

**State of Illinois**  
**MASON/TAZEWELL/WOODFORD COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #53**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2016**

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

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 JUNE 30, 2016

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MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
JUNE 30, 2016

OFFICIALS

Regional Superintendent  
(Current, effective July 1, 2016)

Mr. Patrick Durley

Regional Superintendent  
(During the audit period, through June 30, 2016)

Ms. Gail Owen

Assistant Regional Superintendent  
(Current, effective July 1, 2016)

Mr. Jeff Ekena

Assistant Regional Superintendent  
(During the audit period, through June 30, 2016)

Mr. Patrick Durley

Office is located at:

414 Court Street  
Pekin, IL 61554

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
JUNE 30, 2016

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 nonstandard language.

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2016-001	11a-11b	Controls over Financial Statement Preparation	Material Weakness
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PRIOR AUDIT FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

There were no audit findings for the year ended June 30, 2015.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
JUNE 30, 2016

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 1, 2016. Attending were Mr. Patrick Durley, Assistant Regional Superintendent; Aimee Grant, Bookkeeper; and Matthew Price, CPA, Kemper CPA Group LLP. Responses to the recommendations were provided by Mr. Patrick Durley, Regional Superintendent on November 30, 2016.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
JUNE 30, 2016

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Regional Office of Education #53 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #53's basic financial statements.

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 Regional Office of Education #53, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Regional Office of Education #53'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 Regional Office of Education #53, 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.

### **Emphasis of Matters**

As disclosed in Note 13, the Regional Office of Education #53 consolidated Mason and Woodford Counties, formerly in the Regional Office of Education #38 and Regional Office of Education #43 educational service regions, into its educational service region effective July 1, 2015. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability (Asset), & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, and Teachers' Retirement System of Illinois Schedule of Employer Contributions on pages 56 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #53's basic financial statements. The combining

schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2017 on our consideration of the Regional Office of Education #53’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 Regional Office of Education #53’s internal control over financial reporting and compliance.

original signature on file

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
July 19, 2017

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

Honorable 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 Regional Office of Education #53, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Regional Office of Education #53's basic financial statements and have issued our report thereon dated July 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional Office of Education #53'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 Regional Office of Education #53's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional Office of Education #53's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, as item 2016-001 that we consider to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional Office of Education #53's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Mason/Tazewell/Woodford Counties Regional Office of Education #53's Responses to Findings

Regional Office of Education #53's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Regional Office of Education #53's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Regional Office of Education #53's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional Office of Education #53's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

original signature on file

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
July 19, 2017

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 2016-001 – Controls over Financial Statement Preparation**

**Criteria/Specific Requirement:**

The Regional Office of Education #53 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office of Education #53's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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 accrued 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 Regional Office of Education #53 did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The Regional Office of Education #53 maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the Regional Office of Education #53 maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the Regional Office of Education #53's accounting personnel and Regional Superintendent, auditors noted that the Regional Office of Education #53 did not have adequate controls to record and report the Regional Office of Education #53's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

**Effect:**

The Regional Office of Education #53's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

The complex requirements of GASB Statements No. 68 and No. 71 will require additional time and training before the Regional Office of Education #53 can fully implement the requirements on its own.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 2016-001 – Controls over Financial Statement Preparation (Concluded)**

**Auditors' Recommendation:**

As part of internal control over the preparation of financial statements, the Regional Office of Education #53 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #53's activities and operations.

**Management's Response:**

The Regional Office of Education #53 has taken steps to properly record our financial transactions and follow GAAP. In regards to the standards related to financial reporting for pensions, we will review our internal controls and determine what can be done within our resources to mitigate or eliminate this internal control deficiency.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
SCHEDULE OF FINDINGS AND RESPONSES  
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**

**Condition:**

The Regional Office of Education #53 did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The Regional Office of Education #53 maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the Regional Office of Education #53 maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the Regional Office of Education #53's accounting personnel and Regional Superintendent, auditors noted that the Regional Office of Education #53 did not have adequate controls to record and report the Regional Office of Education #53's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

**Plan:**

The Regional Office of Education #53 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. The Regional Office will continue to seek qualified accounting expertise to provide assistance in preparing financial statements and implementing new accounting standards.

The Regional Office of Education will continue to provide training for staff in utilizing the full range of financial technology that exists.

**Anticipated Date of Completion:**

Ongoing

**Contact Person Responsible for Corrective Action:**

Honorable Patrick Durley, Regional Superintendent of Schools



MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
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There were no findings for the year ended June 30, 2015.

## BASIC FINANCIAL STATEMENTS

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,233,739	\$ 94,190	\$ 2,327,929
Investments	51,861	-	51,861
Accounts receivable	461	1,519	1,980
Due from other governments:			
Local	-	-	-
State	59,019	-	59,019
Federal	21,303	-	21,303
Prepaid expenditures	7,500	-	7,500
Total Current Assets	<u>2,373,883</u>	<u>95,709</u>	<u>2,469,592</u>
Noncurrent Assets:			
Net pension asset	390,847	-	390,847
Capital assets, being depreciated, net	8,717	-	8,717
Total Noncurrent Assets	<u>399,564</u>	<u>-</u>	<u>399,564</u>
<b>TOTAL ASSETS</b>	<u>2,773,447</u>	<u>95,709</u>	<u>2,869,156</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	798,658	-	798,658
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	2,728	19	2,747
Accrued salaries and benefits	20,904	-	20,904
Accrued expenses	8	-	8
Due to other governments:			
State	18,000	-	18,000
Unearned revenue	15,615	-	15,615
Total Current Liabilities	<u>57,255</u>	<u>19</u>	<u>57,274</u>
Noncurrent Liabilities:			
Net pension liability	28,718	-	28,718
<b>TOTAL LIABILITIES</b>	<u>85,973</u>	<u>19</u>	<u>85,992</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	382,710	-	382,710
<b>NET POSITION</b>			
Invested in capital assets	8,717	-	8,717
Restricted other	823,466	-	823,466
Unrestricted	2,271,239	95,690	2,366,929
<b>TOTAL NET POSITION</b>	<u>\$ 3,103,422</u>	<u>\$ 95,690</u>	<u>\$ 3,199,112</u>

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 480,219	\$ -	\$ 289,404	\$ (190,815)	\$ -	\$ (190,815)
Purchased services	174,465	-	49,349	(125,116)	-	(125,116)
Supplies and materials	11,060	-	4,906	(6,154)	-	(6,154)
Other objects	12,962	-	-	(12,962)	-	(12,962)
Depreciation	8,758	-	-	(8,758)	-	(8,758)
Capital outlay	-	-	1,050	1,050	-	1,050
Pension (income)	(741,539)	-	-	741,539	-	741,539
Administrative:						
On-behalf payments - Local	85,259	-	-	(85,259)	-	(85,259)
On-behalf payments - State	396,430	-	-	(396,430)	-	(396,430)
Total Governmental Activities	<u>427,614</u>	<u>-</u>	<u>344,709</u>	<u>(82,905)</u>	<u>-</u>	<u>(82,905)</u>
Business-Type Activities:						
Charges for services	<u>2,587</u>	<u>28,805</u>	<u>-</u>	<u>-</u>	<u>26,218</u>	<u>26,218</u>
Total Business-Type Activities	<u>2,587</u>	<u>28,805</u>	<u>-</u>	<u>-</u>	<u>26,218</u>	<u>26,218</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 430,201</u>	<u>\$ 28,805</u>	<u>\$ 344,709</u>	<u>(82,905)</u>	<u>26,218</u>	<u>(56,687)</u>
GENERAL REVENUES:						
Local sources				305,156	-	305,156
State sources				337,051	-	337,051
On-behalf payments - Local				85,259	-	85,259
On-behalf payments - State				396,430	-	396,430
Loss on disposal of capital assets				(190)	-	(190)
Investment earnings				3,607	-	3,607
Total General Revenues and Transfers				<u>1,127,313</u>	<u>-</u>	<u>1,127,313</u>
CHANGE IN NET POSITION				1,044,408	26,218	1,070,626
NET POSITION - BEGINNING, (Restated, See Note 13)				<u>2,059,014</u>	<u>69,472</u>	<u>2,128,486</u>
NET POSITION - ENDING				<u>\$ 3,103,422</u>	<u>\$ 95,690</u>	<u>\$ 3,199,112</u>

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,836,614	\$ 33,589	\$ 274,295	\$ 89,241	\$ -	\$ 2,233,739
Investments	-	-	51,861	-	-	51,861
Accounts receivable	-	-	-	461	-	461
Due from other funds	48,086	-	-	-	(48,086)	-
Due from other governments:						
Local	-	-	-	-	-	-
State	12,421	44,919	-	1,679	-	59,019
Federal	-	21,303	-	-	-	21,303
Prepaid expenditures	7,500	-	-	-	-	7,500
<b>TOTAL ASSETS</b>	<b>\$ 1,904,621</b>	<b>\$ 99,811</b>	<b>\$ 326,156</b>	<b>\$ 91,381</b>	<b>\$ (48,086)</b>	<b>\$ 2,373,883</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,779	\$ -	\$ 541	\$ 408	\$ -	\$ 2,728
Accrued salaries and benefits	3,903	17,001	-	-	-	20,904
Accrued expenses	-	-	-	8	-	8
Due to other funds	-	48,086	-	-	(48,086)	-
Due to other governments:						
State	-	18,000	-	-	-	18,000
Unearned revenue	14,930	685	-	-	-	15,615
<b>Total Liabilities</b>	<b>20,612</b>	<b>83,772</b>	<b>541</b>	<b>416</b>	<b>(48,086)</b>	<b>57,255</b>
<b>FUND BALANCE (DEFICIT)</b>						
Nonspendable	7,500	-	-	-	-	7,500
Restricted	-	16,039	325,615	90,965	-	432,619
Assigned	4,750	-	-	-	-	4,750
Unassigned	1,871,759	-	-	-	-	1,871,759
<b>Total Fund Balance (Deficit)</b>	<b>1,884,009</b>	<b>16,039</b>	<b>325,615</b>	<b>90,965</b>	<b>-</b>	<b>2,316,628</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,904,621</b>	<b>\$ 99,811</b>	<b>\$ 326,156</b>	<b>\$ 91,381</b>	<b>\$ (48,086)</b>	<b>\$ 2,373,883</b>

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS \$ 2,316,628

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 8,717

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 as follows:

Deferred outflows of resources	\$ 798,658	
Deferred inflows of resources	<u>(382,710)</u>	415,948

Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds.

IMRF net pension asset	390,847
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

TRS net pension liability	<u>(28,718)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,103,422

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>						
Local sources	\$ 235,671	\$ -	\$ 58,215	\$ 11,270	\$ -	\$ 305,156
On-behalf payments - Local	85,259	-	-	-	-	85,259
State sources	335,057	300,124	-	1,549	-	636,730
On-behalf payments - State	284,661	-	-	-	-	284,661
Federal sources	-	45,030	-	-	-	45,030
Investment earnings	3,039	-	568	-	-	3,607
<b>Total Revenues</b>	<b>943,687</b>	<b>345,154</b>	<b>58,783</b>	<b>12,819</b>	<b>-</b>	<b>1,360,443</b>
<b>EXPENDITURES</b>						
Instructional Services:						
Salaries and benefits	193,361	286,858	-	-	-	480,219
Pension expense	23,214	6,657	-	-	-	29,871
Purchased services	106,070	47,720	17,123	3,552	-	174,465
Supplies and materials	5,899	4,898	141	122	-	11,060
Other objects	12,702	-	159	101	-	12,962
On-behalf payments - Local	85,259	-	-	-	-	85,259
On-behalf payments - State	284,661	-	-	-	-	284,661
Capital outlay	1,050	-	-	-	-	1,050
<b>Total Expenditures</b>	<b>712,216</b>	<b>346,133</b>	<b>17,423</b>	<b>3,775</b>	<b>-</b>	<b>1,079,547</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>231,471</b>	<b>(979)</b>	<b>41,360</b>	<b>9,044</b>	<b>-</b>	<b>280,896</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	29,370	998	-	-	(30,368)	-
Transfers out	(29,370)	-	(998)	-	30,368	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>998</b>	<b>(998)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>231,471</b>	<b>19</b>	<b>40,362</b>	<b>9,044</b>	<b>-</b>	<b>280,896</b>
<b>FUND BALANCE - BEGINNING, (Restated, See Note 13)</b>	<b>1,652,538</b>	<b>16,020</b>	<b>285,253</b>	<b>81,921</b>	<b>-</b>	<b>2,035,732</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,884,009</b>	<b>\$ 16,039</b>	<b>\$ 325,615</b>	<b>\$ 90,965</b>	<b>\$ -</b>	<b>\$ 2,316,628</b>

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

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 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 BALANCE — GOVERNMENTAL FUNDS \$ 280,896

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	\$ 1,050	
Depreciation	(8,758)	
Loss on disposal of capital assets	<u>(190)</u>	(7,898)

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.

Cost of benefits earned, net	<u>771,410</u>	
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,044,408

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



MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Business-Type Activities Enterprise Fund	
	Nonmajor Enterprise Funds	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 94,190	\$ 94,190
Accounts receivable	1,519	1,519
TOTAL ASSETS	95,709	95,709
LIABILITIES		
Current liabilities:		
Accounts payable	19	19
TOTAL LIABILITIES	19	19
NET POSITION		
Unrestricted	95,690	95,690
TOTAL NET POSITION	\$ 95,690	\$ 95,690

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Fund	
	Nonmajor Enterprise Funds	Total
<b>OPERATING REVENUES</b>		
Charges for services	\$ 28,805	\$ 28,805
Total Operating Revenues	28,805	28,805
<b>OPERATING EXPENSES</b>		
Purchased services	1,509	1,509
Supplies and materials	604	604
Other objects	474	474
Total Operating Expenses	2,587	2,587
CHANGE IN NET POSITION	26,218	26,218
TOTAL NET POSITION - BEGINNING	69,472	69,472
TOTAL NET POSITION - ENDING	\$ 95,690	\$ 95,690

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Fund	
	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 30,619	\$ 30,619
Payments to suppliers and providers of goods and services	(2,568)	(2,568)
Net Cash Provided by (Used for) Operating Activities	28,051	28,051
Net Increase/(Decrease) in Cash and Cash Equivalents	28,051	28,051
Cash and cash equivalents - Beginning	66,139	66,139
Cash and cash equivalents - Ending	\$ 94,190	\$ 94,190
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating income	\$ 26,218	\$ 26,218
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
(Increase) decrease in assets:		
Increase in accounts receivable	(16)	(16)
Decrease in due from other governments	1,830	1,830
Increase (decrease) in liabilities:		
Decrease in accounts payable	19	19
Net Cash Provided by Operating Activities	\$ 28,051	\$ 28,051

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Due from other governments	\$ -	\$ 379,428
Investments	40,084	-
Total Assets	\$ 40,084	\$ 379,428
<b>LIABILITIES</b>		
Due to other governments	\$ -	\$ 379,428
Total Liabilities	-	\$ 379,428
<b>NET POSITION</b>		
Held in trust for other purposes	\$ 40,084	

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

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2016

	Private Purpose Trust Fund
ADDITIONS:	
Investment earnings:	
Interest	\$ 480
CHANGE IN NET POSITION	480
NET POSITION - BEGINNING	39,604
NET POSITION - ENDING	\$ 40,084

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mason/Tazewell/Woodford Counties Regional Office of Education #53 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2016, the Regional Office of Education #53 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 Principles for State and Local Governments – supersedes GASB Statement No. 55*. The Regional Office of Education #53 implemented these standards during the current year. The implementation of GASB Statement No. 72 establishes guidance for determining a fair value measurement for financial reporting purposes and applying fair value to certain investments and disclosures. The implementation of GASB Statement No. 73 establishes required enhancements to financial statement disclosures by establishing a single framework for the presentation of information about pensions. The implementation of GASB Statement No. 76 prioritizes the guidance state and local governments follow when preparing financial statements in accordance with *Generally Accepted Accounting Principles*.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through July 19, 2017, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #53’s districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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 Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2016, the Regional Office of Education #53 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #53. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #53's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #53 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #53 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #53 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #53 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #53 being considered a component unit of the entity.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #53's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #53's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #53 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #53's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, activities between governmental funds have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.



MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND 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.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending, or “financial flow,” and the determination of changes in financial position rather than upon net income determination. This means that generally only current assets and current liabilities are included on their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on a specific purpose or project before any amounts will be paid to the Regional Office of Education #53; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Regional Office of Education #53 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #53's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

G. FUND ACCOUNTING

The Regional Office of Education #53 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #53 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #53 has presented all major funds that met the above qualifications.

The Regional Office of Education #53 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #53. It is used to account for the expenditures that benefit all school districts in the Region except those required to be accounted for and reported in other funds. General Funds include the following:

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Alternative School Program General State Aid (GSA) – To provide General State Aid funding to the Regional Office of Education #53 Alternative Academy and to account for funds received from ISBE that are unrestricted for use.

Media Cooperative Fund – This fund accounts for maintenance of the cooperative media materials library for the benefit of the Regional Office of Education #53's various school districts.

Operating Fund – This fund accounts for unrestricted funding of the Regional Office of Education and any unrestricted activity not recorded elsewhere.

Regional Safe Schools – General State Aid (GSA) – To provide General State Aid for the students' needs at the Regional Safe Schools and to account for support from Mason, Tazewell, and Woodford counties.

Vision & Hearing Screening – To coordinate vision/hearing screening for school districts that wish to share the costs of these services.

Western Illinois University Cohort – To account for tuition money sent to the Regional Office of Education for the Superintendent Cohort classes held in the region by Western Illinois University.

Major 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 specified purposes. Major special revenue funds include the following:

Education Fund – This 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:

McKinney Education for Homeless Children – To provide services to all homeless children and youths through a designated Homeless Liaison.

Regional Safe Schools – To account for professional staff salaries at the Regional Safe Schools.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Education Fund (Concluded)

Regional Safe Schools Cooperative Education Program (RSSCEP) – This program provides activities for disruptive students who are eligible for suspension or expulsion. The activities provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

Restricted Funds MIEC – To account for funds that were received from Mid-Illini Educational Cooperative that are restricted for use.

School & Community Assistance Team – A program that trains individuals for crisis management.

Statewide System of Support Foundational Services Grant – To provide guidance and support to districts and schools in the implementation of the new Illinois Learning Standards in English/Language Arts (ELA) and Math, engagement in Continuous Improvement Planning, and utilization of Balanced Assessment/Evaluation.

Teacher Mentoring Program – To provide training, support, and assistance to novice teachers as well as provide training, support, and assistance to teacher mentors.

Title II Leadership Grant – To account for Title II Teacher Quality Leadership grant from the State, which is for the purpose of implementing the purchase of the principal and/or teacher evaluation training.

Truants Alternative/Optional Education – To account for the salary of the part-time truancy caseworker and to pay for truancy prevention programs and services for monitoring truants.

Institute – This 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.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

The Regional Office of Education #53 reports the following Nonmajor Special Revenue Funds:

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools of each county or counties to administer the GED test. Testing fees are used for test administration, testing materials, and diplomas on successful completion of the test.

Supervisory – To account for monies received from the State of Illinois for expenditures incurred providing supervisory services in the counties.

Transportation Fund – Experienced bus drivers must take a two-hour instructional refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the Regional Office.

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenues and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #53 reports the following proprietary fund:

Fingerprinting Fund – To account for revenues earned and expenses incurred in connection with the fingerprinting of teachers and others.

Local Fund – To account for revenues earned and expenses incurred in connection with conducting educational workshops.

FIDUCIARY FUNDS

The Regional Office of Education #53 reports the following Fiduciary Funds:

Private Purpose Trust Fund – The Ogle fund was established to provide periodic interest distributions to designated school districts.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Agency Funds – Agency funds are used to account for assets held by the Regional Office of Education #53 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 #53 reports the following agency funds:

Distributive Fund – This fund accounts for pass-through state aid and other monies from the Regional Office of Education #53 to various entities within the region.

Interest on Distributions to Other Governmental Units – The schools within the Regional Office of Education #53's geographic responsibility have signed formal agreements which allow the Regional Office of Education #53 to retain any interest earned during the year.

School Facility Tax Fund – This fund accounts for pass-through School Occupation Facility Tax that is being passed through the Regional Office of Education #53 to the school districts of Mason County.

H. GOVERNMENTAL FUND BALANCES

Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – The portion of a governmental fund's net position that is not available to be spent, either short term or long term, due to either their form or legal restrictions. The fund balances of the following General Fund account is comprised of a nonspendable fund balance: Regional Safe Schools – GSA.

Restricted Fund Balance – The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following fund balances are restricted by Illinois Statute: Institute, General Education Development, Supervisory, and Transportation. The following Education Funds are restricted by grantor or donor restrictions: McKinney Education for Homeless Children, Restricted Funds MIEC.

Committed Fund Balance – The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #53 has no committed fund balances.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: Vision & Hearing Screening and Western Illinois University Cohort.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are comprised of unassigned fund balances: Alternative School Program – GSA, Operating Fund, and Regional Safe Schools – GSA.

I. NET POSITION

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

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

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

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

J. CASH AND CASH EQUIVALENTS

The Regional Office of Education #53’s cash and cash equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund’s Statement of Revenues, Expenditures, and Changes in Fund Balances.

K. 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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than three years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 3-7 years.

M. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position 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 consist of grant receivables not collected within sixty days after 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.

N. COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 21 vacation days for a full year of service. No vacation time may be carried over to next year and will be lost if an employee does not use the time during the year. Therefore, the Regional Office of Education #53 did not accrue any vacation benefits for the current year. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 240 days. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.



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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. BUDGET INFORMATION

The Regional Office of Education #53 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: McKinney Education for Homeless Children, Regional Safe Schools, Regional Safe Schools Cooperative Education Program (RSSCEP), Statewide System of Support Foundational Services Grant, Title II Leadership Grant, and Truants Alternative/Optional Education.

NOTE 2 – CASH AND INVESTMENTS

The Regional Office of Education #53's investment policy is to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2016, the carrying amounts of the Regional Office of Education #53's government-wide fund and agency fund deposits were \$2,379,790 and \$40,084, respectively, and the bank balances were \$2,501,376 and \$40,084, respectively. Of the total bank balances as of June 30, 2016, \$250,000 was secured by federal depository insurance, \$2,272,963 was fully collateralized, and \$18,497 was invested in the Illinois Funds Money Market Fund.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #53's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #53's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #53.

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NOTE 2 – CASH AND INVESTMENTS (Continued)

B. INVESTMENTS

The Regional Office of Education #53's investment policy requires that funds should be invested solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As of June 30, 2016, the Regional Office of Education #53's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$51,861 shown as investments for governmental activities. Fiduciary funds had certificates of deposit of \$40,084 at June 30, 2016. Certificates of deposit are considered deposits and, as such, are included in the deposits note (2A) above.

At June 30, 2016, the carrying amount of the Regional Office of Education #53's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$18,497. These deposits are included in cash and cash equivalents in the Regional Office of Education #53's governmental activities.

**CREDIT RISK**

At June 30, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

**CONCENTRATION OF CREDIT RISK**

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

**INTEREST RATE RISK**

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

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NOTE 3 – DEFINED BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education #53'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 #53'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 following "Benefits Provided" section. 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](http://www.imrf.org).

**Benefits Provided**

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

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

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

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

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Employees Covered by Benefit Terms**

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

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	1
Inactive Plan Members entitled to but not yet receiving benefits	-
Active Plan Members	8
<b>Total</b>	<b>9</b>

**Contributions**

As set by statute, the Regional Office of Education #53’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 #53’s annual contribution rate for calendar year 2015 was 8.46%. For the calendar year ended 2015, the Regional Office of Education #53 contributed \$13,312 to the plan. The Regional Office of Education #53 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education #53’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.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

**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).

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

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

**Changes in the Net Pension Asset**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 1,127,981	\$ 1,178,472	\$ (50,491)
<b>Changes for the year:</b>			
Service Cost	25,971	-	25,971
Interest on the Total Pension Liability	83,395	-	83,395
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(1,119,442)	-	(1,119,442)
Changes of Assumptions	-	-	-
Contributions - Employer	-	13,312	(13,312)
Contributions - Employees	-	5,422	(5,422)
Net Investment Income	-	(801,203)	801,203
Benefit Payments, including Refunds of Employee Contributions	(61,469)	(61,469)	-
Other (Net Transfer)	-	112,749	(112,749)
<b>Net Changes</b>	<b>(1,071,545)</b>	<b>(731,189)</b>	<b>(340,356)</b>
<b>Balances at December 31, 2015</b>	<b>\$ 56,436</b>	<b>\$ 447,283</b>	<b>\$ (390,847)</b>

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate**

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

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Asset</b>	\$ (380,729)	\$ (390,847)	\$ (403,928)

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ending June 30, 2016, the Regional Office of Education #53 recognized pension income of \$770,809. At June 30, 2016, the Regional Office of Education #53 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 91,936	\$ 372,479
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	683,936	-
Total Deferred Amounts to be recognized in pension expense in future periods	775,872	372,479
Pension Contributions made subsequent to the Measurement Date	16,032	-
Total Deferred Amounts Related to Pensions	\$ 791,904	\$ 372,479

\$16,032 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>
2016	\$ (192,870)
2017	179,435
2018	179,435
2019	178,020
2020	8,474
Thereafter	50,899
Total	\$ 403,393

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #53 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.



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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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.

**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 #53.

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #53. For the year ended June 30, 2016, State of Illinois contributions recognized by the Regional Office of Education #53 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #53, and the Regional Office of Education #53 recognized revenue and expenditures of \$111,769 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 \$1,261, 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 #53, there is a statutory requirement for the Regional Office of Education #53 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, there were no salaries paid from federal and special trust funds that required employer contributions.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (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 #53 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 #53 paid no employer ERO contributions.

The Regional Office of Education #53 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 #53 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal 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 #53 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 follow:

Employers proportionate share of the net pension liability	\$ 28,718
State’s proportionate share of the net pension liability associated with the employer	<u>1,364,228</u>
<b>Total</b>	<b><u>\$ 1,392,946</u></b>

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 #53’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 #53’s proportion was .0000438375 percent, which was an increase .0000198375 percent from its proportion measured as of June 30, 2014.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

For the year ended June 30, 2016, the Regional Office of Education #53 recognized pension expense of \$111,769 and revenue of \$111,769 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education #53 recognized pension expense of \$660. At June 30, 2016, the Regional Office of Education #53 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 10	\$ 32
Net difference between projected and actual earnings on pension plan investments	569	1,006
Change of assumptions	398	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,516	9,193
Employer contributions subsequent to the measurement date	1,261	-
<b>Total</b>	<b>\$ 6,754</b>	<b>\$ 10,231</b>

\$1,261 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ (1,789)
2018	(1,789)
2019	(1,789)
2020	629
	<b>\$ (4,738)</b>

**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:

<b>Inflation</b>	3.00 percent
<b>Salary Increase</b>	5.75 percent, average, including inflation
<b>Investment rate of return</b>	7.50 percent, net of pension plan investment expense, including inflation

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
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JUNE 30, 2016

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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
<b>Total</b>	<u>100 %</u>	

**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.

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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 #53’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education #53’s proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the employer’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% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 35,489	\$ 28,718	\$ 23,166

**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*.

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY

The Regional Office of Education #53 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 Medicare Advantage plans.

MASON/TAZEWELL/WOODFORD COUNTIES  
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NOTE 5 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 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 #53. 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 \$2,298, and the Regional Office of Education #53 recognized revenue and expenditures of this amount during the year.

**Employer contributions to the THIS Fund.** The Regional Office of Education #53 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 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education #53 paid \$1,718 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2015 and 2014, the Regional Office paid \$1,178 and \$1,064 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.”

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education #53 participates in the Western Area School Health Benefit Plan (“Plan”) as a member of the Western Area School Association (“Association”). The Plan is a cost-sharing, multiple-employer defined-benefit postemployment health care plan that was established by certain Illinois local governmental units constituting the Association pursuant to the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., for the benefit of certain employees (and their dependents) of the members of the Association. The Plan is funded through the Western Area School Employee Benefits Trust (“Trust”) which is also controlled by the Association. The Association, Plan, and Trust together constitute a joint insurance pool under 5 ILCS 220/6. The Association is the administrator of the Plan. The MidAmerica National Bank, N.A., is the trustee of the Trust. In addition, the Regional Office of Education #53 has no explicit subsidy as defined in GASB S-45.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
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NOTE 7 – OPERATING LEASES

During fiscal year 2016, the Regional Office of Education #53 leased classroom and office space located at 107 Riverview Road, Creve Coeur, Illinois, from Creve Coeur Elementary School District #76, for \$2,500 per month. The lease term is from August 1, 2015, to July 31, 2017.

Rent expense for the year ended June 30, 2016, was \$30,000. Future minimum rentals are as follows for the years ending June 30:

2017	\$	30,000
2018		2,500
2019		-
2020		-
2021 and thereafter		-
		\$ 32,500

NOTE 8 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #53 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets by business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2016:

	Balance 7/1/2015	Additions	Disposals	Balance 6/30/2016
Governmental Activities				
Capital assets being depreciated:				
Equipment	\$ 142,277	\$ 1,050	\$ (4,576)	\$ 138,751
Total Capital Assets	142,277	1,050	(4,576)	138,751
Less: Accumulated Depreciation	(125,662)	(8,758)	4,386	(130,034)
Governmental Activities				
Investment in Capital Assets, Net	\$ 16,615	\$ (7,708)	\$ (190)	\$ 8,717

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8 – CAPITAL ASSETS (Concluded)

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/2016</u>
Business-Type Activities				
Capital assets being depreciated:				
Equipment	\$ 1,079	\$ -	\$ -	\$ 1,079
Total Capital Assets	1,079	-	-	1,079
Less: Accumulated Depreciation	(1,079)	-	-	(1,079)
Business-Type Activities				
Investment in Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2016, of \$8,758 and \$-0- was charged to governmental activities instructional services function and business-type activities, respectively, on the government-wide Statement of Activities. Also, a disposal loss of \$190 was charged to the governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 9 – RISK MANAGEMENT

The Regional Office of Education #53 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #53 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 10 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2016, consist of the following individual due to/from other funds in the Governmental Fund Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 48,086	\$ -
Education Fund	-	48,086
Totals	<u>\$ 48,086</u>	<u>\$ 48,086</u>



MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 10 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2016, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 29,370	\$ 29,370
Education Fund	998	-
Institute Fund	-	998
	\$ 30,368	\$ 30,368

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #53’s General Fund, Education Fund, Nonmajor Special Revenue Funds, and Agency Fund have funds due to/from various other governmental units which consist of the following:

Due from Other Governments:

General Fund	
Illinois State Board of Education	\$ 12,421
Nonmajor Special Revenue Funds	
Illinois State Board of Education	1,679
Education Fund	
Local Governments	19,803
Illinois State Board of Education	46,419
Agency Fund	
Local Governments	243,332
Illinois State Board of Education	136,096
Total	\$ 459,750

Due to Other Governments:

Education Fund	
Illinois State Board of Education	\$ 18,000
Agency Fund	
Local Governments	379,428
Total	\$ 397,428

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #53:

Regional Superintendent Salary	\$ 112,008
Assistant Regional Superintendent Salary	100,812
Regional Superintendent Benefits (Includes State-paid insurance)	34,634
Assistant Regional Superintendent Benefits (Includes State-paid insurance)	34,909
Teachers' Health Insurance Security Contribution	<u>2,298</u>
 Total	 <u>\$ 284,661</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education. These amounts have been recorded in the accompanying governmental fund financial statements as State revenue and expenditures.

Regional Office of Education #53 also recorded \$111,769 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 #53 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	\$ 284,661
ROE #53's share of TRS pension expense	<u>111,769</u>
Total	<u>\$ 396,430</u>

The Regional Office of Education #53's office building and utilities are provided by In Kind support by Mason, Tazewell, and Woodford counties in the amount of \$85,259. Ownership of those fixed assets remains with the Mason, Tazewell, and Woodford counties and, accordingly, the cost of these assets are not included in the Regional Office of Education #53's financial statements.

NOTE 13 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013, and directed certain other consolidations. Effective July 1, 2015, Regional Office of Education #53 consolidated Mason and Woodford Counties into its educational service region.

The Regional Office of Education #53 reclassified the opening fund balance for the following Governmental funds due to the consolidation: Institute, Alternative School Program, Regional Safe Schools – GSA, General Education Development, and Transportation. The net beginning fund balances was restated by \$276,498.

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION (Continued)

The Regional Office of Education #53 implemented GASB Statement Nos. 68 and 71 in fiscal year 2015 and, therefore, restated July 1, 2014, net pension to recognize deferred outflows of resources, deferred inflows of resources, and net pension liability in the prior year related to IMRF and TRS. During the consolidation process, the Regional Office of Education #53 acquired a portion of the deferred outflows of resources, deferred inflows of resources, and net pension liability related to IMRF and TRS from Marshall/Putnam/Woodford Counties Regional Office of Education #43. The net ending balance of the deferred outflows of resources, deferred inflows of resources, and net pension liability relating to TRS in the prior year was \$12,519. The following beginning fund balances and the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Institute Fund

Fund Balance - Beginning	\$ 236,277
Effect of consolidation on opening fund balance	48,976
Fund Balance - Beginning, restated	<u><u>\$ 285,253</u></u>

General Fund

Fund Balance - Beginning	\$ 1,441,955
Effect of consolidation on opening fund balance	210,583
Fund Balance - Beginning, restated	<u><u>\$ 1,652,538</u></u>

Nonmajor Special Revenue Fund

Fund Balance - Beginning	\$ 64,982
Effect of consolidation on opening fund balance	16,939
Fund Balance - Beginning, restated	<u><u>\$ 81,921</u></u>

Governmental Activities Net Position

Net Position - July 1, 2015	\$ 1,795,035
Effect of consolidation on opening fund balance	276,498
Effect of recognizing net deferred outflows, inflows, and net pension liability	(12,519)
Net Position - Beginning, restated	<u><u>\$ 2,059,014</u></u>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION (Concluded)

The initial opening balances of Governmental Activities of the Mason/Tazewell/Woodford Counties Regional Office of Education #53's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of Tazewell County Regional Office of Education #53, Mason county from the Logan/Mason/Menard Counties Regional Office of Education #38, and Woodford county from the Marshall/Putnam/Woodford Counties Regional Office of Education #43 as of July 1, 2015, as follows:

Merger of Operations as of July 1, 2015

	Mason County & Woodford County	ROE #53	Total	Adjustments (Credit)	Total
Total Current Assets	\$ 292,502	\$ 1,838,673	\$ 2,131,175	\$ 1,643	\$ 2,132,818
Total Noncurrent Assets	-	51,971	51,971	-	51,971
Total Assets	<u>292,502</u>	<u>1,890,644</u>	<u>2,183,146</u>	<u>1,643</u>	<u>2,184,789</u>
Deferred Outflows of Resources	<u>21,688</u>	<u>12,194</u>	<u>33,882</u>	<u>-</u>	<u>33,882</u>
Total Current Liabilities	672	79,439	80,111	-	80,111
Total Noncurrent Liabilities	45,785	14,621	60,406	-	60,406
Total Liabilities	<u>46,457</u>	<u>94,060</u>	<u>140,517</u>	<u>-</u>	<u>140,517</u>
Deferred Inflows of Resources	<u>5,397</u>	<u>13,743</u>	<u>19,140</u>	<u>-</u>	<u>19,140</u>
Net Position:					
Investment in Capital Assets	-	16,615	16,615	-	16,615
Restricted - Other	82,222	352,635	434,857	-	434,857
Unrestricted	180,114	1,425,785	1,605,899	1,643	1,607,542
Total Net Position	<u>\$ 262,336</u>	<u>\$ 1,795,035</u>	<u>\$ 2,057,371</u>	<u>\$ 1,643</u>	<u>\$ 2,059,014</u>

The adjustment amount of \$1,643 is due to reconciling items (e.g., outstanding checks) between the book balance of cash attributable to Mason and Woodford counties and the actual bank balance of cash that was transferred to the Mason/Tazewell/Woodford Counties Regional Office of Education #53 as of July 1, 2015.

REQUIRED SUPPLEMENTARY INFORMATION  
(Other than Management's Discussion and Analysis)

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) & RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST TWO CALENDAR YEARS

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 25,971	\$ 314
Interest on the Total Pension Liability	83,395	36,613
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(1,119,442)	2,179
Changes of Assumptions	-	22,765
Benefit Payments, including Refunds of Employee Contributions	(61,469)	(38,562)
<b>Net Change in Total Pension Liability</b>	<u>(1,071,545)</u>	<u>23,309</u>
 <b>Total Pension Liability - Beginning</b>	 <u>1,127,981</u>	 <u>507,300</u>
 <b>Total Pension Liability - Ending (A)</b>	 <u>\$ 56,436</u>	 <u>\$ 530,609</u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 13,312	\$ 25,847
Contributions - Employees	5,422	95
Net Investment Income	(801,203)	41,089
Benefit Payments, including Refunds of Employee Contributions	(61,469)	(38,562)
Other (Net Transfer)	112,749	(1,707)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(731,189)</u>	<u>26,762</u>
 <b>Plan Fiduciary Net Position - Beginning</b>	 <u>1,178,472</u>	 <u>539,203</u>
 <b>Plan Fiduciary Net Position - Ending (B)</b>	 <u>\$ 447,283</u>	 <u>\$ 565,965</u>
 <b>Net Pension Asset - Ending (A) - (B)</b>	 <u>\$ (390,847)</u>	 <u>\$ (35,356)</u>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	 792.55%	 106.66%
 <b>Covered Valuation Payroll</b>	 \$ 120,491	 \$ 2,112
 <b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	 -324.38%	 -1674.05%

**Notes to Schedule:**

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

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 FOR THE LAST TWO CALENDAR YEARS

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	\$ -	\$ 6,825	\$ (6,825)	\$ 120,491	5.66%
2014	4,876	25,847	(20,971)	2,112	1223.82%

**Notes to Schedule:**

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

**Valuation Date:**

Notes 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:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; no explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	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% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

***Other Information:***

*Notes:* 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.

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
 FOR THE YEAR ENDED JUNE 30, 2016 \*

	FY15*	FY14*
Employer's proportion of the net pension liability	0.0000438375%	0.0000240000%
Employer's proportionate share of the net pension liability	\$ 28,718	\$ 14,621
State's proportionate share of the net pension liability associated with the employer	1,364,228	911,750
<b>Total</b>	\$ 1,392,946	\$ 926,371
Employer's covered-employee payroll	\$ 154,950	\$ 167,011
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	18.5%	8.8%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
 FOR THE YEAR ENDED JUNE 30, 2016 †

	FY15	FY14
Statutorily-required contribution	\$ 1,245	\$ 899
Contributions in relation to the statutorily-required contribution	1,261	897
Contribution deficiency (excess)	\$ (16)	\$ 2
Employer's covered-employee payroll	\$ 214,804	\$ 154,950
Contributions as a percentage of covered-employee payroll	0.59%	0.58%

*† The information in both schedules will accumulate until a full 10-year trend is presented as required by Statement No. 68.*

**Notes to This Required Supplementary Information**

*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.



## OTHER SUPPLEMENTARY INFORMATION

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2016

	Alternative School Program - GSA	Media Cooperative Fund	Operating Fund	Regional Safe Schools - GSA	Vision & Hearing Screening	Western Illinois University Cohort	TOTALS
<b>ASSETS</b>							
Cash and cash equivalents	\$ 751,811	\$ -	\$ 29,370	\$ 1,050,683	\$ 1,317	\$ 3,433	\$ 1,836,614
Due from other funds	48,086	-	-	-	-	-	48,086
Due from other governments							
State	-	-	-	12,421	-	-	12,421
Prepaid expenditures	-	-	-	7,500	-	-	7,500
<b>TOTAL ASSETS</b>	<b>\$ 799,897</b>	<b>\$ -</b>	<b>\$ 29,370</b>	<b>\$ 1,070,604</b>	<b>\$ 1,317</b>	<b>\$ 3,433</b>	<b>\$ 1,904,621</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 725	\$ -	\$ -	\$ 1,054	\$ -	\$ -	\$ 1,779
Accrued expenses	2,258	-	-	1,645	-	-	3,903
Unearned revenue	-	-	-	14,930	-	-	14,930
<b>Total Liabilities</b>	<b>2,983</b>	<b>-</b>	<b>-</b>	<b>17,629</b>	<b>-</b>	<b>-</b>	<b>20,612</b>
<b>FUND BALANCE</b>							
Nonspendable	-	-	-	7,500	-	-	7,500
Assigned	-	-	-	-	1,317	3,433	4,750
Unassigned	796,914	-	29,370	1,045,475	-	-	1,871,759
<b>Total Fund Balance</b>	<b>796,914</b>	<b>-</b>	<b>29,370</b>	<b>1,052,975</b>	<b>1,317</b>	<b>3,433</b>	<b>1,884,009</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 799,897</b>	<b>\$ -</b>	<b>\$ 29,370</b>	<b>\$ 1,070,604</b>	<b>\$ 1,317</b>	<b>\$ 3,433</b>	<b>\$ 1,904,621</b>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2016

	Alternative School Program - GSA	Media Cooperative Fund	Operating Fund	Regional Safe Schools - GSA	Vision & Hearing Screening	Western Illinois University Cohort	TOTALS
<b>REVENUES</b>							
Local sources	\$ 37,177	\$ -	\$ -	\$ 196,994	\$ 1,500	\$ -	\$ 235,671
On-behalf payments - Local	-	-	-	85,259	-	-	85,259
State sources	31,279	-	-	303,778	-	-	335,057
On-behalf payments - State	-	-	-	284,661	-	-	284,661
Interest income	3,039	-	-	-	-	-	3,039
Total Revenues	71,495	-	-	870,692	1,500	-	943,687
<b>EXPENDITURES</b>							
Salaries and benefits	4,691	-	-	188,670	-	-	193,361
Pension expense	-	-	-	23,214	-	-	23,214
Purchased services	11,738	-	-	94,187	145	-	106,070
Supplies and materials	-	-	-	5,899	-	-	5,899
Other objects	9,891	-	-	2,811	-	-	12,702
Capital outlay	-	-	-	1,050	-	-	1,050
On-behalf expenditures - Local	-	-	-	85,259	-	-	85,259
On-behalf expenditures - State	-	-	-	284,661	-	-	284,661
Total Expenditures	26,320	-	-	685,751	145	-	712,216
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>							
	45,175	-	-	184,941	1,355	-	231,471
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	29,370	-	-	-	29,370
Transfers out	-	(29,370)	-	-	-	-	(29,370)
Total Other Financing Sources (Uses)	-	(29,370)	29,370	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>							
	45,175	(29,370)	29,370	184,941	1,355	-	231,471
<b>FUND BALANCE - BEGINNING (Restated, See Note 13)</b>							
	751,739	29,370	-	868,034	(38)	3,433	1,652,538
<b>FUND BALANCE - ENDING</b>							
	\$ 796,914	\$ -	\$ 29,370	\$ 1,052,975	\$ 1,317	\$ 3,433	\$ 1,884,009

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2016

	McKinney Education for Homeless Children	Regional Safe Schools	RSSCEP	Restricted Funds MIEC	School & Community Assistance Team
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 14,904	\$ 685
Due from other governments:					
State	-	15,374	7,840	-	-
Federal	13,271	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 13,271</b>	<b>\$ 15,374</b>	<b>\$ 7,840</b>	<b>\$ 14,904</b>	<b>\$ 685</b>
<b>LIABILITIES</b>					
Accrued salaries and benefits	\$ -	\$ 7,112	\$ 4,176	\$ -	\$ -
Due to other funds	12,136	8,262	3,664	-	-
Due to other governments:					
State	-	-	-	-	-
Unearned revenue	-	-	-	-	685
<b>Total Liabilities</b>	<b>12,136</b>	<b>15,374</b>	<b>7,840</b>	<b>-</b>	<b>685</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	1,135	-	-	14,904	-
<b>Total Fund Balance (Deficit)</b>	<b>1,135</b>	<b>-</b>	<b>-</b>	<b>14,904</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 13,271</b>	<b>\$ 15,374</b>	<b>\$ 7,840</b>	<b>\$ 14,904</b>	<b>\$ 685</b>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2016

	Statewide System of Support Foundational Services Grant	Teacher Mentoring Program	Title II Leadership Grant	Truants Alternative/ Optional Education	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 18,000	\$ -	\$ -	\$ 33,589
Due from other governments:					
State	-	-	-	21,705	44,919
Federal	6,532	-	1,500	-	21,303
<b>TOTAL ASSETS</b>	<b>\$ 6,532</b>	<b>\$ 18,000</b>	<b>\$ 1,500</b>	<b>\$ 21,705</b>	<b>\$ 99,811</b>
<b>LIABILITIES</b>					
Accrued salaries and benefits	\$ -	\$ -	\$ -	\$ 5,713	\$ 17,001
Due to other funds	6,532	-	1,500	15,992	48,086
Due to other governments:					
State	-	18,000	-	-	18,000
Unearned revenue	-	-	-	-	685
<b>Total Liabilities</b>	<b>6,532</b>	<b>18,000</b>	<b>1,500</b>	<b>21,705</b>	<b>83,772</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	-	-	16,039
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,039</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 6,532</b>	<b>\$ 18,000</b>	<b>\$ 1,500</b>	<b>\$ 21,705</b>	<b>\$ 99,811</b>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2016

	McKinney Education for Homeless Children	Regional Safe Schools	RSSCEP	Restricted Funds MIEC	School & Community Assistance Team
REVENUES					
State sources	\$ -	\$ 107,509	\$ 39,910	\$ -	\$ -
Federal sources	23,113	-	-	-	-
Total Revenues	<u>23,113</u>	<u>107,509</u>	<u>39,910</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Salaries and benefits	15,138	107,137	31,301	-	-
Pension expense	1,137	372	143	-	-
Purchased services	3,941	-	7,473	-	-
Supplies and materials	2,878	-	993	-	-
Total Expenditures	<u>23,094</u>	<u>107,509</u>	<u>39,910</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	19	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>1,116</u>	<u>-</u>	<u>-</u>	<u>14,904</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ 1,135</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,904</u></u>	<u><u>\$ -</u></u>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2016

	Statewide System of Support Foundational Services Grant	Teacher Mentoring Program	Title II Leadership Grant	Truants Alternative/ Optional Education	TOTALS
REVENUES					
State sources	\$ -	\$ -	\$ -	\$ 152,705	\$ 300,124
Federal sources	17,217	-	4,700	-	45,030
Total Revenues	<u>17,217</u>	<u>-</u>	<u>4,700</u>	<u>152,705</u>	<u>345,154</u>
EXPENDITURES					
Salaries and benefits	708	-	-	132,574	286,858
Pension expense	-	-	-	5,005	6,657
Purchased services	16,789	-	4,700	14,817	47,720
Supplies and materials	718	-	-	309	4,898
Total Expenditures	<u>18,215</u>	<u>-</u>	<u>4,700</u>	<u>152,705</u>	<u>346,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(998)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(979)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	998	-	-	-	998
Total Other Financing Sources (Uses)	<u>998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>998</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	19
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,020</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,039</u>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
Federal sources	\$ 22,436	\$ 26,577	\$ 23,113
Total Revenue	<u>22,436</u>	<u>26,577</u>	<u>23,113</u>
<b>EXPENDITURES</b>			
Salaries and benefits	19,455	19,455	15,138
Pension expense	-	-	1,137
Purchased services	1,848	4,264	3,941
Supplies and materials	1,133	2,858	2,878
Total Expenditures	<u>22,436</u>	<u>26,577</u>	<u>23,094</u>
NET CHANGE IN FUND BALANCE	-	-	19
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>1,116</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,135</u>



MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 107,509	\$ 107,509	\$ 107,509
Total Revenue	<u>107,509</u>	<u>107,509</u>	<u>107,509</u>
EXPENDITURES			
Salaries and benefits	107,509	107,509	107,137
Pension expense	-	-	372
Total Expenditures	<u>107,509</u>	<u>107,509</u>	<u>107,509</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 RSSCEP  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 40,070	\$ 35,886	\$ 39,910
Total Revenue	<u>40,070</u>	<u>35,886</u>	<u>39,910</u>
<b>EXPENDITURES</b>			
Salaries and benefits	36,499	27,333	31,301
Pension expense	-	-	143
Purchased services	3,245	7,553	7,473
Supplies and materials	326	1,000	993
Total Expenditures	<u>40,070</u>	<u>35,886</u>	<u>39,910</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
STATEWIDE SYSTEM OF SUPPORT FOUNDATIONAL SERVICES GRANT  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 107,314	\$ 107,314	\$ 17,217
Total Revenue	<u>107,314</u>	<u>107,314</u>	<u>17,217</u>
EXPENDITURES			
Salaries and benefits	88,000	83,040	708
Purchased services	16,631	24,274	16,789
Supplies and materials	2,683	-	718
Total Expenditures	<u>107,314</u>	<u>107,314</u>	<u>18,215</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(998)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	998
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>998</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II LEADERSHIP GRANT  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 5,416	\$ 5,416	\$ 4,700
Total Revenue	<u>5,416</u>	<u>5,416</u>	<u>4,700</u>
EXPENDITURES			
Purchased services	<u>5,416</u>	<u>5,416</u>	<u>4,700</u>
Total Expenditures	<u>5,416</u>	<u>5,416</u>	<u>4,700</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 152,705	\$ 152,705	\$ 152,705
Total Revenue	<u>152,705</u>	<u>152,705</u>	<u>152,705</u>
EXPENDITURES			
Salaries and benefits	139,794	138,878	132,574
Pension expense	-	-	5,005
Purchased services	12,521	13,437	14,817
Supplies and materials	390	390	309
Total Expenditures	<u>152,705</u>	<u>152,705</u>	<u>152,705</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	General Education Development	Supervisory	Transportation	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 66,318	\$ 1,001	\$ 21,922	\$ 89,241
Accounts receivable	451	-	10	461
Due from other governments - State	-	-	1,679	1,679
<b>TOTAL ASSETS</b>	<b>\$ 66,769</b>	<b>\$ 1,001</b>	<b>\$ 23,611</b>	<b>\$ 91,381</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 58	\$ -	\$ 350	\$ 408
Accrued expenses	-	-	8	8
<b>Total Liabilities</b>	<b>58</b>	<b>-</b>	<b>358</b>	<b>416</b>
<b>FUND BALANCES</b>				
Restricted	66,711	1,001	23,253	90,965
<b>Total Fund Balances</b>	<b>66,711</b>	<b>1,001</b>	<b>23,253</b>	<b>90,965</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 66,769</b>	<b>\$ 1,001</b>	<b>\$ 23,611</b>	<b>\$ 91,381</b>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Education Development	Supervisory	Transportation	TOTALS
<b>REVENUES</b>				
Local sources	\$ 4,800	\$ -	\$ 6,470	\$ 11,270
State sources	-	-	1,549	1,549
Total Revenues	<u>4,800</u>	<u>-</u>	<u>8,019</u>	<u>12,819</u>
<b>EXPENDITURES</b>				
Purchased services	-	-	3,552	3,552
Supplies and materials	122	-	-	122
Other objects	14	-	87	101
Total Expenditures	<u>136</u>	<u>-</u>	<u>3,639</u>	<u>3,775</u>
NET CHANGE IN FUND BALANCE	4,664	-	4,380	9,044
FUND BALANCE - BEGINNING (Restated, See Note 13)	<u>62,047</u>	<u>1,001</u>	<u>18,873</u>	<u>81,921</u>
FUND BALANCE - ENDING	<u>\$ 66,711</u>	<u>\$ 1,001</u>	<u>\$ 23,253</u>	<u>\$ 90,965</u>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2016

	Business-Type Activities Enterprise Fund		
	Fingerprinting Fund	Local Fund	Total
	ASSETS		
Current assets:			
Cash and cash equivalents	\$ 83,870	\$ 10,320	\$ 94,190
Accounts receivable	1,519	-	1,519
TOTAL ASSETS	85,389	10,320	95,709
 LIABILITIES			
Current liabilities:			
Accounts payable	19	-	19
TOTAL LIABILITIES	19	-	19
 NET POSITION			
Unrestricted	85,370	10,320	95,690
TOTAL NET POSITION	\$ 85,370	\$ 10,320	\$ 95,690

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



MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Fund		
	Fingerprinting Fund	Local Fund	Total
OPERATING REVENUES			
Charges for services	\$ 22,440	\$ 6,365	\$ 28,805
Total Operating Revenues	22,440	6,365	28,805
OPERATING EXPENSES			
Purchased services	1,509	-	1,509
Supplies and materials	604	-	604
Other objects	474	-	474
Total Operating Expenses	2,587	-	2,587
CHANGE IN NET POSITION	19,853	6,365	26,218
TOTAL NET POSITION - BEGINNING	65,517	3,955	69,472
TOTAL NET POSITION - ENDING	\$ 85,370	\$ 10,320	\$ 95,690

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

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Fund		
	Fingerprinting Fund	Local Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 22,424	\$ 8,195	\$ 30,619
Payments to suppliers and providers of goods and services	(2,568)	-	(2,568)
Net Cash Provided by (Used for) Operating Activities	19,856	8,195	28,051
Net Increase/(Decrease) in Cash and Cash Equivalents	19,856	8,195	28,051
Cash and cash equivalents - Beginning	64,014	2,125	66,139
Cash and cash equivalents - Ending	\$ 83,870	\$ 10,320	\$ 94,190
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating income	\$ 19,853	\$ 6,365	\$ 26,218
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
(Increase) decrease in assets:			
Increase in accounts receivable	(16)	-	(16)
Decrease in due from other governments	-	1,830	1,830
Increase (decrease) in liabilities:			
Increase in accounts payable	19	-	19
Net Cash Provided by Operating Activities	\$ 19,856	\$ 8,195	\$ 28,051

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

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2016

	<u>Distributive Fund</u>	<u>Interest on Distributions to Other Governmental Units</u>	<u>School Facility Tax Fund</u>	<u>TOTALS</u>
ASSETS				
Due from other governments	\$ 136,096	\$ -	\$ 243,332	\$ 379,428
TOTAL ASSETS	<u>\$ 136,096</u>	<u>\$ -</u>	<u>\$ 243,332</u>	<u>\$ 379,428</u>
LIABILITIES				
Due to other governments	\$ 136,096	\$ -	\$ 243,332	\$ 379,428
TOTAL LIABILITIES	<u>\$ 136,096</u>	<u>\$ -</u>	<u>\$ 243,332</u>	<u>\$ 379,428</u>

MASON/TAZEWELL/WOODFORD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #53  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Distributive Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,287,746	\$ 1,287,746	\$ -
Due from other governments	-	136,096	-	136,096
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 1,423,842</b>	<b>\$ 1,287,746</b>	<b>\$ 136,096</b>
<b>LIABILITIES</b>				
Due to other governments	\$ -	\$ 1,423,842	\$ 1,287,746	\$ 136,096
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 1,423,842</b>	<b>\$ 1,287,746</b>	<b>\$ 136,096</b>
<u>Interest on Distributions to Other Governmental Units</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,949	\$ 90	\$ 3,039	\$ -
<b>Total Assets</b>	<b>\$ 2,949</b>	<b>\$ 90</b>	<b>\$ 3,039</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 2,949	\$ 90	\$ 3,039	\$ -
<b>Total Liabilities</b>	<b>\$ 2,949</b>	<b>\$ 90</b>	<b>\$ 3,039</b>	<b>\$ -</b>
<u>School Facility Tax Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	933,541	\$ 933,541	\$ -
Due from other governments	-	154,555	(88,777)	243,332
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 1,088,096</b>	<b>\$ 844,764</b>	<b>\$ 243,332</b>
<b>LIABILITIES</b>				
Due to other governments	\$ -	\$ 1,088,096	\$ 844,764	\$ 243,332
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 1,088,096</b>	<b>\$ 844,764</b>	<b>\$ 243,332</b>
<u>TOTALS</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,949	\$ 2,221,377	\$ 2,224,326	\$ -
Due from other governments	-	290,651	(88,777)	379,428
<b>Total Assets</b>	<b>\$ 2,949</b>	<b>\$ 2,512,028</b>	<b>\$ 2,135,549</b>	<b>\$ 379,428</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 2,949	\$ 2,512,028	\$ 2,135,549	\$ 379,428
<b>Total Liabilities</b>	<b>\$ 2,949</b>	<b>\$ 2,512,028</b>	<b>\$ 2,135,549</b>	<b>\$ 379,428</b>

MASON/TAZEWELL/WOODFORD COUNTIES  
REGIONAL OFFICE OF EDUCATION #53  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

<b>Program</b>	<b>Education for Employment</b>	<b>Regional Office of Education #53</b>	<b>Total</b>
General State Aid	\$ -	\$ 290,513	\$ 290,513
General State Aid 92	-	29,913	29,913
General State Aid - Sec. 18-8	-	13,265	13,265
General State Aid - Sec 18-8 other	-	1,366	1,366
Career & Tech Ed Improvement (CTEI)	496,604	-	496,604
Truants Alternative Op Ed	-	131,000	131,000
Alt Ed Regional Safe Scho	-	92,135	92,135
Other State Programs - TM	-	18,000	18,000
Other State Programs - RS	-	32,070	32,070
CTE-Perkins-Secondary	179,680	-	179,680
Title II - Teacher Quality - Leadership	-	3,200	3,200
<b>Total</b>	<u>\$ 676,284</u>	<u>\$ 611,462</u>	<u>\$ 1,287,746</u>