office of Education No. 40 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 40 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Statement of Net Position includes all of the Regional Office of Education No. 40'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 transfers in/out 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. 40 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 - unavailable revenue 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. 40's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 40'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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Governmental Funds

The Regional Office of Education No. 40 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 40. It 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. 40. Included in this fund are:

Administrative Fund – This fund is the general operating fund of the Regional Office of Education No. 40. It is used to account for all financial resources except those required to be accounted for in another fund.

Alternative Schools Fund – This fund accounts for monies received to educate, serve, and support students, at no cost to the students, in an effort to improve the quality of life of high school dropouts. The funds are used to provide basic skills, obtain high school credit, or prepare for the GED test.

Direct Services – This fund is used for student testing and cooperative services conducted through the Regional Office of Education for the benefit of member districts.

General State Aid – This fund accounts for General State Aid grant monies received from the Illinois State Board of Education and used for the general operations of the Regional Safe Schools program.

Jerseyville Office Remodel – This fund is used for tracking improvements at the Jerseyville Regional Office of Education No. 40 office.

Jerseyville Office Account – Accounts for general operations at the Jerseyville Regional Office of Education No. 40.

Macoupin County Monies – Monies received from Macoupin County to pay ROE expenses, such as payroll, phone, rent and office supplies.

Regional Initiative Fund – This fund is utilized for special regional initiatives with the consent and approval of the Macoupin County district superintendents.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

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

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

1. **Governmental Funds** (Continued)

Education – 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:

Adult Education Federal Basic – This fund accounts for federal monies received from the Illinois Community College Board which provide for adult basic education (GED) services for adult education clients.

Regional Safe Schools – This program provides instruction services and materials for an alternative school program for at-risk youth who are eligible for suspension or expulsion from their home school districts, creating alternative placement for those students into a safe school program.

ROE/ISC Operations – This fund accounts for monies received and payment of expenditures in assisting schools in all areas of school improvement.

Teen Parent Services – This program is funded through local donations and provides diapers and other parenting supplies to teen parents involved in the Truants Alternative/Optional Education program.

Title I System of Support – Grant monies in this fund are used to provide professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years.

Title II Teacher Quality – This program accounts for the proceeds of a grant passed through the Illinois State Board of Education to provide training and professional development for the improvement of teacher preparation programs.

Truants Alternative/Optional Education – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education No. 40. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

Title II Teacher Quality Leadership – The purpose of this program is to provide training and professional development for the improvement of teacher and principal performance evaluations. The training is delivered through an online portal called Growth Through Learning and is mandated by the Illinois State Board of Education before a supervisor may provide a performance evaluation.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

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

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

1. **Governmental Funds** (Continued)

Institute – This Special Revenue Fund accounts for fees collected for the registration and renewal of teaching licenses. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specific purposes. Nonmajor special revenue funds include the following:

Bus Driver Permit Fund – Accounts for funds received from registrations and user fees which are used to test and train bus drivers.

General Education Development Fund – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred.

2. **Proprietary Funds**

Enterprise Funds – 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. 40 reports the following nonmajor enterprise funds:

Workshops – This fund accounts for expenses incurred for workshops that offer either college credit or other professional development activities.

Administrators' Academy – Accounts for the process by which local school administrators meet the legislated requirement for training and by which administrators may improve their skills in instructional and administrative leadership.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

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

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

2. **Proprietary Funds** (Continued)

Enterprise Funds (Continued)

Olympiad Fund – Accounts for a four-day event involving gifted students using activities designed directly applicable to the State Learning Standards. These activities are intended to challenge students to exercise higher level intellectual skills and talents.

3. **Fiduciary Funds**

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education No. 40 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education No. 40 reports the following agency funds:

Central Illinois Rural Region Career & Technical Education System – This fund accounts for the assets held in trust for the benefit of the Central Illinois Rural Region Career & Technical Education System.

Trustee Fund – This fund accounts for monies received from individuals filing petitions requesting annexation or detachment of school district boundary hearings with the Regional Board of School Trustees. Monies are expended to cover hearing expenses.

School Facility Sales Tax – Voters in Calhoun, Greene, and Jersey Counties approved the use of a sales tax to be used exclusively for school facility capital projects. Regional Office of Education No. 40 is the fiscal agent for processing payments from the State of Illinois to the school districts. During the fiscal year ended June 30, 2016 Macoupin County voters approved a school facility sales tax that began collection in July 2016.

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

1. **Cash and Investments**

The Regional Office of Education No. 40 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. 40 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.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

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

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

1. **Cash and Investments** (Continued)

Statutes authorize the Regional Office of Education No. 40 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. **Interfund Transactions**

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

3. **Capital Assets**

Capital assets are reported in the applicable columns in the government-wide and proprietary fund financial statements. Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are recorded at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and furniture	3-10 years
Building improvements	10-15 years

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

4. **Deferred Outflows of Resources and Deferred Inflows of Resources**

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

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

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

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 in the Governmental Funds Balance Sheet consist of county revenue not collected within sixty days after the year-end.

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

5. **Compensated Absences**

Employees earn vacation days after completing a full year of service. Part-time employees and individuals hired for less than a twelve month position do not accumulate paid vacation time. Vacation time is considered an expenditure in the year it is paid. All vacation time has to be used before fiscal year end, so no accrual is required.

Employees received one sick day for each month of employment and the unused portion is accumulated and carried forward. Upon termination, employees are not compensated for any unused sick days; therefore, no accruals or reserves have been established.

6. **Equity Classifications**

Government-wide and Proprietary Fund Statements

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

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

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

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

6. **Equity Classifications** (Continued)

Government-wide and Proprietary Fund Statements (Continued)

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. The Regional Office of Education No. 40 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, Bus Driver Permit Fund, and General Education Development Fund. The Teen Parent Services fund is restricted by grantor and donor restrictions.

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. The Regional Office of Education No. 40 has no committed fund balances.

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 Regional Office of Education No. 40 has no assigned fund balances.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Equity Classifications (Continued)

Governmental Fund Statements (Continued)

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts comprise unassigned fund balance (deficit): Administrative, Alternative Schools Fund, Direct Services, General State Aid, Jerseyville Office Account, Macoupin County Monies, and Regional Initiative.

E. New Accounting Pronouncements

In 2016, the Regional Office of Education No. 40 implemented Governmental Accounting Standards Board (GASB) Statement No. 72 – *Fair Value Measurement and Application*, GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. These Statements had no impact on the financial statements of the Regional Office of Education No. 40.

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 40 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 State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must be prepared and submitted for approval. Budgets are also prepared for certain grants awarded through other pass-through entities. Budgetary Comparison Schedules have been presented for the following grants: Adult Education – Federal Basic, Regional Safe Schools, ROE/ISC Operations, Title I System of Support, Title II Teacher Quality, Truants Alternative/Optional Education, and Title II Teacher Quality – Leadership Grant.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2016, the carrying amount of the Regional Office of Education No. 40's deposits for the governmental activities, business-type activities, and fiduciary funds were \$172,145, \$16,598, and \$1,000, respectively. The bank balances for the governmental activities, business-type activities, and fiduciary funds totaled \$326,572 all of which was secured by federal depository insurance and was, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund accounts had a total bank balance of \$250 at June 30, 2016. This amount is fully collateralized and not subject to credit risk.

5. INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 96,839	\$ -
Education Fund	-	96,839
Totals	\$ 96,839	\$ 96,839

At June 30, 2016, the interfund balances consisted of loans between funds within the same pooled cash account. The loans were used to cover cash shortages in the Education Fund.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

6. DUE TO/DUE FROM OTHER GOVERNMENTS

At June 30, 2016, the Regional Office of Education No 40's General Fund, Education Fund, Nonmajor Special Revenue Funds, Nonmajor Enterprise Funds, and Agency Funds had amounts due to and due from various other governmental units which consisted of the following:

Due from Other Governments:

General Fund:	
Local Governments	\$ 17,340
Teachers' Retirement System of the State of Illinois	646
	17,986
Education Fund:	
Illinois State Board of Education	89,669
Regional Office of Education No. 9	75
Regional Office of Education No. 50	7,170
	96,914
Nonmajor Special Revenue Funds:	
Illinois State Board of Education	1,288
	\$ 116,188
Agency Funds:	
Local Governments	\$ 539,908

Due to Other Governments:

General Fund:	
Regional Office of Education No. 26	\$ 2,240
Education Fund:	
Illinois Community College Board	11,068
Nonmajor Enterprise Funds:	
Regional Office of Education No. 45	1,156
	\$ 14,464
Agency Funds:	
Local Governments	\$ 540,908

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

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

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 186,379	\$ 12,622	\$ -	\$ 199,001
Less accumulated depreciation for:				
Equipment	<u>(157,958)</u>	<u>(10,743)</u>	<u>-</u>	<u>(168,701)</u>
Governmental activities capital assets, net	<u>\$ 28,421</u>	<u>\$ 1,879</u>	<u>\$ -</u>	<u>\$ 30,300</u>
 Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 6,621	\$ -	\$ -	\$ 6,621
Less accumulated depreciation for:				
Equipment	<u>(4,621)</u>	<u>(604)</u>	<u>-</u>	<u>(5,225)</u>
Business-type activities capital assets, net	<u>\$ 2,000</u>	<u>\$ (604)</u>	<u>\$ -</u>	<u>\$ 1,396</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 40 as follows:

Governmental activities:	
Instructional services	<u>\$ 10,743</u>
Business-type activities:	
Operating expenses	<u>\$ 604</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

The Regional Office of Education No. 40 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

Benefits Provided

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

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 40.

On behalf contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2016, State of Illinois contributions recognized by the Regional Office of Education No. 40 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 40, and the Regional Office of Education No. 40 recognized revenue and expenditures of \$108,462 in pension contributions from the State of Illinois.

2.2 formula contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$1,434, and are deferred because they were paid after the June 30, 2015 measurement date.

Federal and special trust fund contributions – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 40, there is a statutory requirement for the Regional Office of Education No. 40 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$5,053 were paid from federal and special trust funds that required employer contributions of \$1,822. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Contributions (Continued)

Employer retirement cost contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 40 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the Regional Office of Education No. 40 made no payments to TRS for employer ERO contributions.

The Regional Office of Education No. 40 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Regional Office of Education No. 40 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2016, the Regional Office of Education No. 40 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	\$ 31,666
State's proportionate share of the net pension liability associated with the employer	1,323,866
Total	\$ 1,355,532

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The Regional Office of Education No. 40's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education No. 40's proportion was 0.0000483380 percent, which was a decrease of 0.0001217375 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Regional Office of Education No. 40 recognized pension expense of \$108,462 and revenue of \$108,462 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education No. 40 recognized a pension benefit of \$5,833. At June 30, 2016, the Regional Office of Education No. 40 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	\$ 12	\$ 35
Net difference between projected and actual earnings on pension plan investments	627	1,109
Changes of assumptions	438	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>23,075</u>	<u>61,997</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	24,152	63,141
Employer Contributions Made Subsequent to the Measurement Date	<u>3,256</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 27,408</u>	<u>\$ 63,141</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

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

\$3,256 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of of Resources</u>
2017	\$ 8,486
2018	8,486
2019	8,486
2020	<u>13,531</u>
Total	<u>\$ 38,989</u>

Actuarial Assumptions

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

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Actuarial Assumptions (Continued)

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

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Discount Rate

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

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

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

Sensitivity of the Regional Office of Education No. 40's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 40's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the Regional Office of Education No. 40's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Lower (6.47%)	Current Discount Rate (7.47%)	1% Higher (8.47%)
Employer's proportionate share of the net pension liability	<u>\$ 39,132</u>	<u>\$ 31,666</u>	<u>\$ 25,544</u>

TRS Fiduciary Net Position

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

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

B. Illinois Municipal Retirement Fund

IMRF Plan Description

The Regional Office of Education No. 40'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. 40's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

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

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

Employees Covered by Benefit Terms

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

Retirees and beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	8
Total	34

Contributions

As set by statute, the Regional Office of Education No. 40'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. 40's annual contribution rate for calendar year 2015 was 8.93%. For the calendar year 2015, the Regional Office of Education No. 40 contributed \$17,857 to the plan. The Regional Office of Education No. 40 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The Regional Office of Education No. 40's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 3.5%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

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

Single Discount Rate

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

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2014	\$ 947,938	\$ 965,453	\$ (17,515)
Changes for the year:			
Service Cost	20,012	-	20,012
Interest on the total pension liability	70,881	-	70,881
Differences between expected and actual experience of the total pension liability	(55,660)	-	(55,660)
Contributions - employer	-	17,857	(17,857)
Contributions - employees	-	8,998	(8,998)
Net investment income	-	(10,160)	10,160
Benefit payments, including refunds of employee contributions	(27,248)	(27,248)	-
Other (net transfer)	-	1,428	(1,428)
Net changes	<u>7,985</u>	<u>(9,125)</u>	<u>17,110</u>
Balances at December 31, 2015	<u>\$ 955,923</u>	<u>\$ 956,328</u>	<u>\$ (405)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Lower (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
Net Pension Liability (Asset)	<u>\$ 106,213</u>	<u>\$ (405)</u>	<u>\$ (87,096)</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2016, the Regional Office of Education No. 40 recognized a pension expense of \$18,982. At June 30, 2016, the Regional Office of Education No. 40 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	\$ -	\$ 38,689
Assumption changes	11,074	-
Net difference between projected and actual earnings on pension plan investments	<u>75,869</u>	<u>-</u>
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	86,943	38,689
Pension Contributions Made Subsequent to the Measurement Date	<u>7,886</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 94,829</u></u>	<u><u>\$ 38,689</u></u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

\$7,886 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows of Resources
2016	\$ 4,293
2017	7,720
2018	19,814
2019	16,427
Total	\$ 48,254

C. Social Security

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

9. OTHER POST-EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education No. 40 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

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

On Behalf Contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 40. State contributions are intended to match contributions to the THIS Fund from active members, which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$2,646, and the Regional Office of Education No. 40 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and 2014 were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 40 employees were \$2,085 and \$2,490, respectively.

Employer Contributions to the THIS Fund

The Regional Office of Education No. 40 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016 and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education No. 40 paid \$1,978 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education No. 40 paid \$1,554 and \$1,848 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits

The Regional Office of Education No. 40 allows employees, who retire through the Regional Office of Education No. 40's plan disclosed in Note 8B, the option to continue in the Regional Office of Education No. 40's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education No. 40's health insurance plan is considered a community rated plan. In addition, the Regional Office of Education No. 40 has no explicit subsidy as defined in GASB S-45.

10. NOTES PAYABLE

The Regional Office of Education No. 40 entered into a loan agreement with the County of Jersey, Illinois, on April 1, 2014 for the remodeling of the Jerseyville Regional Office in the amount of \$7,800. Debt retired during the year ended June 30, 2016 was \$2,600. The Regional Office of Education No. 40 had \$2,600 in outstanding notes at June 30, 2016. The outstanding note matures on July 1, 2016.

11. ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 40:

State of Illinois:	
Regional Superintendent - salary	\$ 94,700
Regional Superintendent - benefits (includes State paid insurance)	20,027
Assistant Regional Superintendent - salary	96,492
Assistant Regional Superintendent - benefits (includes State paid insurance)	34,647
THIS contributions	<u>2,646</u>
	<u><u>\$ 248,512</u></u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

11. ON-BEHALF PAYMENTS (Continued)

The Regional Office of Education No. 40 also recorded \$108,462 (based on figures for the fiscal year ended June 30, 2015) in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 40 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	\$ 248,512
On-behalf payments for the Regional Office of Education's share of TRS pension expense	<u>108,462</u>
Total	<u><u>\$ 356,974</u></u>

12. INTERFUND TRANSFERS

During the year ended June 30, 2016, the Regional Office of Education No. 40 reported the following transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,000	\$ 8,522
Education Fund	<u>8,522</u>	<u>1,000</u>
Totals	<u><u>\$ 9,522</u></u>	<u><u>\$ 9,522</u></u>

The transfers were made to cover cash shortfalls for funds with cash pooled within the same bank account and to provide funding for a note payment.

13. RISK MANAGEMENT

The Regional Office of Education No. 40 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. 40 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

14. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 40 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 40 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

15. CONTINGENCIES

The Regional Office of Education No. 40 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. 40 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 40's operations.

16. DEFICIT FUND BALANCES

The following individual funds carried deficit balances as of June 30, 2016:

Administrative	\$	189
Direct Services		30

The Regional Office of Education No. 40 intends to reduce expenditures or transfer funds to reduce these deficit fund balances in future periods.

17. RECLASSIFICATION

Effective July 1, 2015, the Regional Office of Education No. 40 reclassified the Olympiad Fund from governmental activities (a special revenue fund) to business-type activities (an enterprise fund). The Regional Office of Education No. 40 determined that the fund did not meet the criteria for a special revenue fund.

	Governmental Activities	Business-Type Activities	Nonmajor Special Revenue Funds	Nonmajor Enterprise Funds
Fund balance/net position at June 30, 2015	\$ 175,910	\$ 9,984	\$ 12,355	\$ 9,984
Reclassification of Olympiad Fund fund balance/net position	(3,514)	3,514	(3,514)	3,514
Fund balance/net position restated at June 30, 2015	\$ 172,396	\$ 13,498	\$ 8,841	\$ 13,498

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

For the years ended June 30, 2016 and 2015

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

Total Pension Liability	2015	2014
Service cost	\$ 20,012	\$ 23,686
Interest on the total pension liability	70,881	64,919
Differences between expected and actual experience of the total pension liability	(55,660)	(15,388)
Changes of assumptions	-	35,418
Benefit payments, including refunds of employee contributions	(27,248)	(28,115)
Net change in total pension liability	7,985	80,520
Total pension liability - beginning	947,938	867,418
Total pension liability - ending (A)	955,923	947,938
Plan Fiduciary Net Position		
Contributions - employer	17,857	30,180
Contributions - employees	8,998	9,879
Net investment income	(10,160)	51,159
Benefit payments, including refunds of employee contributions	(27,248)	(28,115)
Other (net transfer)	1,428	(675)
Net change in plan fiduciary net position	(9,125)	62,428
Plan fiduciary net position - beginning	965,453	903,025
Plan fiduciary net position - ending (B)	956,328	965,453
Net pension liability (asset) - ending (A) - (B)	\$ (405)	\$ (17,515)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.04%	101.85%
Covered Valuation Payroll	\$ 199,967	\$ 219,532
Net Pension Liability as a Percentage of Covered Valuation Payroll	-0.20%	-7.98%

Notes to Schedules:

These schedules are 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

For the years ended June 30, 2016 and 2015

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

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2015	\$ 17,857	\$ 17,857	\$ -	\$ 199,967	8.93%
2014	30,186	30,180	6	219,532	13.75%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2015 Contribution Rates:

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

For the years ended June 30, 2016 and 2015

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

Notes to Schedule: (Continued)

Other Information:

There were no benefit changes during the year.

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

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

	2015	2014
Employer's proportion of the net pension liability	0.0000483380%	0.0001700755%
Employer's proportionate share of the net pension liability	\$ 31,666	\$ 103,505
State's proportionate share of the net pension liability associated with the employer	1,323,866	1,566,428
Total	\$ 1,355,532	\$ 1,669,933
Employer's covered-employee payroll	\$ 211,946	\$ 299,998
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.9%	34.5%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

Notes to Schedules:

Changes of assumptions

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS -
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)
For the years ended June 30,**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily-required contribution	\$ 3,256	\$ 1,694	\$ 6,084
Contributions in relation to the statutorily-required contribution	<u>3,256</u>	<u>1,694</u>	<u>6,068</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>
Employer's covered-employee payroll	\$ 275,424	\$ 211,946	\$ 299,998
Contributions as a percentage of covered-employee payroll	1.2%	0.8%	2.0%

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

SUPPLEMENTARY INFORMATION

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>Administrative</u>	<u>Alternative Schools Fund</u>	<u>Direct Services</u>	<u>General State Aid</u>	<u>Jerseyville Office Remodel</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 3,815	\$ -	\$ 2,419	\$ -
Due from other funds	-	7,170	-	73,070	-
Due from other governments	-	-	-	646	-
Total assets	<u>\$ -</u>	<u>\$ 10,985</u>	<u>\$ -</u>	<u>\$ 76,135</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 133	\$ -	\$ 30	\$ 53	\$ -
Accrued wages and benefits	-	1,697	-	3,701	-
Due to other funds	56	-	-	-	-
Due to other governments	-	-	-	2,240	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>189</u>	<u>1,697</u>	<u>30</u>	<u>5,994</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Unassigned	<u>(189)</u>	<u>9,288</u>	<u>(30)</u>	<u>70,141</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 10,985</u>	<u>\$ -</u>	<u>\$ 76,135</u>	<u>\$ -</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 19,718	\$ 18,619	\$ 16,571	\$ -	\$ 61,142
Due from other funds	-	16,655	-	(56)	96,839
Due from other governments	-	17,340	-	-	17,986
Total assets	<u>\$ 19,718</u>	<u>\$ 52,614</u>	<u>\$ 16,571</u>	<u>\$ (56)</u>	<u>\$ 175,967</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 216
Accrued wages and benefits	-	-	-	-	5,398
Due to other funds	-	-	-	(56)	-
Due to other governments	-	-	-	-	2,240
Unearned revenue	7,170	6,009	-	-	13,179
Total liabilities	<u>7,170</u>	<u>6,009</u>	<u>-</u>	<u>(56)</u>	<u>21,033</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	17,340	-	-	17,340
FUND BALANCES (DEFICITS)					
Unassigned	12,548	29,265	16,571	-	137,594
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 19,718</u>	<u>\$ 52,614</u>	<u>\$ 16,571</u>	<u>\$ (56)</u>	<u>\$ 175,967</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Administrative	Alternative Schools Fund	Direct Services	General State Aid	Jerseyville Office Remodel
Revenues:					
Local sources	\$ -	\$ -	\$ 14,646	\$ 13,387	\$ -
State sources	-	52,898	-	248,642	-
On-behalf payments	248,512	-	-	-	-
Interest	-	2	-	18	-
Total revenue	248,512	52,900	14,646	262,047	-
Expenditures:					
Salaries	-	30,482	16,832	150,295	-
Benefits	-	4,475	1,288	12,360	-
Purchased services	289	4,961	17,537	26,663	-
Supplies and materials	-	-	-	323	-
Capital outlay	-	-	-	-	-
Pension expense	-	1,379	1,497	2,745	-
On-behalf payments	248,512	-	-	-	-
Total expenditures	248,801	41,297	37,154	192,386	-
Excess (deficiency) of revenues over (under) expenditures	(289)	11,603	(22,508)	69,661	-
Other financing sources (uses):					
Payments on long-term debt	-	-	-	-	(2,600)
Transfers in	-	-	10,272	-	2,600
Transfers out	-	-	-	(18,794)	-
Total other financing sources (uses)	-	-	10,272	(18,794)	-
Net change in fund balance	(289)	11,603	(12,236)	50,867	-
Fund balance (deficit), beginning of year	100	(2,315)	12,206	19,274	-
Fund balance (deficit), end of year	\$ (189)	\$ 9,288	\$ (30)	\$ 70,141	\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Eliminations	Total
Revenues:					
Local sources	\$ 58,434	\$ 69,674	\$ -	\$ -	\$ 156,141
State sources	-	-	-	-	301,540
On-behalf payments	-	-	-	-	248,512
Interest	-	-	-	-	20
Total revenue	58,434	69,674	-	-	706,213
Expenditures					
Salaries	47,719	28,482	-	-	273,810
Benefits	13,465	2,894	-	-	34,482
Purchased services	2,988	3,073	1,084	-	56,595
Supplies and materials	139	103	59	-	624
Capital outlay	-	8,000	-	-	8,000
Pension expense	4,229	2,461	-	-	12,311
On-behalf payments	-	-	-	-	248,512
Total expenditures	68,540	45,013	1,143	-	634,334
Excess (deficiency) of revenues over (under) expenditures	(10,106)	24,661	(1,143)	-	71,879
Other financing sources (uses):					
Payments on long-term debt	-	-	-	-	(2,600)
Transfers in	-	-	-	(11,872)	1,000
Transfers out	(1,600)	-	-	11,872	(8,522)
Total other financing sources (uses)	(1,600)	-	-	-	(10,122)
Net change in fund balance	(11,706)	24,661	(1,143)	-	61,757
Fund balance (deficit), beginning of year	24,254	4,604	17,714	-	75,837
Fund balance (deficit), end of year	<u>\$ 12,548</u>	<u>\$ 29,265</u>	<u>\$ 16,571</u>	<u>\$ -</u>	<u>\$ 137,594</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Adult Education Federal Basic	Regional Safe Schools	ROE/ISC Operations	Teen Parent Services	Title I System of Support
ASSETS					
Cash and cash equivalents	\$ 11,068	\$ 285	\$ 1,280	\$ 3,315	\$ -
Due from other governments	-	-	73,145	-	7,170
Total assets	\$ 11,068	\$ 285	\$ 74,425	\$ 3,315	\$ 7,170
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 1,355	\$ -	\$ -
Accrued wages and benefits	-	285	-	-	-
Due to other funds	-	-	73,070	-	7,170
Due to other governments	11,068	-	-	-	-
Total liabilities	11,068	285	74,425	-	7,170
FUND BALANCES					
Restricted	-	-	-	3,315	-
Total liabilities and fund balances	\$ 11,068	\$ 285	\$ 74,425	\$ 3,315	\$ 7,170

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Title II Teacher Quality	Truants Alternative/ Optional Education	Title II Teacher Quality Leadership	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 15,948
Due from other governments	-	16,599	-	96,914
	-	16,599	-	96,914
Total assets	\$ -	\$ 16,599	\$ -	\$ 112,862
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,355
Accrued wages and benefits	-	-	-	285
Due to other funds	-	16,599	-	96,839
Due to other governments	-	-	-	11,068
	-	-	-	11,068
Total liabilities	-	16,599	-	109,547
FUND BALANCES				
Restricted	-	-	-	3,315
Total liabilities and fund balances	\$ -	\$ 16,599	\$ -	\$ 112,862

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Adult Education Federal Basic	Regional Safe Schools	ROE/ISC Operations	Teen Parent Services	Title I System of Support
Revenues:					
Local sources	\$ -	\$ -	\$ 2,683	\$ 4,094	\$ -
State sources	-	64,522	73,070	-	-
Federal sources	12,318	-	-	-	21,565
Total revenues	<u>12,318</u>	<u>64,522</u>	<u>75,753</u>	<u>4,094</u>	<u>21,565</u>
Expenditures:					
Salaries	8,633	49,524	34,250	-	5,000
Benefits	126	2,605	7,129	-	320
Purchased services	1,438	9,407	32,791	392	16,419
Supplies and materials	101	883	660	1,410	801
Capital outlay	2,000	2,000	622	-	-
Other	-	-	2,606	-	-
Payments to other governments	-	-	-	-	-
Pension expense	20	387	3,126	-	1,832
Total expenditures	<u>12,318</u>	<u>64,806</u>	<u>81,184</u>	<u>1,802</u>	<u>24,372</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(284)</u>	<u>(5,431)</u>	<u>2,292</u>	<u>(2,807)</u>
Other financing sources (uses):					
Transfers in	-	284	5,431	-	2,807
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>284</u>	<u>5,431</u>	<u>-</u>	<u>2,807</u>
Net change in fund balance	-	-	-	2,292	-
Fund balance, beginning of year	-	-	-	1,023	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,315</u>	<u>\$ -</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Title II Teacher Quality	Truants Alternative/ Optional Education	Title II Teacher Quality Leadership	Total
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 6,777
State sources	-	104,599	-	242,191
Federal sources	470	-	401	34,754
Total revenues	<u>470</u>	<u>104,599</u>	<u>401</u>	<u>283,722</u>
Expenditures:				
Salaries	-	77,356	-	174,763
Benefits	-	2,925	-	13,105
Purchased services	470	16,966	401	78,284
Supplies and materials	-	1,793	-	5,648
Capital outlay	-	-	-	4,622
Other	-	-	-	2,606
Payments to other governments	-	2,354	-	2,354
Pension expense	-	2,205	-	7,570
Total expenditures	<u>470</u>	<u>103,599</u>	<u>401</u>	<u>288,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>(5,230)</u>
Other financing sources (uses):				
Transfers in	-	-	-	8,522
Transfers out	-	(1,000)	-	(1,000)
Total other financing sources (uses)	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>7,522</u>
Net change in fund balances	-	-	-	2,292
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,023</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,315</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - FEDERAL BASIC
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	\$ 25,611	\$ 25,611	\$ 12,318
Expenditures:			
Salaries	19,523	19,523	8,633
Benefits	5,000	5,000	126
Purchased services	1,088	1,088	1,438
Supplies and materials	-	-	101
Capital outlay	-	-	2,000
Pension expense	-	-	20
Total expenditures	<u>25,611</u>	<u>25,611</u>	<u>12,318</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 64,522	\$ 64,522	\$ 64,522
Expenditures:			
Salaries	42,918	47,418	49,524
Benefits	1,148	2,247	2,605
Purchased services	11,104	8,250	9,407
Supplies and materials	7,352	4,607	883
Capital outlay	2,000	2,000	2,000
Pension expense	-	-	387
Total expenditures	<u>64,522</u>	<u>64,522</u>	<u>64,806</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(284)
Other financing source:			
Transfers in			<u>284</u>
Net change in fund balance			-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u><u>\$ -</u></u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local source	\$ -	\$ -	\$ 2,683
State sources	72,998	73,070	73,070
Total revenues	72,998	73,070	75,753
Expenditures:			
Salaries	23,800	26,971	34,250
Benefits	7,128	8,128	7,129
Purchased services	35,199	31,871	32,791
Supplies and materials	1,500	1,500	660
Capital outlay	1,500	1,000	622
Other	3,871	3,600	2,606
Pension expense	-	-	3,126
Total expenditures	72,998	73,070	81,184
Deficiency of revenues under expenditures	\$ -	\$ -	(5,431)
Other financing source:			
Transfers in			5,431
Net change in fund balance			-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I - SYSTEM OF SUPPORT
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 70,000	\$ 50,000	\$ 21,565
Expenditures:			
Salaries	7,703	7,380	5,000
Benefits	916	796	320
Purchased services	60,181	40,574	16,419
Supplies and materials	1,200	1,250	801
Pension expense	-	-	1,832
Total expenditures	70,000	50,000	24,372
Deficiency of revenues under expenditures	\$ -	\$ -	(2,807)
Other financing source:			
Transfers in			2,807
Net change in fund balance			-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 470	\$ 470	\$ 470
Expenditures:			
Purchased services	470	470	470
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues			
State sources	\$ 104,599	\$ 104,599	\$ 104,599
Expenditures			
Salaries	72,627	77,490	77,356
Benefits	5,119	5,119	2,925
Purchased services	22,611	17,748	16,966
Supplies and materials	888	888	1,793
Payments to other governments	3,354	3,354	2,354
Pension expense	-	-	2,205
Total expenditures	104,599	104,599	103,599
Excess of revenues over expenditures	\$ -	\$ -	1,000
Other financing use:			
Transfers out			(1,000)
Net change in fund balance			-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	\$ 2,230	\$ 2,230	\$ 401
Expenditures:			
Salaries	100	100	-
Benefits	7	7	-
Purchased services	2,123	2,123	401
Total expenditures	<u>2,230</u>	<u>2,230</u>	<u>401</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Bus Driver Permit Fund	General Education Development Fund	Total
ASSETS			
Cash and cash equivalents	\$ 7,715	\$ 7,471	\$ 15,186
Accounts receivable	-	354	354
Due from other governments	1,288	-	1,288
Total assets	\$ 9,003	\$ 7,825	\$ 16,828
LIABILITIES AND FUND BALANCES			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCES			
Restricted	9,003	7,825	16,828
Total liabilities and fund balances	\$ 9,003	\$ 7,825	\$ 16,828

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Bus Driver Permit Fund	General Education Development Fund	Total
Revenues:			
Local sources	\$ 2,618	\$ 7,619	\$ 10,237
State sources	1,288	-	1,288
Total revenues	<u>3,906</u>	<u>7,619</u>	<u>11,525</u>
Expenditures:			
Purchased services	2,352	885	3,237
Supplies and materials	167	134	301
Total expenditures	<u>2,519</u>	<u>1,019</u>	<u>3,538</u>
Net change in fund balances	1,387	6,600	7,987
Fund balance, beginning of year	<u>7,616</u>	<u>1,225</u>	<u>8,841</u>
Fund balance, end of year	<u><u>\$ 9,003</u></u>	<u><u>\$ 7,825</u></u>	<u><u>\$ 16,828</u></u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2016**

	<u>Workshops</u>	<u>Administrators' Academy</u>	<u>Olympiad Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,889	\$ 564	\$ 7,145	\$ 16,598
Noncurrent assets:				
Capital assets, net	<u>1,396</u>	<u>-</u>	<u>-</u>	<u>1,396</u>
Total assets	<u>10,285</u>	<u>564</u>	<u>7,145</u>	<u>17,994</u>
LIABILITIES				
Current liabilities:				
Accrued wages and benefits	1,898	-	-	1,898
Due to other governments	<u>1,156</u>	<u>-</u>	<u>-</u>	<u>1,156</u>
Total current liabilities	<u>3,054</u>	<u>-</u>	<u>-</u>	<u>3,054</u>
NET POSITION				
Net investment in capital assets	1,396	-	-	1,396
Unrestricted	<u>5,835</u>	<u>564</u>	<u>7,145</u>	<u>13,544</u>
Total net position	<u>\$ 7,231</u>	<u>\$ 564</u>	<u>\$ 7,145</u>	<u>\$ 14,940</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2016**

	<u>Workshops</u>	<u>Administrators' Academy</u>	<u>Olympiad Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 38,711	\$ 1,790	\$ 13,625	\$ 54,126
Operating expenses:				
Salaries	21,381	-	-	21,381
Employee benefits	1,783	-	-	1,783
Purchased services	16,639	2,182	8,945	27,766
Supplies and materials	101	-	1,049	1,150
Depreciation	604	-	-	604
Total operating expenses	<u>40,508</u>	<u>2,182</u>	<u>9,994</u>	<u>52,684</u>
Operating income (loss)	(1,797)	(392)	3,631	1,442
Net position - beginning of year	<u>9,028</u>	<u>956</u>	<u>3,514</u>	<u>13,498</u>
Net position - end of year	<u>\$ 7,231</u>	<u>\$ 564</u>	<u>\$ 7,145</u>	<u>\$ 14,940</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2016**

	Workshops	Administrators' Academy	Olympiad Fund	Total
Cash flows from operating activities:				
Collection of fees	\$ 38,711	\$ 1,790	\$ 13,625	\$ 54,126
Payments to suppliers and providers for goods and services	(15,584)	(2,182)	(9,994)	(27,760)
Payments to employees	(21,266)	-	-	(21,266)
Net cash provided by (used for) operating activities	<u>1,861</u>	<u>(392)</u>	<u>3,631</u>	<u>5,100</u>
Cash flows from noncapital financing activities:				
Interfund loans repaid, net	<u>4,687</u>	-	-	<u>4,687</u>
Net cash provided by noncapital financing activities	<u>4,687</u>	-	-	<u>4,687</u>
Net increase (decrease) in cash and cash equivalents	6,548	(392)	3,631	9,787
Cash and cash equivalents - beginning of year	<u>2,341</u>	<u>956</u>	<u>3,514</u>	<u>6,811</u>
Cash and cash equivalents - end of year	<u>\$ 8,889</u>	<u>\$ 564</u>	<u>\$ 7,145</u>	<u>\$ 16,598</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (1,797)	\$ (392)	\$ 3,631	\$ 1,442
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	604	-	-	604
Increase in accrued wages and benefits	1,898	-	-	1,898
Increase in due to other governments	1,156	-	-	1,156
Net cash provided by (used for) operating activities	<u>\$ 1,861</u>	<u>\$ (392)</u>	<u>\$ 3,631</u>	<u>\$ 5,100</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>Central Illinois Rural Region Career & Technical Education System</u>	<u>Trustee Fund</u>	<u>School Facility Sales Tax</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,000	\$ -	\$ 1,000
Due from other governments	<u>12,000</u>	<u>-</u>	<u>527,908</u>	<u>539,908</u>
Total assets	<u>\$ 12,000</u>	<u>\$ 1,000</u>	<u>\$ 527,908</u>	<u>\$ 540,908</u>
LIABILITIES				
Due to other governments	<u>\$ 12,000</u>	<u>1,000</u>	<u>\$ 527,908</u>	<u>\$ 540,908</u>
Total liabilities	<u>\$ 12,000</u>	<u>\$ 1,000</u>	<u>\$ 527,908</u>	<u>\$ 540,908</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

CENTRAL ILLINOIS RURAL REGION

**CAREER & TECHNICAL
EDUCATION SYSTEM**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents	\$ 25,183	\$ 448,113	\$ 473,296	\$ -
Due from other governments	-	12,000	-	12,000
Total assets	<u>\$ 25,183</u>	<u>\$ 460,113</u>	<u>\$ 473,296</u>	<u>\$ 12,000</u>
LIABILITIES				
Due to other governments	\$ 25,183	\$ 460,113	\$ 473,296	\$ 12,000
Total liabilities	<u>\$ 25,183</u>	<u>\$ 460,113</u>	<u>\$ 473,296</u>	<u>\$ 12,000</u>

TRUSTEE FUND

ASSETS				
Cash and cash equivalents	\$ -	\$ 1,000	\$ -	\$ 1,000
Total assets	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
LIABILITIES				
Due to other governments	\$ -	\$ 1,000	\$ -	\$ 1,000
Total liabilities	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>

SCHOOL FACILITY

SALES TAX

ASSETS				
Cash and cash equivalents	\$ -	\$ 1,474,196	\$ 1,474,196	\$ -
Due from other governments	-	527,908	-	527,908
Total assets	<u>\$ -</u>	<u>\$ 2,002,104</u>	<u>\$ 1,474,196</u>	<u>\$ 527,908</u>
LIABILITIES				
Due to other governments	\$ -	\$ 2,002,104	\$ 1,474,196	\$ 527,908
Total liabilities	<u>\$ -</u>	<u>\$ 2,002,104</u>	<u>\$ 1,474,196</u>	<u>\$ 527,908</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>TOTAL</u>				
ASSETS				
Cash and cash equivalents	\$ 25,183	\$ 1,923,309	\$ 1,947,492	\$ 1,000
Due from other governments	-	539,908	-	539,908
Total assets	<u>\$ 25,183</u>	<u>\$ 2,463,217</u>	<u>\$ 1,947,492</u>	<u>\$ 540,908</u>
LIABILITIES				
Due to other governments	<u>\$ 25,183</u>	<u>\$ 2,463,217</u>	<u>\$ 1,947,492</u>	<u>\$ 540,908</u>
Total liabilities	<u>\$ 25,183</u>	<u>\$ 2,463,217</u>	<u>\$ 1,947,492</u>	<u>\$ 540,908</u>