

**State of Illinois**

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**FINANCIAL AUDIT  
For the Year Ended June 30, 2019**

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

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

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**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**OFFICIALS**

Regional Superintendent:  
(Current and During the Audit Period)

Ms. Amanda Christensen

Assistant Regional Superintendent:  
(Current and During the Audit Period)

Mr. Jeff Smith

Office is located at:

2500 N. Annie Glidden Road, Suite C  
DeKalb, Illinois 60115

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**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	2	2
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	2	0

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>
<b>FINDINGS (GOVERNMENT AUDITING STANDARDS)</b>			
2019-001	10	Controls Over Financial Statement Preparation	Significant Deficiency
2019-002	12	Delay of Audit	Compliance

**PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)**

2018-001	16	Controls Over Timely Expenditure Report Submission	Material Weakness Compliance
2018-002	16	Departure from U.S. Generally Accepted Accounting Principles (GAAP)	Material Weakness Compliance

**EXIT CONFERENCE**

The DeKalb County Regional Office of Education No. 16 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2019. The Regional Office's responses to the recommendations and corrective action plans were provided by Amanda Christensen, Regional Superintendent, on July 15, 2020.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of DeKalb County Regional Office of Education No. 16 was performed by McGreal & Co., PC.

Based on their audit, the auditors expressed an unmodified opinion on the DeKalb County Regional Office of Education No. 16'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, each major fund, and the aggregate remaining fund information of DeKalb County Regional Office of Education No. 16, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the DeKalb County Regional Office of Education No. 16'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.

**Auditor's 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, each major fund, and the aggregate remaining fund information of the DeKalb County Regional Office of Education No. 16, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Employer's Proportionate Share of the Net Pension Liability, 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, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions, Teachers' Health Insurance Security Fund Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability and Teachers' Health Insurance Security Fund Schedule of the Employer Contributions on pages 17 through 25 and 66 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeKalb County Regional Office of Education No. 16's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to 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 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 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 a report dated October 20, 2020, on our consideration of the DeKalb County Regional Office of Education No. 16's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DeKalb County Regional Office of Education No. 16's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DeKalb County Regional Office of Education No. 16's internal control over financial reporting and compliance.

**Signed Original On File**

October 20, 2020  
Oak Lawn, Illinois

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, each major fund, and the aggregate remaining fund information of the DeKalb County Regional Office of Education No. 16, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the DeKalb County Regional Office of Education No. 16's basic financial statements, and have issued our report thereon dated October 20, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the DeKalb County Regional Office of Education No. 16's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DeKalb County Regional Office of Education No. 16's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeKalb County Regional Office of Education No. 16's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the DeKalb County Regional Office of Education No. 16's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-002.

## **DeKalb County Regional Office of Education No. 16's Responses to Findings**

The DeKalb County Regional Office of Education No. 16's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The DeKalb County Regional Office of Education No. 16's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the DeKalb County Regional Office of Education No. 16's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DeKalb County Regional Office of Education No. 16's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Signed Original On File**

October 20, 2020  
Oak Lawn, Illinois

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION I – SUMMARY OF AUDITORS’ RESULTS  
Year Ended June 30, 2019**

**Financial Statements in accordance with GAAP**

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?                   Yes              X   No
- Significant deficiency(ies) identified?          X   Yes                   None Reported

Noncompliance material to financial statements noted?                   Yes              X   No

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
Year Ended June 30, 2019**

**Finding No. 2019-001 – Controls over Financial Statement Preparation**

**CRITERIA / SPECIFIC REQUIREMENT:**

The DeKalb County Regional Office of Education No. 16 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP 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 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 inflows and outflows 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.*

*GASB Statements No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and GASB Statement No. 85, Omnibus 2017, require governments to record and present net OPEB liabilities/assets, deferred outflows of resources, deferred inflows of resources, and OPEB expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.*

**CONDITION:**

The ROE did not have sufficient internal 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. The following issues were noted in the ROE's draft financial statements submitted to the auditors, which were subsequently corrected:

- The ROE's restated Beginning Net Position amount was not accurate due to omission of the IMRF liabilities and related deferred items.
- The ROE's Statement of Net Position included an error in the calculation of deferred outflows related to pensions and omitted deferred outflows related to OPEB, OPEB liabilities and deferred inflows related to OPEB.
- The ROE's Required Supplementary Information (RSI) Schedule of Employer Contributions – THIS omitted fiscal year 2018 amounts.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
Year Ended June 30, 2019**

**Finding No. 2019-001 – Controls over Financial Statement Preparation (Continued)**

**CONDITION (Continued):**

- The ROE's Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position omitted OPEB deferred outflows and inflows and the Net OPEB liability.
- The ROE's Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities omitted the change in deferred items – OPEB and additions to net OPEB liability.
- The ROE's TRS and THIS footnote disclosures included the wrong amounts for numerous required disclosures.

**EFFECT:**

Management or 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:**

According to Regional Office management, the ROE's financial statements for FY19 were prepared by a CPA firm.

**AUDITOR'S RECOMMENDATION:**

As part of internal control over the preparation of financial statements, the Regional Office of Education No. 16 should implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**MANAGEMENT'S RESPONSE:**

Communication with the CPA firm for FY 20 will improve in order to clarify requirements.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
Year Ended June 30, 2019**

**Finding No. 2019-002 – Delay of Audit**

**CRITERIA / SPECIFIC REQUIREMENT:**

Regional Office of Education No. 16 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30th each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

**CONDITION:**

The Regional Office of Education did not provide completed financial statements in an auditable form by the August 31 deadline. An outside accounting firm was hired by the ROE to assist in the preparation of financial statements and related disclosures. Financial statements were not submitted to the Special Assistant Auditors until March 6, 2020.

**EFFECT:**

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

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
Year Ended June 30, 2019**

**Finding No. 2019-002 – Delay of Audit (Continued)**

**CAUSE:**

According to Regional Office management, there was a delay in a CPA firm accepting the project and a delay in hiring a CPA firm to prepare the required financial statements for FY19.

**AUDITOR’S RECOMMENDATION:**

The Regional Office of Education No. 16 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General’s independent auditors for audit by the August 31 deadline.

**MANAGEMENT’S RESPONSE:**

The Regional Office of Education No. 16 will be contacting a CPA firm for preparation of their financial statements. When their books are closed, the hired firm will be sent their FY20 financial statements. The ROE will be asking the CPA firm to have the required financial reports to them prior to the deadline date for review.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
Year Ended June 30, 2019**

**CORRECTIVE ACTION PLAN**

**Finding No. 2019-001 – Controls over Financial Statement Preparation**

**CONDITION:**

The ROE did not have sufficient internal 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. The following issues were noted in the ROE's draft financial statements submitted to the auditors, which were subsequently corrected:

- The ROE's restated Beginning Net Position amount was not accurate due to omission of the IMRF liabilities and related deferred items.
- The ROE's Statement of Net Position included an error in the calculation of deferred outflows related to pensions and omitted deferred outflows related to OPEB, OPEB liabilities and deferred inflows related to OPEB.
- The ROE's Required Supplementary Information (RSI) Schedule of Employer Contributions – THIS omitted fiscal year 2018 amounts.
- The ROE's Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position omitted OPEB deferred outflows and inflows and the Net OPEB liability.
- The ROE's Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities omitted the change in deferred items – OPEB and additions to net OPEB liability.
- The ROE's TRS and THIS footnote disclosures included the wrong amounts for numerous required disclosures.

**PLAN:**

The ROE will notify the CPA firm of these requirements for FY20.

**ANTICIPATED DATE OF COMPLETION:**

August 31, 2020

**CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:**

Amanda Christensen, Regional Superintendent

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
Year Ended June 30, 2019**

**CORRECTIVE ACTION PLAN**

**Finding No. 2019-002 – Delay of Audit**

**CONDITION:**

The Regional Office of Education did not provide completed financial statements in an auditable form by the August 31 deadline. An outside accounting firm was hired by the ROE to assist in the preparation of financial statements and related disclosures. Financial statements were not submitted to the Special Assistant Auditors until March 6, 2020.

**PLAN:**

The Regional Office of Education No. 16 will be contacting a CPA firm for preparation of our financial statements. When our books are closed, the hired firm will be sent our FY20 financial statements. We will be asking them to have the required financial reports to us prior to the deadline date for review.

**ANTICIPATED DATE OF COMPLETION:**

August 13, 2020

**CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:**

Amanda Christensen, Regional Superintendent

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
Year Ended June 30, 2019**

2018-001	Controls Over Timely Expenditure Report Submission	Not repeated
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During the current audit, the Regional Office of Education No. 16 submitted expenditure reports on a timely basis.

2018-002	Departure from U.S. Generally Accepted Accounting Principles (GAAP)	Not repeated
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During the current audit, the Regional Office of Education No. 16 provided pension related information in the financial statements and related disclosures.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DEKALB COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 16**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

The DeKalb County Regional Office of Education No. 16 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the DeKalb County Regional Office of Education No. 16's financial statements, which follow.

**2019 FINANCIAL HIGHLIGHTS**

- Governmental Fund revenues increased from \$1,412,833 in fiscal year 2018 (FY18) to \$1,561,800 in fiscal year 2019 (FY19), and Governmental Fund expenditures increased from \$1,324,603 in FY18 to \$1,446,267 in FY19. This was a result of an increase in local funding and funding from the State of Illinois. Additionally, the Governmental Fund balance increased in FY19 to \$470,628 from \$345,759 in FY18.
- General Fund revenues increased from \$622,531 in FY18 to \$735,982 in FY19 and General Fund expenditures increased from \$602,873 in FY18 to \$670,850 in FY19. The ROE received IL Empower funds during FY19 which resulted in an increase in General Fund revenues and expenses.

**USING THIS ANNUAL REPORT**

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the DeKalb County Regional Office of Education No. 16's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the DeKalb County Regional Office of Education No. 16 as a whole and present an overall view of the DeKalb County Regional Office of Education No. 16's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the DeKalb County Regional Office of Education No. 16's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplementary Information further explains and supports the financial statements with comparisons of the DeKalb County Regional Office of Education No. 16's grant budgets for the year to actual results, and provides detailed information about the nonmajor funds.

Figure A-1 summarizes the major features of DeKalb County Regional Office of Education No. 16's financial statements, including the portion of DeKalb County Regional Office of Education No. 16's activities they cover and the types of information they contain.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Figure A-1:  
Major Features of the Government-wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Regional Office of Education No. 16 (except fiduciary funds)	The activities of Regional Office of Education No. 16 that are not proprietary or fiduciary, such as grants and statutory funds	Instances in which Regional Office of Education No. 16 administers resources on behalf of someone else, such as the distributive fund and board of trustees.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All additions and deductions during the year, regardless of when cash is received or paid

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**REPORTING DEKALB COUNTY REGIONAL OFFICE OF EDUCATION NO. 16 AS A WHOLE**

***Government-wide Financial Statements***

The Government-wide financial statements report information about DeKalb County Regional Office of Education No. 16 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of DeKalb County Regional Office of Education No. 16's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid using generally accepted accounting principles and GASB Statement No. 34.

The two government-wide statements report the DeKalb County Regional Office of Education No. 16's net position and how it has changed. Net position - the difference between DeKalb County Regional Office of Education No. 16's assets and deferred outflows of resources and liabilities and deferred inflows - is one way to measure the agency's financial health or position. Over time, increases or decreases in the DeKalb County Regional Office of Education No. 16's net position are an indicator of whether financial position is improving or deteriorating. To assess DeKalb County Regional Office of Education No. 16's overall health, additional non-financial factors, such as a change in DeKalb County Regional Office of Education No. 16's responsibilities and staffing, the community and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the DeKalb County Regional Office of Education No. 16's activities are reported as:

- *Governmental activities:* All of DeKalb County Regional Office of Education No. 16's services are included here, such as Regional Safe Schools instruction and instructional staff support services and administration. Federal and State grants finance most of these activities.

***Fund Financial Statements***

The fund financial statements provide detailed information about DeKalb County Regional Office of Education No. 16's funds, focusing on its most significant or "major" funds - not DeKalb County Regional Office of Education No. 16 as a whole. Funds are accounting devices DeKalb County Regional Office of Education No. 16 uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by State law. DeKalb County Regional Office of Education No. 16 established other funds to control and manage money for particular purposes, such as accounting for State and Federal grants.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

DeKalb County Regional Office of Education No. 16 has two kinds of funds:

- 1) Governmental funds account for all of DeKalb County Regional Office of Education No. 16 services. These focus on how cash and other financial assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the DeKalb County Regional Office of Education No. 16's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information immediately following each of the governmental fund statements explains the relationship or difference between the two statements.

The DeKalb County Regional Office of Education No. 16's governmental funds include the General Fund and the Special Revenue funds.

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

- 2) Fiduciary funds include Agency Funds. DeKalb County Regional Office of Education No. 16 is the trustee for assets that belong to others. Agency funds are funds through which DeKalb County Regional Office of Education No. 16 administers and accounts for certain federal and/or state grants on behalf of others.

DeKalb County Regional Office of Education No. 16 is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. DeKalb County Regional Office of Education No. 16 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statement for the fiduciary funds is the Statement of Fiduciary Net Position.

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of DeKalb County Regional Office of Education No. 16's net position at the end of FY19 totaled \$320,559. This is compared to \$390,584 at the end of FY18. The analysis that follows provides a summary of DeKalb County Regional Office of Education No. 16's net position at June 30, 2019 and 2018 for governmental activities.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**CONDENSED STATEMENT OF NET POSITION**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current assets	\$ 658,990	\$ 528,477
Total Assets	658,990	528,477
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	54,788	-
Deferred outflows related to OPEB	53,082	-
Total Deferred Outflows of Resources	107,870	-
<b>Liabilities</b>		
Current liabilities	170,541	137,893
Noncurrent Liabilities	124,735	-
Total liabilities	295,276	137,893
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	142,872	-
Deferred inflows related to OPEB	8,153	-
Total Deferred Inflows of Resources	151,025	-
<b>Net position</b>		
Restricted – Other	281,620	252,058
Unrestricted	38,939	138,526
<b>Total net position</b>	<b>\$ 320,559</b>	<b>\$ 390,584</b>

A portion of the DeKalb County Regional Office of Education No. 16's net position is restricted. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was \$38,939 and \$138,526 at June 30, 2019 and 2018, respectively. Net position related to the Institute, GED, Education, and Other Nonmajor funds are considered restricted.

**Changes in net position.** The DeKalb County Regional Office of Education No. 16's total revenues for the fiscal years ended June 30, 2019 and June 30, 2018 were \$1,573,017 and \$1,340,846, respectively. The total cost of all programs and services for 2019 and 2018 was \$1,415,555 and \$1,324,603, respectively. The following analysis shows the changes in net position for the years ended June 30, 2019 and 2018.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**CHANGES IN NET POSITION**

	<b>Governmental Activities</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Revenues:</b>		
Program revenues:		
Operating grants and contributions	\$ 727,205	\$ 720,335
General revenues:		
Local sources	263,702	149,457
State sources	187,241	116,755
Administrative:		
On-behalf payments	392,698	354,141
Interest income	<u>2,171</u>	<u>158</u>
Total revenues	<u>1,573,017</u>	<u>1,340,846</u>
<b>Expenses:</b>		
Program expenses:		
Instructional services	410,568	650,756
Intergovernmental:		
Payment to Other Government Units	612,289	319,706
Administrative:		
On-behalf payments	<u>392,698</u>	<u>354,141</u>
Total expenses	<u>1,415,555</u>	<u>1,324,603</u>
<b>Change in net position</b>	157,462	16,243
<b>Net position, beginning of year</b> (restated, see note 11)	<u>163,097</u>	<u>374,341</u>
<b>Net position, end of year</b>	<u>\$ 320,559</u>	<u>\$ 390,584</u>

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

Operating grants and contributions and general revenues from local, state and federal sources account for 75% of the total revenue. The DeKalb County Regional Office of Education No. 16's expenses primarily relate to intergovernmental, which account for 43% of the total expenses.

**INDIVIDUAL FUND ANALYSIS**

As previously noted, the DeKalb County Regional Office of Education No. 16 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund Highlights**

The General Fund's fund balance increased in FY19 to \$206,829 from the previously reported amount of \$138,526 for FY18.

The Institute Fund balance decreased in FY19 to \$211,559 from the previously reported amount of \$219,347.

The General Education Development (GED) Fund balance decreased in FY19 to \$8,931 from \$9,971 in FY18. GED revenue and expenses remained consistent.

The Education Fund's fund balance increased in FY19 to \$15,718 from (\$46,597) in FY18 which resulted from unavailable revenue received after August 31, 2018.

**BUDGETARY HIGHLIGHTS**

DeKalb County Regional Office of Education No. 16 is not required to adopt annual budgets for all funds under its control and is not legally required to do so. DeKalb County Regional Office of Education No. 16 submits its budget to the State Board of Education and all other grantors that require it. The budgets may be amended during the year utilizing procedures prescribed by the particular grantor. Over the course of the year, DeKalb County Regional Office of Education No. 16 amended certain operating budgets to reflect additional revenue and expenditures associated with the additional services needed and provided. Budgetary comparison schedules are provided for various grant specific funds as supplementary information on pages 77 to 83.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**ECONOMIC FACTORS BEARING ON DEKALB COUNTY REGIONAL OFFICE OF EDUCATION NO. 16'S FUTURE**

At the time these financial statements were prepared and audited, DeKalb County Regional Office of Education No. 16 was aware of certain circumstances that could significantly affect its financial health in the future:

- The DeKalb ROE is expecting funding from major grants to increase slightly during the next fiscal year.

**CONTACTING DEKALB COUNTY REGIONAL OFFICE OF EDUCATION NO. 16 FINANCIAL MANAGEMENT**

This financial report is designed to provide DeKalb County Regional Office of Education No. 16 financial statement users with a general overview of DeKalb County Regional Office of Education No. 16 finances and to demonstrate DeKalb County Regional Office of Education No. 16 accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Superintendent of the DeKalb County Regional Office of Education No. 16, 2500 N. Annie Glidden Road, Suite C, DeKalb, IL 60115.

## **BASIC FINANCIAL STATEMENTS**

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Statement of Net Position

June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 575,609
Accounts Receivable	5,864
Due from Other Governmental Agencies	20,143
Grants Receivable	57,374
Total Assets	658,990
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	54,788
Deferred outflows related to OPEB	53,082
Total Deferred Outflows of Resources	107,870
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts Payable	320
Due to Other Governmental Agencies	170,221
Total Current Liabilities	170,541
 <i>Noncurrent Liabilities</i>	
Net pension liability	70,107
OPEB liability	54,628
Total Noncurrent Liabilities	124,735
Total Liabilities	295,276
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	142,872
Deferred inflows related to OPEB	8,153
Total Deferred Inflows of Resources	151,025
 <b>NET POSITION</b>	
Restricted - Other	281,620
Unrestricted	38,939
Total Net Position	\$ 320,559

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Statement of Activities

For the Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenues and</u> <u>Change in</u> <u>Net Position</u>  <u>Governmental</u> <u>Activities</u>
<b>Governmental Activities</b>			
Instructional Services:			
Salaries and Benefits	\$ 342,693	\$ 243,639	\$ (99,054)
Pension (Benefit) Expense	(68,450)	(48,665)	19,785
OPEB Expense	10,586	7,526	(3,060)
Purchased Services	98,661	70,144	(28,517)
Supplies and Materials	27,078	19,251	(7,827)
Intergovernmental:			
Payment to Other Government Units	612,289	435,310	(176,979)
Administrative:			
On Behalf Payments	392,698	-	(392,698)
Total Governmental Activities	<u>\$ 1,415,555</u>	<u>\$ 727,205</u>	<u>(688,350)</u>
General Revenues:			
Local Sources			263,702
State Sources			187,241
On Behalf Payments			392,698
Interest Income			2,171
Total General Revenues			<u>845,812</u>
Change in Net Position			<u>157,462</u>
Net Position - Beginning of Year as Restated			<u>163,097</u>
Net Position - End of Year			<u>\$ 320,559</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Balance Sheet

Governmental Funds

June 30, 2019

Major Funds

	General Fund	Institute Fund	General Educational Development Fund	Education Fund	Non-Major Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 168,794	\$ 211,559	\$ 8,931	\$ 158,734	\$ 27,591	\$ 575,609
Accounts Receivable	5,864	-	-	-	-	5,864
Due from Other Governmental Agencies	20,143	-	-	-	-	20,143
Due from Other Funds	12,348	-	-	-	-	12,348
Grants Receivable	-	-	-	57,374	-	57,374
Total Assets	<u>\$ 207,149</u>	<u>\$ 211,559</u>	<u>\$ 8,931</u>	<u>\$ 216,108</u>	<u>\$ 27,591</u>	<u>\$ 671,338</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 320	\$ -	\$ -	\$ -	\$ -	\$ 320
Due to Other Funds	-	-	-	12,348	-	12,348
Due to Other Governmental Agencies	-	-	-	170,221	-	170,221
Total Liabilities	<u>320</u>	<u>-</u>	<u>-</u>	<u>182,569</u>	<u>-</u>	<u>182,889</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue	-	-	-	17,821	-	17,821
<b>FUND BALANCES</b>						
Restricted	-	211,559	8,931	33,473	27,591	281,554
Assigned	172,487	-	-	-	-	172,487
Unassigned	34,342	-	-	(17,755)	-	16,587
Total Fund Balance	<u>206,829</u>	<u>211,559</u>	<u>8,931</u>	<u>15,718</u>	<u>27,591</u>	<u>470,628</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 207,149</u>	<u>\$ 211,559</u>	<u>\$ 8,931</u>	<u>\$ 216,108</u>	<u>\$ 27,591</u>	<u>\$ 671,338</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position

Governmental Funds

June 30, 2019

Total Fund Balances - Governmental Funds		\$	470,628
Amounts Reported for Governmental Activities in the Statement of Net Position Are Different Because:			
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore, are not reported in the governmental funds as follows:			
Deferred outflows related to pensions	\$	54,788	
Deferred outflows related to OPEB		53,082	
Deferred inflows related to pensions		(142,872)	
Deferred inflows related to OPEB		<u>(8,153)</u>	(43,155)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Net pension liability - IMRF		(64,759)	
Net pension liability - TRS		(5,348)	
Net OPEB liability		<u>(54,628)</u>	(124,735)
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.			
			<u>17,821</u>
Net Position of Governmental Activities		\$	<u><u>320,559</u></u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Statement of Revenues, Expenditures and  
Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2019

	Major Funds					
	General Fund	Institute Fund	General Educational Development Fund	Education Fund	Non-Major Special Revenue Funds	Total Governmental Funds
<b>Revenues</b>						
Local Sources	\$ 192,257	\$ 30,474	\$ 2,451	\$ 40,500	\$ 4,020	\$ 269,702
State Sources	187,241	-	-	683,660	1,448	872,349
On Behalf Payments	354,477	-	-	-	-	354,477
Federal Sources	-	-	-	63,101	-	63,101
Interest Income	2,007	164	-	-	-	2,171
Total Revenues	<u>735,982</u>	<u>30,638</u>	<u>2,451</u>	<u>787,261</u>	<u>5,468</u>	<u>1,561,800</u>
<b>Expenditures</b>						
Instructional Services:						
Salaries and Benefits	93,176	15,404	-	245,182	-	353,762
Purchased Services	26,461	20,501	3,491	45,819	2,389	98,661
Supplies and Materials	9,495	2,521	-	15,062	-	27,078
Intergovernmental						
Payment to Other Government Units	187,241	-	-	425,048	-	612,289
Administrative:						
On Behalf Payments	354,477	-	-	-	-	354,477
Total Expenditures	<u>670,850</u>	<u>38,426</u>	<u>3,491</u>	<u>731,111</u>	<u>2,389</u>	<u>1,446,267</u>
Excess (Deficiency) of Revenues over Expenditures	<u>65,132</u>	<u>(7,788)</u>	<u>(1,040)</u>	<u>56,150</u>	<u>3,079</u>	<u>115,533</u>
<b>Fund Balance (Deficit), Beginning of Year as Restated</b>	<u>141,697</u>	<u>219,347</u>	<u>9,971</u>	<u>(40,432)</u>	<u>24,512</u>	<u>355,095</u>
<b>Fund Balance, End of Year</b>	<u>\$ 206,829</u>	<u>\$ 211,559</u>	<u>\$ 8,931</u>	<u>\$ 15,718</u>	<u>\$ 27,591</u>	<u>\$ 470,628</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities

Governmental Funds

For the Year Ended June 30, 2019

Net Change in Fund Balances- Governmental Funds		\$	115,533
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:			
Some receivables will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are however, recorded as revenues in the Statement of Activities.			
Current year unavailable revenue	17,821		
Prior year unavailable revenue	<u>(44,825)</u>		<u>(27,004)</u>
Governmental funds report pension/OPEB contributions as expenditures however, in the Statement of Activities, the cost of pension benefits earned, net of employer contributions is reported as pension/OPEB expense.			
Pension:			
Employer contributions	10,182		
Cost of benefits, earned	<u>68,450</u>		78,632
OPEB:			
Employer contributions	887		
Cost of benefits, earned	<u>(10,586)</u>		<u>(9,699)</u>
Change in Net Position of Governmental Activities		\$	<u>157,462</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ -
Due from Other Governmental Agencies	<u>59,816</u>
Total Assets	<u><u>\$ 59,816</u></u>
<b>LIABILITIES</b>	
Due to Other Governmental Agencies	<u>\$ 59,816</u>
Total Liabilities	<u><u>\$ 59,816</u></u>

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

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies**

The financial statements of DeKalb County Regional Office of Education No. 16 (the ROE) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The more significant accounting policies established by GAAP and used by the ROE are discussed below.

**Reporting Entity**

The DeKalb County Regional Office of Education No. 16 was created when an Educational Service Region became a Regional Office of Education on August 7, 1995. The DeKalb County Regional Office of Education No. 16 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education encompasses DeKalb County, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of DeKalb County Regional Office of Education No. 16 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The functions of the DeKalb County Regional Office of Education No. 16 include, but are not limited to the following:

- Processing teachers' licenses
- Teaching initial and refresher classes for school bus drivers within DeKalb County Regional Office of Education No. 16
- Review life/safety requirements for schools in conjunction with the State of Illinois
- Issuing newsletters regarding new Illinois life/safety requirements
- Monitoring compliance with State laws and Department of Education policies and procedures
- Providing directions to teachers and school officials on science, art and teaching methods
- Implementing the State Board of Education's Policy Programs
- Encouraging camaraderie among teachers through the teachers' institute

**Scope of the Reporting Entity**

The Regional Office of Education No. 16 includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education No. 16 has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the Regional Office of Education No. 16, 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 No. 16 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.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

The Regional Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the financial statements. In addition, the Regional Office of Education No. 16 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education No. 16 being considered a component unit of the entity.

**New Accounting Pronouncement**

In 2019, the DeKalb County Regional Office of Education No. 16 implemented Governmental Accounting Standards Board (GASB) Statement No. 83 – *Certain Asset Retirement Obligations* and GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations. GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements and also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement Nos. 83 and 88 had no impact on the DeKalb County Regional Office of Education No. 16’s financial statements.

**Basis of Presentation**

The Regional Office of Education No. 16’s basic financial statements include both government-wide financial statements (reporting the Regional Office of Education No. 16 as a whole) and fund financial statements (reporting the Regional Office of Education No. 16’s major and other funds).

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the Regional Office of Education No. 16 as a whole. They include all funds of the Regional Office of Education No. 16. Fiduciary funds are excluded from the government-wide financial statements. The Statement of Net Position and the Statement of Activities include the governmental activities. Governmental activities for the Regional Office of Education No. 16 include programs supported primarily by state and federal grants and other intergovernmental revenues. Internal balances and activities within the Regional Office of Education No. 16’s governmental funds are eliminated in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting.

**Fund Financial Statements**

Fund financial statements of the Regional Office of Education No. 16 are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The Regional Office of Education No. 16's funds are organized into two major categories: governmental and fiduciary funds. An emphasis is placed on major funds within the fund financial statements. A fund is considered major if it is the primary operating fund of the Regional Office of Education No. 16 or meets the following criteria:

1. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

***Governmental Funds***

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the ROE:

- General Fund – The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:
  - General – This fund accounts for monies received for, and payment of, expenditures in connection with general administration activities.
  - Illinois Empower – This fund accounts for monies received for, and payment of, expenditures for the purposes of allowing schools in the region to determine the best approach for improvements in the student population.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

- Fingerprinting – This fund is used to account for the administration of the Fingerprinting Program. Revenues are received from member school districts and private entities and are assigned by the Regional Superintendent’s internal policy to fingerprinting related expenses.
- Other Professional Testing Services – This fund accounts for money received for the establishment and running of the new Testing Center (lab). Testing includes all Pearson VUE tests and the ETS Paraprofessional Assessment.
- Awarded Scholarships – This fund accounts for when student scholarships can be granted.
- New Teacher Induction – This fund accounts for money received from school districts and allow the ROE to provide professional development to new teachers.

*Special Revenue Funds* – Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The ROE maintains three major special revenue funds and one non-major special revenue fund.

The Major Special Revenue Funds are:

- Institute Fund – This fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers’ licenses of qualification. Monies are expended to conduct teachers’ institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.
- General Educational Development Fund – This fund is used to account for the administration of the general educational development testing program. Revenues are received from testing and diploma fees and are restricted for supplies and materials to support the general educational development program.
- 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:
  - Early Childhood Grant – This fund is used to account for grant monies received for, and payment of, expenditures for developing and operating programs for parents of young children.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

- Regional Safe Schools Grant – This fund is used to account for a grant that provides additional staff and materials for the alternative schools in the region.
- ROE/ISC Operation – This fund is used to account for monies received for the administration of the ROE/ISC Operation program.
- Alternative Education – This fund is used to account for a grant that provides for funding for truancy intervention within the region.
- McKinney Education for Homeless Children Grant – This fund is used to account for grant monies received for, and payment of, expenditures for programs for educating homeless children.
- Title II - Teacher Quality – This fund accounts for grant money received for and expenditures incurred in, providing training and professional development for the improvement of teacher preparation programs.
- Pilot Regional Safe Schools Cooperative - This fund accounts for money received from a grant that provides additional staff and materials for the alternative schools in the region.
- Rural Education Achievement Program – This fund is used to account for grant monies received to provide rural local education agencies with financial assistance to fund initiatives aimed at improving student academic achievement.
- Early Learning – This fund is used to account for funds received for a kindergarten readiness project.
- National School Lunch Program – This fund accounts for money received from the federal government for nutritionally balanced lunches to school children.
- School Breakfast Program – This fund accounts for money received from the state and used to pay for students school breakfast.
- Feasibility Study – This fund accounts for monies received from the state to be used for reorganization purposes.
- State Free Lunch and Breakfast – This fund accounts for money received from the state and used to pay for free lunch and breakfast for students.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

The Non-Major Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes. The non-major special revenue fund is:

- Bus Permit – This fund is used to account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

*Agency Funds* – Agency funds consist of funds received from the State Board of Education, individuals, private organizations, and/or other governments, and distributed by the ROE to school districts and other organizations. These funds are custodial in nature and do not involve the measurement of the results of operations.

The ROE has two agency funds:

- Distributive Fund – The ROE received state and federal funds from the State Board of Education, which it distributes to school districts and other organizations.
- Board of Trustees – The source of this account is from the petitions of citizens wishing to change school districts.

**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 provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the DeKalb County Regional Office of Education No. 16.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Under the terms of grant agreements, DeKalb County Regional Office of Education No. 16 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 DeKalb County Regional Office of Education No. 16's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education No. 16's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

**Net Position**

Net position presents the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources in the Statement of Net Position. Net Position of the Regional Office of Education are classified as follows:

*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.

**Fund Balance**

The components of fund balance indicate the extent to which there are constraints on the specific purposes for which amounts in the fund can be spent. The fund balance classifications are as follows:

*Non-Spendable Fund Balance* – the portion of a Governmental Fund's net position that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. There are no accounts presenting a non-spendable fund balance.

*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 State Statute: Institute Fund, General Education Development Fund and Bus Permit Fund. The following Education Fund accounts are restricted by grant agreements or contracts: Early Childhood Grant, Rural Education Achievement Program, Early Learning, and Feasibility Study.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

*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. There are no accounts presenting a committed fund balance.

*Assigned Fund Balance* – the portion of a Governmental Fund’s net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The total of the fund balance of the Fingerprint Fund, Other Professional Testing Services and IL Empower are considered assigned.

*Unassigned Fund Balance* – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The General Fund is considered unassigned. Regional Safe Schools, Alternative Education and Pilot Regional Safe School Cooperative are considered unassigned due to the deficit fund balances.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the ROE considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the ROE considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the ROE has provided otherwise in its commitment or assignment action.

**Budgets and Budgetary Information**

The ROE acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have budgets that are required to be reported to and approved by the Illinois State Board of Education. However, none of the annual budgets have been legally adopted nor are they required to be. Comparison of budgeted and actual results is presented as supplementary information. Budgetary comparison schedules have been provided in the supplementary schedules for the following funds: Early Childhood Grant, Regional Safe Schools Grant, ROE/ISC Operations, Alternative Education, McKinney Education for Homeless Children Grant, Title II – Teacher Quality and Pilot Regional Safe School Cooperative Grant.

**Deferred Outflows/Inflows of Resources**

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

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - Summary of Significant Accounting Policies (Concluded)**

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 in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental funds consist of receivables not collected within 60 days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of components of the net pension liability and the OPEB liabilities that will reduce pension and OPEB expenses in future years.

**Cash and Cash Equivalents**

All highly liquid investments with a maturity of three months or less are considered cash equivalents.

**Receivables – Net of Allowances**

The carrying amount of grants receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will be collected. The allowance is based on management's assessment of collectability of receivables. All receivables deemed to be uncollectible are written off to the allowance. The total allowance as of June 30, 2019 was \$0.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

Management has evaluated subsequent events through October 20, 2020, the date the financial statements were available to be issued.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 2 - Deposits and Investments**

*Custodial Credit Risk – Bank Deposits*

At June 30, 2019, the carrying amount of the ROE’s deposits was \$575,609 and the bank balance was \$638,250.

Custodial credit risk is the risk that in the event of a bank failure, the ROE’s deposits may not be returned to it. The ROE does not have a deposit policy for custodial credit risk. All of DeKalb County Regional Office of Education No. 16’s deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in DeKalb County Regional Office of Education No. 16’s name.

The ROE does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund and are considered cash equivalents. As of June 30, 2019, the ROE had \$3,335 in the Illinois Funds Money Market Fund. The fair value of the ROE’s position in this fund is equal to the value of the ROE’s fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has AAAM ratings from Standard and Poor’s. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

**NOTE 3 - Capital Assets**

Capital assets are acquired using the governmental resources of DeKalb County, therefore, the existing balance of capital assets is not presented.

**NOTE 4 – Due From / To Other Funds**

Interfund due to/from other fund balances at June 30, 2019 consist of the following individual due to/from other funds in the governmental funds balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

	<b>Due From</b>	<b>Due To</b>
General Fund:		
General Operations	\$ 12,348	\$ –
Education Fund:		
Alternative Education	–	7,614
McKinney Education for Homeless Children	–	4,264
Title II – Teacher Quality	–	470
Total	\$ 12,348	\$ 12,348

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 5 - Due From / To Other Governmental Agencies**

At June 30, 2019, Grants Receivable and Due To/From Other Governmental Agencies consisted of the following:

*Grants Receivable*

Education Fund:	
Illinois State Board of Education	\$ 57,374
Total Grants Receivable	<u>\$ 57,374</u>

*Due From Other Governmental Agencies*

General Fund:	
Other Local Education Agencies	\$ 20,143
Agency Fund:	
Illinois State Board of Education	<u>59,816</u>
Total Due From Other Governmental Agencies	<u>\$ 79,959</u>

*Due To Other Governmental Agencies*

Education Fund:	
Illinois State Board of Education	\$ 4,072
Other Local Education Agencies	166,149
Agency Fund:	
Other Local Education Agencies	<u>59,816</u>
Total Due To Other Governmental Agencies	<u>\$ 230,037</u>

**NOTE 6 - Disposition of Distributive Fund Interest**

Revenues are partially derived from interest on deposits of the various funds under the jurisdiction of DeKalb County Regional Office of Education No. 16. A substantial portion of these interest earnings have been earned on monies which are passed through from the Illinois State Board of Education to the various school districts within the County of DeKalb. The Regional Office of Education is allowed to keep all interest earned.

**NOTE 7 - On-Behalf Payments**

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. All other salaries are paid by DeKalb County. Pension plan contributions associated with these salaries are also paid, respectively, by the State of Illinois and DeKalb County. In addition to the amounts listed below, the ROE reimburses the County for salaries and pension plan contributions for other employees.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 7 - On-Behalf Payments (Concluded)**

The State of Illinois and DeKalb County made the following expenditure payments on behalf of the ROE for the year ended June 30, 2019:

Regional Superintendent Salary	\$ 117,600
Regional Superintendent Fringe Benefits (includes State Paid Insurance)	38,010
Assistant Regional Superintendent Salary	105,840
Assistant Regional Superintendent Fringe Benefits (includes State Paid Insurance)	<u>37,297</u>
Total State of Illinois On-Behalf Payments	<u>\$ 298,747</u>
County Employees – Salaries	\$ 45,797
County Employees – Benefits	<u>9,933</u>
Total DeKalb County On-Behalf Payments	<u>\$ 55,730</u>
Total On-Behalf Payments	<u>\$ 354,477</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. Salary and benefit data for the County employees was calculated based on data provided by the DeKalb County Regional Office of Education No. 16.

The DeKalb County Regional Office of Education No. 16 also recorded \$34,409 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s TRS pension expense in the Statement of Activities. In addition, the DeKalb County Regional Office of Education No. 16 recorded \$3,812 in revenue and expenses as on-behalf payments from CMS for the Regional Office’s share of the State’s THIS contributions in the Statement of Activities. Further, the Regional Office of Education No. 16 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 and DeKalb County on-behalf payments	\$ 354,477
ROE No. 16’s share of TRS pension expense	34,409
ROE No. 16’s share of THIS OPEB expense	<u>3,812</u>
Total	<u>\$ 392,698</u>

**NOTE 8 - Risk Management**

The ROE purchases a commercial insurance policy and is covered for all risk. There have been no significant reductions in coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for any of the three prior years.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 9 - Deficit Fund Balances**

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The following funds have deficit fund balances as of June 30, 2019.

Education Fund:	
Regional Safe Schools	\$ 6,641
Alternative Education	7,614
Pilot Regional Safe School Cooperative	3,500
Total	\$ 17,755

**NOTE 10 – Noncurrent Liabilities**

Changes in noncurrent liabilities during the fiscal year were as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Governmental activities				
Net pension liability - IMRF	\$ -	\$ 64,759	\$ -	\$ 64,759
Net pension liability - TRS	-	5,348	-	5,348
Net OPEB liability - THIS	-	54,628	-	54,628
	\$ -	\$ 124,735	\$ -	\$ 124,735

**NOTE 11 - Restatements**

<u>Net Position</u>	<u>As Reported</u>	<u>As Restated</u>	<u>Increase (Decrease)</u>
Governmental Activities	\$ 390,584	163,097	(227,487)
General Fund – General	14,255	17,426	3,171
Education Fund – Feasibility Study	(6,000)	-	6,000
Education Fund – State Lunch and Breakfast	(165)	-	165

The beginning fund balances were restated due to errors in recognition of prior year deferred revenues and accounts payable. In addition, beginning net position was restated due to the ROE not reporting IMRF or TRS liabilities and related deferred items in the prior year.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans**

**Illinois Municipal Retirement Fund (IMRF)**

The retirement plans of the ROE include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the ROE. The ROE is required to contribute at an actuarially determined rate. The ROE reimburses DeKalb County for the IMRF contributions made for the participating employees. Each retirement system is discussed below.

**Plan Description**

The ROE contributes, through DeKalb County, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the ROE's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both DeKalb County and the ROE combined. All disclosures for an agent plan can be found in DeKalb County's annual financial report.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable. Investments are reported at fair value. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

**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).

IMRF provides two tiers of pension benefits. 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.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans  
(Continued)**

**Illinois Municipal Retirement Fund (IMRF) (Continued)**

**Benefits Provided – Continued**

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

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

**Contributions**

As set by statute, the ROE'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 ROE's contribution rate for the calendar year ended 2018 was 10.35% of covered payroll. For the year ended June 30, 2019, the Regional Office of Education No. 16 contributed \$9,532 to the plan. The ROE 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.

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

At December 31, 2018, the ROE reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for County pension support provided to the employer. The County'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 County support, and the total portion of the net pension liability that was associated with the employer were as follows:

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans  
(Continued)**

**Illinois Municipal Retirement Fund (IMRF) (Continued)**

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

Employer’s proportionate share of the net pension liability	\$	64,759
County’s proportionate share of the net pension liability associated with the employer		12,907,497
Total	\$	12,972,256

The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, and a measurement date of December 31, 2018. The ROE’s proportion of the net pension liability was based on the employer's share of contributions to IMRF for the measurement year ended December 31, 2018, relative to the projected contributions of all participating IMRF employers and the County during that period. At December 31, 2018, the ROE’s proportion was 0.50000%, which is an increase of 0.50000% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the DeKalb County Regional Office of Education No. 16 recognized pension benefit of (\$2,551). At June 30, 2019, the DeKalb County Regional Office of Education No. 16 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	\$	–
Changes of assumptions	9,330	\$ 3,080
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	31,863	6,071
Total Pension Expenses to be Recognized in Future Periods	41,193	–
Pension Contributions Made Subsequent to the Measurement Date	4,483	9,151
Total	\$ 45,676	\$ 9,151

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans  
(Continued)**

**Illinois Municipal Retirement Fund (IMRF) (Continued)**

\$4,483 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 8,937
2020	6,193
2021	3,993
2022	12,919
Thereafter	–
Total	\$ 32,042

**Actuarial Assumptions**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	expected to be 3.39% to 14.25% including inflation
Investment rate of return	assumed to be 7.25%

For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Continued)**

**Illinois Municipal Retirement Fund (IMRF) (Continued)**

For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	28.00%	3.75%
Domestic Equities	37.00%	7.15%
International Equities	18.00%	7.25%
Real Estate	9.00%	6.25%
Alternative Investments	7.00%	3.20% - 8.50%
Cash and Cash Equivalents	1.00%	2.50%

**Discount Rate**

At December 31, 2018, the discount rate used to measure the total pension liability was 7.25% and the prior valuation used a discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that DeKalb County contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Continued)**

**Illinois Municipal Retirement Fund (IMRF) (Concluded)**

**Discount Rate Sensitivity**

The following presents the ROE’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the ROE’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Lower (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Higher (8.25%)</b>
Employer’s proportionate share of the net pension liability	\$ 129,005	\$ 64,759	\$ 12,176

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Continued)**

**Teachers' Retirement System**

**Plan Descriptions**

*Plan Administration.* The ROE 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 only be made by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for TRS's administration. TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Continued)**

**Teachers' Retirement System (Continued)**

**Contributions**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified by the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

*On Behalf Contributions to TRS.* The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2019, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$34,409 in pension contributions from the State of Illinois.

*2.2 Formula Contributions.* Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019 were \$560 and are deferred because they were paid after the June 30, 2018 measurement date.

*Federal and Special Trust Fund Contributions.* When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$858 were paid from federal and special trust funds that required employer contributions of \$90. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Continued)**

**Teachers' Retirement System (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 employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, \$0 for salary increases in excess of 3 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2019, the employer 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 disclosures purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's Proportionate Share of the Net Pension Liability	\$ 5,348
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>366,375</u>
Total	<u><u>371,723</u></u>

**DEKALB COUNTY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Continued)**

**Teachers’ Retirement System (Continued)**

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The employer’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the employer’s proportion was 0.0000068615 percent, which was an increase of 0.000006815 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the employer recognized pension expense of \$34,409 and revenue of \$34,409 for support provided by the State. For the year ended June 30, 2019, the ROE recognized pension benefit of (\$65,899). At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 107	(1)	106
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	-	(16)	(16)
Changes of Assumptions	235	(152)	83
Changes in Proportion and Differences Between Employer			
Contributions and Proportionate Share of Contributions	8,125	(133,551)	(125,426)
Total Pension Expense to be Recognized in Future Periods	8,467	(133,720)	(125,253)
Employer Contributions Subsequent to the Measurement Date	644	-	644
 Totals	 9,111	 (133,720)	 (124,609)

\$644 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Continued)**

**Teachers’ Retirement System (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these report years:

Year Ended June 30,	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ (56,184)
2021	(58,726)
2022	(11,673)
2023	907
2024	423
Thereafter	-
	<u>(125,253)</u>

**Actuarial Assumptions**

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

Inflation: 2.50 Percent

Salary Increases: Varies by Amount of Service Credit

Investment Rate of Return: 7.00 Percent, Net of Pension Plan Investment Expense, Including Inflation

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Continued)**

**Teachers’ Retirement System (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.7%
U.S. equities small/mid cap	2.0	7.9
International equities developed	13.6	7.0
Emerging market equities	3.4	9.4
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.4
International debt developed	2.2	1.3
Emerging international debt	2.6	4.5
Real estate	16.0	5.4
Real return	4.0	1.8
Absolute return	14.0	3.9
Private Equity	15.0	10.2
Total	<u>100.0%</u>	

**DEKALB COUNTY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 12 - Employee Retirement System – Defined Benefit Pension Plans (Concluded)**

**Teachers’ Retirement System (Concluded)**

**Discount Rate**

At June 30, 2018, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and State contributions will be made at the current statutorily-required rates.

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

**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the employer’s proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's Proportionate Share of the Net Pension Liability	\$ 6,559	5,348	4,373

**TRS Fiduciary Net Position**

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

**DEKALB COUNTY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 13 - Other Post-Employment Benefits**

**Teachers' Health Insurance Security Fund**

**Plan Description**

The ROE 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. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2015, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

*Benefits Provided.* The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS, who are not employees of the State, to contribute 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 THIS Fund.* The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. For the year ended June 30, 2019, State contributions recognized by the ROE were based on the State's proportionate share of the collective net OPEB liability associated with the ROE, and recognized revenues and expenditures of \$3,812 in OPEB contributions from the State of Illinois.

*Employer Contributions to THIS Fund.* The ROE also makes contributions to the THIS Fund. The ROE THIS Fund contribution was 0.92 percent during the year ended June 30, 2019 and 0.88 for the year ended June 30, 2018. For the year ended June 30, 2019, the ROE paid \$887 to the THIS Fund, which was 100 percent of the required contribution. For the year ended June 30, 2018, the ROE paid \$433, 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."

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 13 - Other Post-Employment Benefits (Continued)**

**Teachers' Health Insurance Security Fund (Continued)**

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 13 - Other Post-Employment Benefits (Continued)**

**Teachers' Health Insurance Security Fund (Continued)**

**Single Discount Rate**

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

**Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate**

The following presents the ROE's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62 percent) or one percentage point higher (4.62 percent) than the current discount rate:

	<b>1% Decrease (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>1% Increase (4.62%)</b>
Employer's Proportionate Share of the Collective Net OPEB Liability	\$ 65,573	\$ 54,628	\$ 45,823

**DEKALB COUNTY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 13 - Other Post-Employment Benefits (Continued)**

**Teachers' Health Insurance Security Fund (Continued)**

**Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the ROE's proportionate share of the collective net OPEB liability, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	<b>1% Decrease<sup>a</sup></b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase<sup>b</sup></b>
Employer's proportionate share of the collective net OPEB liability	\$ 44,220	\$ 54,628	\$ 68,434

<sup>a</sup> One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate rate of 3.86% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

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

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

At June 30, 2019, the ROE reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the ROE. The amount recognized by the ROE as its proportionate share of the net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the ROE were as follow:

Employer's proportionate share of the collective net OPEB liability	\$	54,628
State's proportionate share of the collective net OPEB liability		
associated with the employer		73,429
Total	\$	128,057

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and was rolled forward to the June 30, 2018 measurement date. The ROE's proportion of the collective net OPEB liability was based on a projection of the ROE's long-term share of contributions to the OPEB plan relative to the projected contributions of the ROE, actuarially determined. At June 30, 2018, the ROE's proportion was 0.000207 percent. The State's support and total are for disclosure purposes only.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION No. 16**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 13 - Other Post-Employment Benefits (Concluded)**

**Teachers' Health Insurance Security Fund (Concluded)**

For the year ending June 30, 2019, the ROE recognized OPEB revenue and expense of \$3,812 for support provided by the State. For the year ending June 30, 2019, the ROE recognized OPEB expense of \$10,586. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ —	\$ 196
Changes of assumptions	—	2
Net difference between projected and actual earnings on OPEB plan investments	—	7,955
Changes in proportion and differences between employer contributions and proportionate share of contributions	52,195	—
Employer contributions subsequent to the measurement date	887	—
<b>Total</b>	<u><u>\$ 53,082</u></u>	<u><u>\$ 8,153</u></u>

\$887 reported as deferred outflows of resources related to OPEB resulting from ROE contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the ROE's OPEB expense as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 7,604
2021	7,604
2022	7,604
2023	7,603
2024	7,602
Thereafter	<u>6,025</u>
<b>Total</b>	<u><u>44,042</u></u>

**THIS Fiduciary Net Position**

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

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

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**Schedule of the Employer's Proportionate Share of the Net Pension Liability  
Illinois Municipal Retirement Fund**

	12/31/2018
Employer's Proportion of the Net Pension Liability	0.50000%
Employer's Proportionate Share of the Net Pension Liability	\$ 64,759
State's Proportionate Share of the Net Pension Liability	
Associated with the Employer	12,907,497
Total	12,972,256
Employer's Covered Payroll	\$ 92,088
Employer's Proportionate Share of the Net Pension Liability as a percentage of its Covered Payroll	70.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	(92.45%)

**Notes to Schedule:**

This schedule is presented to illustrate the requirements 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.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**Schedule of Employer Contributions  
Illinois Municipal Retirement Fund**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 9,532	\$ 9,532	-	\$ 92,088	10.35%

**Notes to Schedule:**

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate\**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2018 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate Entry Age Normal
<i>Amortization Method:</i>	Level % Pay (Closed)
<i>Remaining Amortization Period:</i>	25-year closed period
<i>Asset Valuation Method:</i>	5-Year Smoothed Market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% - 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

*Notes:* There were no benefit changes during the year.

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

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.

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2019**

**Schedule of the Employer's Proportionate Share of the Net Pension Liability  
Teachers' Retirement System of the State of Illinois**

	FY2018*
Employer's Proportion of the Net Pension Liability	0.0000068615%
Employer's Proportionate Share of the Net Pension Liability	\$ 5,348
State's Proportionate Share of the Net Pension Liability Associated with the Employer	366,375
Total	371,723
Employer's Covered Payroll	\$ 49,153
Employer's Proportionate Share of the Net Pension Liability as a percentage of its Covered Payroll	10.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.00%

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

**Schedule of Employer Contributions  
Teachers' Retirement System of the State of Illinois**

	FY2019	FY2018
Statutorily-Required Contribution	\$ 644	1,266
Contributions in Relation to the Statutorily-Required Contribution	650	1,244
Contribution Deficiency (Excess)	\$ (6)	22
Employer's Covered Payroll	\$ 96,387	49,153
Contributions as a Percentage of Covered Payroll	0.67%	2.58%

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

*Notes:*

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

**DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability  
Teachers' Health Insurance Security Fund**

	<b>2018</b>
Employer's proportion of the collective net OPEB liability	0.0002070000%
Employer's proportionate share of the collective net OPEB liability	\$ 54,628
State's proportionate share of the collective net OPEB liability associated with the employer	73,429
Total	\$ 128,057
Employer's covered payroll	\$ 49,153
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	111.1%
Plan fiduciary net position as a percentage of the total OPEB liability	(0.07%)

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

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

**Schedule of Employer Contributions  
Teachers' Health Insurance Security Fund**

	<b>2019</b>	<b>2018</b>
Statutorily-required contribution	\$ 887	\$ 433
Contributions in relation to the statutorily-required contribution	887	433
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered payroll	\$ 96,387	\$ 49,153
Contributions as a percentage of covered payroll	0.92%	0.88%

Changes of Benefit Term

There have been no changes of benefit terms for the prior period.

Changes of assumptions

For the 2018 and 2017 measurement years, the assumed investment rate of return was 0.00%, including an inflation rate of 2.75%. Salary increases were assumed to depend on service and range from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

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

OTHER SUPPLEMENTAL INFORMATION

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Accounts

General Fund Accounts

June 30, 2019

	General	Illinois Empower	Fingerprinting	Other Professional Testing Services	Awarded Scholarships	New Teacher Induction	Combined Total
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 16,130	\$ 45,231	\$ 95,279	\$ 12,154	\$ -	\$ -	\$ 168,794
Accounts Receivable	5,864	-	-	-	-	-	5,864
Due from Other Funds	12,348	-	-	-	-	-	12,348
Due from Other Governmental Agencies	-	20,143	-	-	-	-	20,143
Total Assets	<u>\$ 34,342</u>	<u>\$ 65,374</u>	<u>\$ 95,279</u>	<u>\$ 12,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,149</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ 320	\$ -	\$ -	\$ -	\$ 320
Total Liabilities	<u>-</u>	<u>-</u>	<u>320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320</u>
Fund Balances (Deficit):							
Assigned	-	65,374	94,959	12,154	-	-	172,487
Unassigned	34,342	-	-	-	-	-	34,342
Total Fund Balances (Deficit)	<u>34,342</u>	<u>65,374</u>	<u>94,959</u>	<u>12,154</u>	<u>-</u>	<u>-</u>	<u>206,829</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 34,342</u>	<u>\$ 65,374</u>	<u>\$ 95,279</u>	<u>\$ 12,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,149</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances

General Fund Accounts

For the Year Ended June 30, 2019

	General	Illinois Empower	Fingerprinting	Other Professional Testing Services	Awarded Scholarships	New Teacher Induction	Combined Total
<b>Revenues</b>							
Local Sources	\$ 29,037	\$ 121,145	\$ 24,273	\$ 17,802	\$ -	\$ -	\$ 192,257
State Sources	187,241	-	-	-	-	-	187,241
On Behalf Payments	354,477	-	-	-	-	-	354,477
Interest Income	188	-	-	-	1,819	-	2,007
Total Revenues	<u>570,943</u>	<u>121,145</u>	<u>24,273</u>	<u>17,802</u>	<u>1,819</u>	<u>-</u>	<u>735,982</u>
<b>Expenditures</b>							
Instructional Services:							
Salaries and Benefits	\$ 10,755	\$ 45,716	\$ 32,019	\$ 4,686	\$ -	\$ -	\$ 93,176
Purchased Services	1,554	4,578	10,038	8,472	1,819	-	26,461
Supplies and Materials	-	5,477	117	461	-	3,440	9,495
Other Objects	-	-	-	-	-	-	-
Intergovernmental:							
Payment to other Government units	187,241	-	-	-	-	-	187,241
Administrative:							
On-Behalf Payments	354,477	-	-	-	-	-	354,477
Total Expenditures	<u>554,027</u>	<u>55,771</u>	<u>42,174</u>	<u>13,619</u>	<u>1,819</u>	<u>3,440</u>	<u>670,850</u>
Excess (Deficiency) of Revenues over Expenditures	<u>16,916</u>	<u>65,374</u>	<u>(17,901)</u>	<u>4,183</u>	<u>-</u>	<u>(3,440)</u>	<u>65,132</u>
<b>Fund Balance, Beginning of Year as Restated</b>	<u>17,426</u>	<u>-</u>	<u>112,860</u>	<u>7,971</u>	<u>-</u>	<u>3,440</u>	<u>141,697</u>
<b>Fund Balance, End of Year</b>	<u>\$ 34,342</u>	<u>\$ 65,374</u>	<u>\$ 94,959</u>	<u>\$ 12,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,829</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Accounts

Education Fund Accounts

June 30, 2019

	Early Childhood Grant	Regional Safe Schools Grant	ROE/ISC Operations	Alternative Education	McKinney Education for Homeless Children Grant	Title II - Teacher Quality	Pilot Regional Safe School Cooperative
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 118,634	\$ 13,284	\$ -	\$ -	\$ -	-	\$ 7,000
Grants Receivable	34,770	6,641	-	7,614	4,264	470	3,500
Total Assets	<u>\$ 153,404</u>	<u>\$ 19,925</u>	<u>\$ -</u>	<u>\$ 7,614</u>	<u>\$ 4,264</u>	<u>\$ 470</u>	<u>\$ 10,500</u>
<b>Liabilities:</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	7,614	4,264	470	-
Due to Other Governmental Agencies	139,747	19,925	-	-	-	-	10,500
Total Liabilities	<u>139,747</u>	<u>19,925</u>	<u>-</u>	<u>7,614</u>	<u>4,264</u>	<u>470</u>	<u>10,500</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	-	6,641	-	7,614	-	-	3,500
<b>Fund Balances:</b>							
Restricted	13,657	-	-	-	-	-	-
Unassigned	-	(6,641)	-	(7,614)	-	-	(3,500)
Total Fund Balance (Deficit)	<u>13,657</u>	<u>(6,641)</u>	<u>-</u>	<u>(7,614)</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 153,404</u>	<u>\$ 19,925</u>	<u>\$ -</u>	<u>\$ 7,614</u>	<u>\$ 4,264</u>	<u>\$ 470</u>	<u>\$ 10,500</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Accounts

Education Fund Accounts

June 30, 2019

	Rural Education Achievement Program	Early Learning	National School Lunch Program	School Breakfast Program	Feasibility Study	State Free Lunch and Breakfast	Combined Total
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 1	\$ 18,990	\$ -	\$ -	\$ 825	\$ -	\$ 158,734
Grants Receivable	-	-	-	-	-	115	57,374
Total Assets	<u>\$ 1</u>	<u>\$ 18,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ 115</u>	<u>\$ 216,108</u>
<b>Liabilities:</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	12,348
Due to Other Governmental Agencies	-	-	-	-	-	49	170,221
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>182,569</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	-	-	-	-	-	66	17,821
<b>Fund Balances:</b>							
Restricted	1	18,990	-	-	825	-	33,473
Unassigned	-	-	-	-	-	-	(17,755)
Total Fund Balance (Deficit)	<u>1</u>	<u>18,990</u>	<u>-</u>	<u>-</u>	<u>825</u>	<u>-</u>	<u>15,718</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1</u>	<u>\$ 18,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ 115</u>	<u>\$ 216,108</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances

Education Fund Accounts

For the Year Ended June 30, 2019

	Early Childhood Grant	Regional Safe Schools Grant	ROE/ISC Operations	Alternative Education	McKinney Education for Homeless Children Grant	Title II - Teacher Quality	Pilot Regional Safe School Cooperative
<b>Revenues</b>							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	362,809	72,420	118,499	83,119	-	-	40,200
Federal Sources	-	-	-	-	20,884	970	-
Total Revenues	<u>362,809</u>	<u>72,420</u>	<u>118,499</u>	<u>83,119</u>	<u>20,884</u>	<u>970</u>	<u>40,200</u>
<b>Expenditures</b>							
Instructional Services:							
Salaries and Benefits	28,989	-	102,186	79,394	9,950	-	-
Purchased Services	9,192	-	12,228	2,000	5,020	900	-
Supplies and Materials	2,983	-	2,344	2,360	5,914	70	-
Intergovernmental:							
Payment to Other Government Units	288,807	73,061	-	-	-	-	38,700
Total Expenditures	<u>329,971</u>	<u>73,061</u>	<u>116,758</u>	<u>83,754</u>	<u>20,884</u>	<u>970</u>	<u>38,700</u>
Excess (Deficiency) of Revenues over Expenditures	32,838	(641)	1,741	(635)	-	-	1,500
<b>Fund Balance (Deficit), Beginning of Year as Restated</b>	<u>(19,181)</u>	<u>(6,000)</u>	<u>(1,741)</u>	<u>(6,979)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
<b>Fund Balance (Deficit), End of Year</b>	<u>\$ 13,657</u>	<u>\$ (6,641)</u>	<u>\$ -</u>	<u>\$ (7,614)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,500)</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances

Education Fund Accounts

For the Year Ended June 30, 2019

	Rural Education Achievement Program	Early Learning	National School Lunch Program	School Breakfast Program	Feasibility Study	State Free Lunch and Breakfast	Combined Total
<b>Revenues</b>							
Local Sources	\$ -	\$ 40,500	\$ -	\$ -	\$ -	\$ -	\$ 40,500
State Sources	-	-	-	-	6,000	613	683,660
Federal Sources	7,900	-	25,367	7,980	-	-	63,101
Total Revenues	<u>7,900</u>	<u>40,500</u>	<u>25,367</u>	<u>7,980</u>	<u>6,000</u>	<u>613</u>	<u>787,261</u>
<b>Expenditures</b>							
Instructional Services:							
Salaries and Benefits	7,899	16,764	-	-	-	-	245,182
Purchased Services	-	3,324	-	7,980	5,175	-	45,819
Supplies and Materials	-	1,391	-	-	-	-	15,062
Intergovernmental:							
Payment to Other Government Units	-	-	23,867	-	-	613	425,048
Total Expenditures	<u>7,899</u>	<u>21,479</u>	<u>23,867</u>	<u>7,980</u>	<u>5,175</u>	<u>613</u>	<u>731,111</u>
Excess (Deficiency) of Revenues over Expenditures	1	19,021	1,500	-	825	-	56,150
<b>Fund Balance (Deficit), Beginning of Year as Restated</b>	<u>-</u>	<u>(31)</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,432)</u>
<b>Fund Balance (Deficit), End of Year</b>	<u>\$ 1</u>	<u>\$ 18,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ -</u>	<u>\$ 15,718</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule  
Education Fund Account

Early Childhood Grant

For the Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues</b>				
State Sources	\$ 347,700	\$ 347,700	\$ 362,809	\$ 15,109
Total Revenues	<u>347,700</u>	<u>347,700</u>	<u>362,809</u>	<u>15,109</u>
<b>Expenditures</b>				
Instructional Services:				
Salaries and Benefits	34,994	31,688	28,989	2,699
Purchased Services	312,297	313,012	9,192	303,820
Supplies and Materials	409	3,000	2,983	17
Intergovernmental:				
Payment to Other Government Units	-	-	288,807	(288,807)
Total Expenditures	<u>347,700</u>	<u>347,700</u>	<u>329,971</u>	<u>17,729</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	32,838	<u>\$ 32,838</u>
<b>Fund Balance, Beginning of Year</b>			<u>(19,181)</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 13,657</u>	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule  
Education Fund Account

Regional Safe Schools Grant

For the Year Ended June 30, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State Sources	\$ 73,061	\$ 73,061	\$ 72,420	\$ (641)
Total Revenues	73,061	73,061	72,420	(641)
<b>Expenditures</b>				
Intergovernmental:				
Payment to Other Government Units	73,061	73,061	73,061	-
Total Expenditures	73,061	73,061	73,061	-
<b>Net Change in Fund Balance</b>	\$ -	\$ -	(641)	\$ (641)
<b>Fund Balance, Beginning of Year</b>			(6,000)	
<b>Fund Balance, End of Year</b>			\$ (6,641)	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule  
Education Fund Account

ROE/ISC Operations

For the Year Ended June 30, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State Sources	\$ 118,499	\$ 118,499	\$ 118,499	\$ -
Total Revenues	<u>118,499</u>	<u>118,499</u>	<u>118,499</u>	<u>-</u>
<b>Expenditures</b>				
Instructional Services:				
Salaries and Benefits	100,669	99,909	102,186	(2,277)
Purchased Services	14,140	14,140	12,228	1,912
Supplies and Materials	3,690	4,450	2,344	2,106
Total Expenditures	<u>118,499</u>	<u>118,499</u>	<u>116,758</u>	<u>1,741</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	1,741	<u>\$ 1,741</u>
<b>Fund Balance, Beginning of Year</b>			<u>(1,741)</u>	
<b>Fund Balance, End of Year</b>			<u>\$ -</u>	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule  
Education Fund Account

Alternative Education

For the Year Ended June 30, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State Sources	\$ 83,754	\$ 83,754	\$ 83,119	\$ (635)
Total Revenues	<u>83,754</u>	<u>83,754</u>	<u>83,119</u>	<u>(635)</u>
<b>Expenditures</b>				
Instructional Services:				
Salaries and Benefits	80,069	78,239	79,394	(1,155)
Purchased Services	3,069	3,189	2,000	1,189
Supplies and Materials	616	2,326	2,360	(34)
Total Expenditures	<u>83,754</u>	<u>83,754</u>	<u>83,754</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	(635)	<u>\$ (635)</u>
<b>Fund Balance, Beginning of Year</b>			<u>(6,979)</u>	
<b>Fund Balance, End of Year</b>			<u>\$ (7,614)</u>	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule  
Education Fund Account

McKinney Education for Homeless Children Grant

For the Year Ended June 30, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Federal Sources	\$ 18,966	\$ 21,336	\$ 20,884	\$ (452)
Total Revenues	<u>18,966</u>	<u>21,336</u>	<u>20,884</u>	<u>(452)</u>
<b>Expenditures</b>				
Instructional Services:				
Salaries and Benefits	12,503	9,952	9,950	2
Purchased Services	3,884	3,692	5,020	(1,328)
Supplies and Materials	2,579	5,955	5,914	41
Intergovernmental:				
Payment to Other Government Units	-	1,737	-	1,737
Total Expenditures	<u>18,966</u>	<u>21,336</u>	<u>20,884</u>	<u>452</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance, Beginning of Year</b>			-	
<b>Fund Balance, End of Year</b>			<u>\$ -</u>	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule  
Education Fund Account

Title II - Teacher Quality

For the Year Ended June 30, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Federal Sources	\$ 1,416	\$ 1,416	\$ 970	\$ (446)
Total Revenues	<u>1,416</u>	<u>1,416</u>	<u>970</u>	<u>(446)</u>
<b>Expenditures</b>				
Instructional Services:				
Purchased Services	1,416	1,416	900	516
Supplies and Materials	<u>-</u>	<u>-</u>	<u>70</u>	<u>(70)</u>
Total Expenditures	<u>1,416</u>	<u>1,416</u>	<u>970</u>	<u>446</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance, Beginning of Year</b>			-	
<b>Fund Balance, End of Year</b>			<u>\$ -</u>	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule  
Education Fund Account

Pilot Regional Safe School Cooperative Fund

For the Year Ended June 30, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State Sources	\$ 38,700	\$ 38,700	\$ 40,200	\$ 1,500
Total Revenues	<u>38,700</u>	<u>38,700</u>	<u>40,200</u>	<u>1,500</u>
<b>Expenditures</b>				
Instructional Services:				
Purchased Services	2,500	2,500	-	2,500
Intergovernmental:				
Payment to Other Government Units	<u>36,200</u>	<u>36,200</u>	<u>38,700</u>	<u>(2,500)</u>
Total Expenditures	<u>38,700</u>	<u>38,700</u>	<u>38,700</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	1,500	<u>\$ 1,500</u>
<b>Fund Balance, Beginning of Year</b>			<u>(5,000)</u>	
<b>Fund Balance, End of Year</b>			<u>\$ (3,500)</u>	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2019

	<u>Bus Permit</u>	<u>Total</u>
<b>ASSETS</b>		
Assets		
Cash and Cash Equivalents	\$ 27,591	\$ 27,591
Total Assets	<u>\$ 27,591</u>	<u>\$ 27,591</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted	<u>27,591</u>	<u>27,591</u>
Total Fund Balances	<u>27,591</u>	<u>27,591</u>
Total Liabilities and Fund Balances	<u>\$ 27,591</u>	<u>\$ 27,591</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Non-Major Special Revenue Funds

For the Year Ended June 30, 2019

	Bus Permit	Total
<b>Revenues</b>		
Local Sources	\$ 4,020	\$ 4,020
State Sources	1,448	1,448
Total Revenues	<u>5,468</u>	<u>5,468</u>
<b>Expenditures</b>		
Instructional Services:		
Purchased Services	<u>2,389</u>	<u>2,389</u>
Total Expenditures	<u>2,389</u>	<u>2,389</u>
<b>Net Change in Fund Balance</b>	3,079	3,079
<b>Fund Balance, Beginning of Year</b>	<u>24,512</u>	<u>24,512</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 27,591</u></u>	<u><u>\$ 27,591</u></u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2019

	Distributive	Board of Trustees	Combined Total
<b>ASSETS</b>			
Due from Other Governmental Agencies	\$ 59,816	\$ -	\$ 59,816
Total Assets	\$ 59,816	\$ -	\$ 59,816
<b>LIABILITIES</b>			
Liabilities:			
Due to Other Governmental Agencies	\$ 59,816	\$ -	\$ 59,816
Total Liabilities	\$ 59,816	\$ -	\$ 59,816

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b><u>Distributive</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 254	\$ 562,442	\$ 562,696	\$ -
Due from Other Governmental Agencies	102,503	59,816	102,503	59,816
Total Assets	<u>\$ 102,757</u>	<u>\$ 622,258</u>	<u>\$ 665,199</u>	<u>\$ 59,816</u>
<b>LIABILITIES</b>				
Due to Other Governmental Agencies	\$ 102,757	\$ 622,258	\$ 665,199	\$ 59,816
Total Liabilities	<u>\$ 102,757</u>	<u>\$ 622,258</u>	<u>\$ 665,199</u>	<u>\$ 59,816</u>
 <b><u>Board of Trustees</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 136	\$ -	\$ 136	\$ -
<b>LIABILITIES</b>				
Due to Other Governmental Agencies	\$ 136	\$ -	\$ 136	\$ -
 <b><u>Totals</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 390	\$ 562,442	\$ 562,832	\$ -
Due from Other Governmental Agencies	102,503	59,816	102,503	59,816
Total Assets	<u>\$ 102,893</u>	<u>\$ 622,258</u>	<u>\$ 665,335</u>	<u>\$ 59,816</u>
<b>LIABILITIES</b>				
Due to Other Governmental Agencies	\$ 102,893	\$ 622,258	\$ 665,335	\$ 59,816
Total Liabilities	<u>\$ 102,893</u>	<u>\$ 622,258</u>	<u>\$ 665,335</u>	<u>\$ 59,816</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 16

Schedule of Disbursements to Other Entities

Distributive Fund

For the Year Ended June 30, 2019

	Kishwaukee Education Consortium
Career and Technical Ed Improvement	\$ 403,445
V.E. Perkins Title IIC - Secondary	159,251
Total	<u>\$ 562,696</u>

See Accompanying Independent Auditors' Report