

**STATE OF ILLINOIS
DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

**FINANCIAL AUDIT
For the Year Ended June 30, 2018**

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 JUNE 30, 2018

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DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
JUNE 30, 2018

OFFICIALS

Regional Superintendent
(Current and During the Audit Period)

Mr. Mark Jontry

Assistant Regional Superintendent
(Current, Began July 1, 2018)

Carmen Bergmann

Assistant Regional Superintendent
(During the Audit Period through June 30, 2018)

Dr. Diane Wolf

Office is located at:

200 W. Front Street, Suite 500 D
Bloomington, IL 61701

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
JUNE 30, 2018

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

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

SUMMARY OF FINDINGS AND RESPONSES

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

2018-001	10a	Controls over Financial Statement Preparation	Material Weakness
2018-002	10c	Inadequate Internal Control Procedures	Material Weakness
2018-003	10e	Delay of Audit	Compliance

PRIOR AUDIT FINDINGS NOT REPEATED (*FEDERAL COMPLIANCE*)

2017-001		Noncompliance with Grant Requirements	Significant Deficiency/ Compliance
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DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
JUNE 30, 2018

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on November 1, 2018. Attending were Mark Jontry, Regional Superintendent; John Clemmer, Business Manager; Tami Knight, Partner, Kemper CPA Group LLP and Nick Helton, Kemper CPA Group LLP. Responses to the recommendations were provided by Mr. Mark Jontry, Regional Superintendent on February 26, 2019.

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of DeWitt, Livingston, Logan, and McLean Counties Regional Office of Education No. 17 was performed by Kemper CPA Group, LLP.

Based on their audit, the auditors expressed an unmodified opinion on the DeWitt, Livingston, Logan, and McLean Counties Regional Office of Education No. 17's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 1 in the notes to the financial statements, the Regional Office of Education No. 17 adopted GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 on our consideration of DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17'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 of DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
March 18, 2019

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's basic financial statements and have issued our report thereon dated March 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17'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 DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's internal control. Accordingly, we do not express an opinion on the effectiveness of DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as 2018-003.

Regional Office of Education #17's Responses to Findings

The Regional Office of Education #17's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Regional Office of Education #17'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 DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
March 18, 2019

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS’ RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

Financial Statements in accordance with GAAP

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes
- Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding No. 2018-001 – Controls over Financial Statement Preparation

Criteria/Specific Requirement:

The Regional Office of Education #17 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office’s internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

GASB Statements No. 68 *Accounting and Financial Reporting for Pensions—an Amendment of GASB 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 Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires governments to record and present net accrued other postemployment benefit liabilities/assets, deferred inflows and outflows of resources, and other postemployment benefit expenses.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding No. 2018-001 – Controls over Financial Statement Preparation (Concluded)

Condition:

During review of the financial information prepared by the Regional Office of Education #17, auditors noted the following:

- The Regional Office of Education #17 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office’s accounting records, auditors noted the Regional Office’s financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- In addition, the Regional Office did not have adequate controls to record and report its net accrued pension or OPEB liability/asset, deferred outflows and inflows of resources, and pension or OPEB expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office’s management.

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:

The complex requirements of the GASB statements will require additional time and training before the Regional Office of Education #17 can fully implement the requirements on its own.

Auditor’s Recommendation:

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #17 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such 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:

The Regional Office of Education #17 will outsource the compilation of the financial statements and disclosures. The Regional Office has also taken steps to properly record financial transactions and follow GAAP. In regards to the standards related to financial reporting for pensions, we will review internal controls and determine what can be done within agency resources to mitigate or eliminate this internal control deficiency.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding No. 2018-002 – Inadequate Internal Control Procedures

Criteria/Specific Requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

In addition, the *Regional Office of Education (ROE) Accounting Manual* requires each ROE to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes, for fixed assets costing \$500 or more. Generally accepted accounting principles require that an inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained.

The ROE Accounting Manual also states that the fixed asset inventory records should include: the inventory control number (tag number); major asset class; function and activity; reference to the acquisition source document; acquisition date; vendor; a short description of the asset; unit charged with custody; location; fund and account from which purchased; method of acquisition; estimated useful life and method of depreciation; estimated salvage value; and date, method, and authorization of disposition.

In addition, sound internal controls require that policies and procedures on fixed assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and that they should be formally documented and consistently applied.

Condition:

Auditors noted the following weaknesses in the Regional Office’s internal control system for which there were no mitigating controls:

- A. All fourth quarter expenditure reports were not filed by the due date.
- B. The Regional Office had not included all capital additions on the asset schedule provided by the Regional Office. In addition, the Regional Office had recorded a capital asset purchase as a capital outlay expenditure in the Professional Development fund rather than a capital asset.

Effect:

Lack of sufficient internal controls over the financial processes of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

Cause:

The Regional Office of Education #17 has not established sufficient internal control procedures.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding No. 2018-002 – Inadequate Internal Control Procedures (Concluded)

Auditor's Recommendation:

- A. The Regional Office should monitor the reporting deadlines of grantors and file the required expenditure reports timely.
- B. The Regional Office should follow internal control procedures to ensure that all items meeting the Regional Office's capitalization threshold are appropriately capitalized and included on the capital asset listing.

Management's Response:

The Regional Office agrees with the auditor's recommendations. In addition, the Regional Office has already corrected the internal control issues noted and continues to work on improving controls over our financial processes.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding No. 2018-003 – Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education #17 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

Condition:

The Regional Office of Education #17 did not provide completed financial statements in an auditable form by the August 31 deadline. Financial records provided were not prepared on an accrual basis in accordance with GAAP.

Auditors noted the following deficiencies in the records provided by the ROE:

- A. The initial trial balance provided by the Regional Office was not fully adjusted. The Regional Office provided journal entries made by their contractor first day of fieldwork, October 29, 2018, however, several additional material journal entries were required to adjust the balances to be recorded in accordance with GAAP.
- B. A complete draft of the GAAP financial statements with all required disclosures was not provided.
- C. The required information for the Schedule of Disbursements to School District Treasurers and Other Entities was not provided to us until December 3, 2018 and only after several requests.
- D. Due to the departure of the previous long-term bookkeeper in May 2018 there was difficulty locating supporting documentation by the Regional Office's staff, which caused delays in receiving requested documentation.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding No. 2018-003 – Delay of Audit (Concluded)

Effect:

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

Cause:

The Regional Office's long-term controller left in May 2018 and the Regional Office was not able to find a replacement for the position until July 2018. The gap and subsequent transition in this key position caused some delay in the Regional Office being able to provide their outsourced accounting firm and auditors with complete and accurate information.

Auditor's Recommendation:

The Regional Office of Education #17 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 agrees with the auditor's recommendations.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

CORRECTIVE ACTION PLAN

Finding No. 2018-001 – Controls over Financial Statement Preparation

Condition:

During review of the financial information prepared by the Regional Office of Education #17, auditors noted the following:

- The Regional Office of Education #17 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- In addition, the Regional Office did not have adequate controls to record and report its net accrued pension or OPEB liability/asset, deferred outflows and inflows of resources, and pension or OPEB expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office's management.

Plan:

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #17 will implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such procedures will 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.

Anticipated Date of Completion:

June 30, 2018

Contact Person Responsible for Corrective Action:

Mark Jontry, Regional Superintendent

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

CORRECTIVE ACTION PLAN

Finding No. 2018-002 – Inadequate Internal Control Procedures

Condition:

Auditors noted the following weaknesses in the Regional Office’s internal control system for which there were no mitigating controls:

- A. All fourth quarter expenditure reports were not filed by the due date.
- B. The Regional Office had not included all capital additions on the asset schedule provided by the Regional Office. In addition, the Regional Office had recorded a capital asset purchase as a capital outlay expenditure in the Professional Development fund rather than a capital asset.

Plan:

- A. The Regional Office will monitor the reporting deadlines of grantors and file the required expenditure reports timely.
- B. The Regional Office will follow internal control procedures to ensure that all items meeting the Regional Office’s capitalization threshold are appropriately capitalized and included on the capital asset listing.

Anticipated Date of Completion:

June 30, 2018

Contact Person Responsible for Corrective Action:

Mark Jontry, Regional Superintendent

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

CORRECTIVE ACTION PLAN

Finding No. 2018-003 – Delay of Audit

Condition:

The Regional Office of Education #17 did not provide completed financial statements in an auditable form by the August 31 deadline. Financial records provided were not prepared on an accrual basis in accordance with GAAP.

Auditors noted the following deficiencies in the records provided by the ROE:

- A. The initial trial balance provided by the Regional Office was not fully adjusted. The Regional Office provided journal entries made by their contractor first day of fieldwork, October 29, 2018, however, several additional material journal entries were required to adjust the balances to be recorded in accordance with GAAP.
- B. A complete draft of the GAAP financial statements with all required disclosures was not provided.
- C. The required information for the Schedule of Disbursements to School District Treasurers and Other Entities was not provided to us until December 3, 2018 and only after several requests.
- D. Due to the departure of the previous long-term bookkeeper in May 2018 there was difficulty locating supporting documentation by the Regional Office's staff, which caused delays in receiving requested documentation.

Plan:

The Regional Office of Education #17 will implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements will to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Anticipated Date of Completion:

June 30, 2018

Contact Person Responsible for Corrective Action:

Mark Jontry, Regional Superintendent

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2018

2017-001	Noncompliance with Grant Requirements	Not repeated
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During the current audit, audit testing results indicated the Regional Office implemented corrective action and appeared to have acted in accordance with grant requirements.

BASIC FINANCIAL STATEMENTS

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,117,280	\$ 82,521	\$ 2,199,801
Accounts receivable	-	7,425	7,425
Due from other governments:			
Local	86,326	-	86,326
State	100,561	-	100,561
Federal	213,837	-	213,837
Total Current Assets	<u>2,518,004</u>	<u>89,946</u>	<u>2,607,950</u>
Noncurrent Assets:			
Net pension asset	8,270	-	8,270
Capital assets, net of depreciation	416,166	2,873	419,039
Total Noncurrent Assets	<u>424,436</u>	<u>2,873</u>	<u>427,309</u>
TOTAL ASSETS	<u>2,942,440</u>	<u>92,819</u>	<u>3,035,259</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	412,899	-	412,899
Deferred outflows related to pensions	3,374,889	-	3,374,889
Total deferred outflows of resources	<u>3,787,788</u>	<u>-</u>	<u>3,787,788</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	52	-	52
Accrued salaries and benefits	124,552	-	124,552
Unearned revenue	377,620	-	377,620
Lease payable	1,991	-	1,991
Total Current Liabilities	<u>504,215</u>	<u>-</u>	<u>504,215</u>
Noncurrent Liabilities:			
Lease payable	3,817	-	3,817
Net pension liability	3,709,436	-	3,709,436
Net OPEB liability	1,939,544	-	1,939,544
Total Noncurrent Liabilities	<u>5,652,797</u>	<u>-</u>	<u>5,652,797</u>
TOTAL LIABILITIES	<u>6,157,012</u>	<u>-</u>	<u>6,157,012</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	216,507	-	216,507
Deferred inflows related to pensions	1,029,338	-	1,029,338
Total deferred inflows of resources	<u>1,245,845</u>	<u>-</u>	<u>1,245,845</u>
NET POSITION			
Net investment in capital assets	410,358	2,873	413,231
Restricted - other	421,736	-	421,736
Unrestricted	(1,504,723)	89,946	(1,414,777)
TOTAL NET POSITION	<u>\$ (672,629)</u>	<u>\$ 92,819</u>	<u>\$ (579,810)</u>

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government				
			Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Primary Government:									
Governmental Activities:									
Instructional Services									
Salaries and benefits	\$ 2,816,052	\$ -	\$ 977,996	\$ (1,838,056)	\$ -	\$ -	\$ (1,838,056)		
Purchased services	712,168	-	197,162	(515,006)	-	-	(515,006)		
Supplies and materials	348,948	-	138,008	(210,940)	-	-	(210,940)		
Other objects	6,384	-	-	(6,384)	-	-	(6,384)		
Depreciation	34,527	-	-	(34,527)	-	-	(34,527)		
Capital outlay	-	-	34,070	34,070	-	-	34,070		
Pension expense	533,242	-	-	(533,242)	-	-	(533,242)		
OPEB expense	206,593	-	-	(206,593)	-	-	(206,593)		
Intergovernmental:									
Payments to other governments	204,926	-	109,645	(95,281)	-	-	(95,281)		
Administrative:									
On-behalf payments - State	1,466,707	-	-	(1,466,707)	-	-	(1,466,707)		
Total Governmental Activities	6,329,547	-	1,456,881	(4,872,666)	-	-	(4,872,666)		
Business-Type Activities:									
Charges for services	120,040	139,037	-	-	18,997	18,997	18,997		
Total Business-Type Activities	120,040	139,037	-	-	18,997	18,997	18,997		
TOTAL PRIMARY GOVERNMENT	\$ 6,449,587	\$ 139,037	\$ 1,456,881	(4,872,666)	18,997	18,997	(4,853,669)		
GENERAL REVENUES:									
Local sources				1,374,757	-	-	1,374,757		
State sources				729,350	-	-	729,350		
Federal sources				650,890	-	-	650,890		
On-behalf payments - State				1,466,707	-	-	1,466,707		
Transfers in (out)				1,120	(1,120)	-	-		
Investment earnings				7,577	-	-	7,577		
Total General Revenues and Transfers				4,230,401	(1,120)	(1,120)	4,229,281		
CHANGE IN NET POSITION				(642,265)	17,877	17,877	(624,388)		
NET POSITION - BEGINNING (Restated, See Note 14)				(30,364)	74,942	74,942	44,578		
NET POSITION - ENDING				\$ (672,629)	\$ 92,819	\$ 92,819	\$ (579,810)		

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,395,360	\$ 498,081	\$ 223,839	\$ -	\$ 2,117,280
Due from other funds	358,417	-	-	(358,417)	-
Due from other governments:					
Local	60,922	24,182	1,222	-	86,326
State	319	100,242	-	-	100,561
Federal	-	213,837	-	-	213,837
TOTAL ASSETS	\$ 1,815,018	\$ 836,342	\$ 225,061	\$ (358,417)	\$ 2,518,004
LIABILITIES					
Accounts payable	\$ -	\$ 52	\$ -	\$ -	\$ 52
Accrued salaries and benefits	100,446	24,106	-	-	124,552
Due to other funds	44,420	313,451	546	(358,417)	-
Unearned revenue	67,838	309,782	-	-	377,620
Total Liabilities	212,704	647,391	546	(358,417)	502,224
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	79,329	-	-	79,329
FUND BALANCE (DEFICIT)					
Restricted	-	187,147	224,515	-	411,662
Assigned	17,638	-	-	-	17,638
Unassigned	1,584,676	(77,525)	-	-	1,507,151
Total Fund Balance (Deficit)	1,602,314	109,622	224,515	-	1,936,451
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 1,815,018	\$ 836,342	\$ 225,061	\$ (358,417)	\$ 2,518,004

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2018

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS \$ 1,936,451

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 416,166

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred inflows of resources in the governmental funds.
Current year unavailable revenue 79,329

Lease payable reflects capital lease payments related to capital assets that the Regional Office of Education #17 will recognize as an expense when paid in the governmental fund financial statements (5,808)

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 of resources	\$ 3,787,788	
Deferred inflows of resources	<u>(1,245,845)</u>	2,541,943

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.
IMRF net pension asset \$ 8,270
TRS net pension liability (3,709,436) (3,701,166)

The OPEB obligations resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,939,544)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (672,629)

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 999,122	\$ 217,909	\$ 157,726	\$ -	\$ 1,374,757
State sources	1,372,278	874,064	1,814	-	2,248,156
On-behalf payments - State	279,389	-	-	-	279,389
Federal sources	51,459	599,431	-	-	650,890
Investment earnings	5,542	-	2,035	-	7,577
Total Revenues	<u>2,707,790</u>	<u>1,691,404</u>	<u>161,575</u>	<u>-</u>	<u>4,560,769</u>
EXPENDITURES					
Instructional Services:					
Salaries and benefits	1,787,083	991,598	37,371	-	2,816,052
Pension expense	113,351	65,727	963	-	180,041
OPEB Expense	13,431	3,522	-	-	16,953
Purchased services	394,784	221,454	95,930	-	712,168
Supplies and materials	107,915	192,504	48,529	-	348,948
Other objects	5,356	844	184	-	6,384
Intergovernmental:					
Payments to other governments	90,351	114,575	-	-	204,926
On-behalf payments - State	279,389	-	-	-	279,389
Capital Outlay	34,070	-	-	-	34,070
Total Expenditures	<u>2,825,730</u>	<u>1,590,224</u>	<u>182,977</u>	<u>-</u>	<u>4,598,931</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(117,940)</u>	<u>101,180</u>	<u>(21,402)</u>	<u>-</u>	<u>(38,162)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	106,340	11,800	-	(118,140)	-
Transfers out	(117,020)	-	-	118,140	1,120
Repayment of capital lease payable	(1,991)	-	-	-	(1,991)
Total Other Financing Sources (Uses)	<u>(12,671)</u>	<u>11,800</u>	<u>-</u>	<u>-</u>	<u>(871)</u>
NET CHANGE IN FUND BALANCE	(130,611)	112,980	(21,402)	-	(39,033)
FUND BALANCE - BEGINNING	<u>1,732,925</u>	<u>(3,358)</u>	<u>245,917</u>	<u>-</u>	<u>1,975,484</u>
FUND BALANCE - ENDING	<u>\$ 1,602,314</u>	<u>\$ 109,622</u>	<u>\$ 224,515</u>	<u>\$ -</u>	<u>\$ 1,936,451</u>

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
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, 2018

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ (39,033)

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

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

Capital outlay	\$ 34,070	
Depreciation	<u>(34,527)</u>	(457)

The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of capital lease payable	<u>\$ 1,991</u>	1,991
------------------------------------	-----------------	-------

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

Current year unavailable revenue	\$ 79,329	
Prior year unavailable revenue	<u>(141,254)</u>	(61,925)

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expense	\$ (353,201)	
OPEB expense	<u>(189,640)</u>	<u>(542,841)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (642,265)

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Business-Type Activities Enterprise Fund - Nonmajor	
	Professional Development	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 82,521	\$ 82,521
Accounts receivable	7,425	7,425
Total current assets	89,946	89,946
Noncurrent assets:		
Capital assets, being depreciated, net	2,873	2,873
TOTAL ASSETS	92,819	92,819
NET POSITION		
Net investment in capital assets	2,873	2,873
Unrestricted	89,946	89,946
TOTAL NET POSITION	\$ 92,819	\$ 92,819

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Fund - Nonmajor	
	Professional Development	Total
OPERATING REVENUES		
Charges for services	\$ 139,037	\$ 139,037
Total Operating Revenues	139,037	139,037
OPERATING EXPENSES		
Salaries and benefits	53,854	53,854
Pension expense	3,076	3,076
Purchased services	52,422	52,422
Supplies and materials	4,159	4,159
Other objects	5,664	5,664
Depreciation	865	865
Total Operating Expenses	120,040	120,040
OPERATING INCOME (LOSS)	18,997	18,997
NONOPERATING REVENUE (EXPENSE)		
Transfers in (out)	(1,120)	(1,120)
Total Nonoperating Revenue (Expense)	(1,120)	(1,120)
CHANGE IN NET POSITION	17,877	17,877
TOTAL NET POSITION - BEGINNING	74,942	74,942
TOTAL NET POSITION - ENDING	\$ 92,819	\$ 92,819

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Fund - Nonmajor	
	Professional Development	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 134,314	\$ 134,314
Payments to suppliers and providers of goods and services	(62,245)	(62,245)
Payments to employees	(56,930)	(56,930)
Net Cash Provided by (Used for) Operating Activities	15,139	15,139
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(2,651)	(2,651)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,651)	(2,651)
Cash Flows from Noncapital Financing Activities:		
Cash transfers from other funds	(1,120)	(1,120)
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,120)	(1,120)
Net Increase/(Decrease) in Cash and Cash Equivalents	11,368	11,368
Cash and Cash Equivalents - Beginning	71,153	71,153
Cash and Cash Equivalents - Ending	\$ 82,521	\$ 82,521
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating Income	\$ 18,997	\$ 18,997
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	865	865
(Increase) decrease in assets:		
Accounts receivable	(4,723)	(4,723)
Net Cash Provided by Operating Activities	\$ 15,139	\$ 15,139

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 125,661
Due from other governments	885,187
Total Assets	\$ 1,010,848
LIABILITIES	
Due to other governments	\$ 1,010,848
Total Liabilities	\$ 1,010,848

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2018, the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, Omnibus 2017; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenditures and identifies the note disclosure and RSI reporting requirements for other postemployment benefits (OPEB) other than pensions. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through March 18, 2019 the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #17’s districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2018, the Regional Office of Education #17 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #17. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #17's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #17 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #17 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #17 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #17 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #17 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #17's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education has one business-type activity that relies on fees and charges for support.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Regional Office of Education #17's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #17 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #17's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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

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

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on a specific purpose or project before any amounts will be paid to the Regional Office of Education #17; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Regional Office of Education #17 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #17's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

G. FUND ACCOUNTING

The Regional Office of Education #17 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #17 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets (including deferred outflows) and liabilities (including deferred inflows) is reported as fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #17 has presented all major funds that met the above qualifications.

The Regional Office of Education #17 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #17. It is used to account for the expenditures that benefit all school districts in the Region except those required to be accounted for and reported in other funds. General Funds include the following:

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

County Fund – This fund accounts for monies received from DeWitt, Livingston, Logan, and McLean counties. This support helps fund the operation of the Regional Office of Education #17.

Regional Safe Schools – General State Aid (GSA) – This program accounts for monies received for and in payment of expenditures for activities for disruptive students who are eligible for suspension or expulsion. In addition, this program includes State and federal lunch and breakfast programs.

Regional Alternative School – General State Aid (GSA) – This program accounts for monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

I-SCORE – This program is for online credit recovery for special needs students.

Ed Services – This program accounts for a contract with a local drug/alcohol rehabilitation center for GED preparation services.

Juvenile Justice Council – This is a program for At-Risk Diversion for students.

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

Education Fund – This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

D.O.R.S Program Step Grant – This program is for severely handicapped students making the transition from high school to the work place.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Foundational Services – This program accounts for monies received for and in payment of expenditures for the Foundational Services administrator to help the Illinois Association of Regional Superintendents of Schools’ and the Illinois State Board of Education’s coordination and collaboration on Foundational Services for professional development for all Illinois districts.

Juvenile Detention Center – This program provides educational programming for incarcerated youth.

Mathematics and Science Partnerships - SA – This program accounts for monies received for and in payment of expenditures for a Science Area Partnership to help teachers and students across central Illinois meet the expectations of the New Illinois Learning Standards for Science.

Mathematics and Science Partnerships - MA – This program accounts for monies received for and in payment of expenditures for a Math Area Partnership to help teachers and students across central Illinois meet the expectations of the New Illinois Learning Standards for Math.

Mathematics and Science Partnerships – 7B – This program accounts for monies received for and in payment of expenditures for a Math and Science Area Partnership to help teachers improve their content and assessment knowledge related to math and science.

McKinney Homeless Children and Youth – This program accounts for grant monies received and expended assisting school districts in identifying and providing assistance to at-risk students. This program offers services to homeless children and youth primarily who are of school age. Preschool-aged children also receive services to ensure access to early childhood and preschool programs.

RAS Special Projects – This program accounts for money awarded/donated to RAS Bloomington from local sources.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Regional Safe Schools – This program accounts for the Regional Safe Schools grant monies. The program concentrates on the education of students who have been expelled from school districts served by the Regional Office of Education #17.

Regional Safe Schools Cooperative – This program provides support for the individual needs and learning styles of students while focusing on twelve employability skills recognized by adult service agencies.

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

SCORE – This is an online credit recovery program for special needs students.

Secretary of State’s Literacy Grant – This program accounts for grant monies to serve parents and their children ages 0 to 5 who are enrolled in Evenstart or Heartland Head Start to provide activities that encourage literacy development and enable parents to be their child’s first and best teacher through workshops, field trips, and a partnership with the public libraries to provide activities.

Seeking Education Equity and Diversity (SEED) – This program supports the strengthening of leadership skills.

Title I – School Improvement – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #17 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Title II – Teacher Quality – Leadership – This program accounts for grant monies received for and in payment of expenditures to provide online training that is required by the Illinois Performance Evaluation Reform Act to train education administrators to evaluate other administrators and teachers. The program is designed to increase the number of highly qualified administrators and teachers, leading to increased student academic achievement.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Education Fund (Concluded)

Transitional Specialist – This program is administered by the Illinois Department of Human Services to provide support for Individualized Education Plan (IEP) students to transition from high school to higher education and/or adult employment.

Truants Alternative/Optional Education – This program accounts for grant monies received for and in payment of expenditures for optional education opportunities to school dropouts, potential dropouts, and truants of the Region.

The Regional Office of Education #17 reports the following Nonmajor Special Revenue Funds:

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

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

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

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenues and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #17 reports the following proprietary fund:

Professional Development – This enterprise fund tracks revenues received and expenses incurred in offering professional development workshops for teachers and administrators and other services for the school districts in DeWitt, Livingston, Logan, and McLean Counties.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS

Agency Funds – Agency funds are used to account for assets held by the Regional Office of Education #17 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #17 reports the following agency funds:

Cooperative Purchasing Fund – This fund is used to purchase paper and supplies in quantity as a single unit by participating schools in the Regional Office of Education #17.

Flex Spending Account – This fund accounts for the Regional Office of Education #17's employees' flex spending plan.

Heart of Illinois Low Incidence – This program promotes, establishes, and maintains comprehensive special education services for children with hearing, vision, and physical disabilities.

Regional Board of School Trustees Fund – This program accounts for the Regional Board of School Trustees' operating accounts.

School Facility Occupation Tax – This fund accounts for the assets held by the Regional Office of Education #17 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are disbursed to the school districts.

Distributive Fund – This fund distributes monies received from the State to the school districts and other entities. The school district boards within the Regional Office of Education #17's educational service regions have signed formal agreements that allow the Regional Office to retain any interest earned on Distributive Fund deposits during the year.

H. GOVERNMENTAL FUND BALANCES

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either their form or legal restrictions. There were no nonspendable fund balances during FY18.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute. The following Education Funds are restricted by grantor or donor restrictions: D.O.R.S Program Step Grant, and RAS Special Projects.

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #17 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: I-SCORE, and Juvenile Justice Council.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are comprised of unassigned fund balances: County Fund, Regional Safe Schools – GSA, Education Services, and Regional Alternative School – GSA. The following Education Funds have unassigned fund balance deficits: Math and Science 7B, Regional Safe Schools, SCORE, and Truants Alternative/Optional Education.

I. NET POSITION

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

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

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

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. CASH AND CASH EQUIVALENTS

The DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17's cash and cash equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures, and Changes in Fund Balances.

K. ESTIMATES

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

L. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than three years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 3-50 years.

M. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of grant receivables not collected within sixty days after year end.

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

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 21 vacation days for a full year of service. No vacation time may be carried over to next year and will be lost if an employee does not use the time during the year. Therefore, the Regional Office of Education #17 did not accrue any vacation benefits for the current year. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 10 sick days annually and the unused portion is accumulated indefinitely. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

O. BUDGET INFORMATION

The Regional Office of Education #17 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Mathematics and Science Partnerships – MA (17-4936-MA), Mathematics and Science Partnerships – SA (17-4936-SA), Mathematics and Science Partnerships – (17-4936-7B), Mathematics and Science Partnerships – (18-4936-7B), McKinney Homeless Children and Youth, Regional Safe Schools, Regional Safe Schools Cooperative (17-3999), Regional Safe Schools Cooperative (18-3999), ROE/ISC Operations, Secretary of State’s Literacy Grant, Title I – School Improvement, Title II Teacher Quality – Leadership, and Truants Alternative/Optional Education.

P. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

For purposes of measuring the Regional Office of Education #17’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education #17’s OPEB Plan and additions to/deductions from the Regional Office of Education #17’s fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education #17’s Plan. For this purpose, the Regional Office of Education #17’s Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education #17’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE’s single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.”

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
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NOTE 2 – CASH

The Regional Office of Education #17's investment policy is to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2018, the carrying amounts of the Regional Office of Education #17's government-wide and agency fund deposits were \$2,199,801 and \$125,661, respectively, and the bank balances were \$2,061,526 and \$509,144 respectively. Of the total bank balances as of June 30, 2018, \$500,000 was secured by federal depository insurance, \$1,822,838 was fully collateralized, and \$247,832 was invested in the Illinois Funds Money Market Fund.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #17's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #17's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #17.

B. INVESTMENTS

The Regional Office of Education #17's investment policy requires that funds should be invested solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As of June 30, 2018, the Regional Office of Education #17 had investments with carrying and fair values of \$247,832 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2018, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

CONCENTRATION OF CREDIT RISK

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

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NOTE 2 – CASH (Concluded)

INTEREST RATE RISK

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #17's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #17's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Concluded)

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

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

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	48
Inactive Plan Members entitled to but not yet receiving benefits	29
Active Plan Members	15
Total	92

Contributions

As set by statute, the Regional Office of Education #17's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #17's annual contribution rate for calendar year 2017 was 19.09%. For the fiscal year ended 2018, the Regional Office of Education #17 contributed \$133,676 to the plan. The Regional Office of Education #17 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education #17's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 5,832,588	\$ 5,262,591	\$ 569,997
Changes for the year:			
Service Cost	86,746	-	86,746
Interest on the Total Pension Liability	428,972	-	428,972
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	145,245	-	145,245
Changes of Assumptions	(170,981)	-	(170,981)
Contributions - Employer	-	152,346	(152,346)
Contributions - Employees	-	36,132	(36,132)
Net Investment Income	-	884,564	(884,564)
Benefit Payments, including Refunds of Employee Contributions	(361,932)	(361,932)	-
Other (Net Transfer)	-	(4,793)	4,793
Net Changes	128,050	706,317	(578,267)
Balances at December 31, 2017	\$ 5,960,638	\$ 5,968,908	\$ (8,270)

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REGIONAL OFFICE OF EDUCATION #17
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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability (Asset)	\$ 671,948	\$ (8,270)	\$ (531,727)

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

For the year ending June 30, 2018, the Regional Office of Education #17 recognized pension income of \$443,370. At June 30, 2018, the Regional Office of Education #17 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 66,504	\$ -
Changes of assumptions	-	78,288
Net difference between projected and actual earnings on pension plan investments	<u>293,224</u>	<u>547,051</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>359,728</u>	<u>625,339</u>
Pension Contributions made subsequent to the Measurement Date	<u>74,496</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 434,224</u></u>	<u><u>\$ 625,339</u></u>

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

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

\$74,496 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows/ (Inflows) of Resources
2018	\$ (81,427)
2019	(78,357)
2020	(5,920)
2021	(99,907)
2022	-
Thereafter	-
Total	<u>\$ (265,611)</u>

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

Plan Description

The Regional Office of Education #17 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration.

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2017>; 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 I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

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

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

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

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, 2019.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #17.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #17. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #17 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #17, and the Regional Office of Education #17 recognized revenue and expenditures of \$1,018,680 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, 2018, were \$8,275, and are deferred because they were paid after the June 30, 2017, measurement date.

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

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #17, there is a statutory requirement for the Regional Office of Education #17 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, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$378,622 were paid from federal and special trust funds that required employer contributions of \$38,241. Contributions for the year ended June 30, 2018, were \$38,091, and are deferred because they were paid after the June 30, 2017 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #17 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education #17 paid no employer ERO contributions for retirements that occurred before July 1, 2016.

The Regional Office of Education #17 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the Regional Office of Education #17 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

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

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

At June 30, 2018, the Regional Office of Education #17 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer follows below:

Employers proportionate share of the net pension liability	\$ 3,709,436
State’s proportionate share of the net pension liability associated with the employer	<u>10,350,842</u>
Total	<u>\$14,060,278</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Regional Office of Education #17’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, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education #17’s proportion was .0048554008 percent, which was an increase of .0032683442 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education #17 recognized pension expense of \$1,018,680 and revenue of \$1,018,680 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education #17 recognized pension expense of \$976,612. At June 30, 2018, the Regional Office of Education #17 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,289	\$ 1,712
Net difference between projected and actual earnings on pension plan investments	2,545	-
Change of assumptions	247,578	106,592
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,603,887	295,695
Employer contributions subsequent to the measurement date	46,366	-
Total	\$ 2,940,665	\$ 403,999

\$46,366 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education #17 as a reduction of the net pension liabilities in the reporting year ended June 30, 2019. 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 ended June 30:

2019	\$ 673,207
2020	706,382
2021	616,169
2022	435,729
2023	58,813
	\$ 2,490,300

Actuarial assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4 %	6.94 %
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds core	10.7	2.44
International debt developed	5.3	1.7
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private equity	14.0	10.63
Total	<u>100 %</u>	

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. 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.

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

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS’s fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

Sensitivity of the Regional Office of Education #17’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education #17’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	\$ 4,557,527	\$ 3,709,436	\$ 3,014,779

TRS fiduciary net position

Detailed information about the TRS’s fiduciary net position as of June 30, 2017, is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY FUND

THIS Plan Description

The DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17 participates in the Teachers’ Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor’s Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers’ Retirement System (TRS).

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval.

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NOTE 5 – TEACHER HEALTH INSURANCE SECURITY FUND (Continued)

Benefits Provided (Concluded)

The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund. A percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On-behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #17. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #17 were based on the State’s proportionate share of the collective net OPEB liability associated with the Regional Office of Education #17, and recognized revenue and expenditures of \$168,638 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund

The Regional Office of Education #17 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education #17 paid \$12,628 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the Regional Office paid \$13,475 and \$10,039 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, 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

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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.
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Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

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

The following presents the Regional Office of Education #17’s proportionate share of the collective net OPEB liability, as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer’s proportionate share of the collective net OPEB liability	\$ 2,171,658	\$ 1,809,646	\$ 1,520,117

Sensitivity of the employer’s proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates.

The following table shows the Regional Office of Education #17’s net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	<u>1% Decrease^a</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase^b</u>
Employer’s proportionate share of the collective net OPEB liability	\$ 1,460,632	\$ 1,809,646	\$ 2,310,784

^a One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate rate of 4.09% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

^b One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

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

At June 30, 2018, the Regional Office of Education #17 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education #17. The amount recognized by the Regional Office of Education #17 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education #17 were as follow:

Employer’s proportionate share of the net OPEB liability	\$ 1,809,646
State’s proportionate share of the net OPEB liability associated with the employer	<u>2,376,535</u>
Total	<u>\$ 4,186,181</u>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016, and was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education #17’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education #17’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education #17, actuarially determined. At June 30, 2017, the Regional Office of Education #17’s proportion was 0.006974 percent, which was an increase of 0.001694 from its proportion measured as of June 30, 2016 (0.005280 percent). The State’s support and total are for disclosure purposes only.

For the year ending June 30, 2018, the Regional Office of Education #17 recognized OPEB expense of \$168,638 and revenue of \$168,638 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education #17 recognized OPEB expense of \$195,998. At June 30, 2018, the Regional Office of Education #17 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	\$ -	\$ 1,025
Changes of assumptions	-	215,462
Net difference between projected and actual earnings on OPEB plan investments	-	20
Changes in proportion and differences between employer contributions and proportionate share of contributions	400,271	-
Employer contributions subsequent to the measurement date	12,628	-
Total Deferred Amounts Related to OPEB	<u>\$ 412,899</u>	<u>\$ 216,507</u>

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REGIONAL OFFICE OF EDUCATION #17
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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

\$12,628 reported as deferred outflows of resources related to OPEB resulting from DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17’s OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2019	\$ 28,226
2020	28,226
2021	28,226
2022	28,226
2023	28,231
Thereafter	42,629
Total	\$ 183,764

THIS Fiduciary Net Position

Detailed information about the THIS Fund fiduciary net position as of June 30, 2017, is available in the separately issued THIS Financial Report.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

Plan Description

The Regional Office of Education #17 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.’s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Eligibility Provisions

Full-Time Employees – IMRF

Tier I IMRF Full-Time ROE employees:

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

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 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Tier II IMRF Full-Time ROE employees:

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 62 with at least 30 years of service (Reduced Pension)
- Age 62 with at least 35 years of service (Full Pension)
- Age 67 with at least 10 years of service (Full Pension)

Benefits Provided

The Regional Office of Education # 17 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education #17 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education #17 offers the multiple BluePrint PPO Plans to full-time IMRF employees. IMRF employees may continue ROE health insurance in retirement, however, they are responsible for paying the full cost of the medical premium. Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent is responsible for the full cost of coverage. Retirees pay the full cost of coverage.

Membership

At June 30, 2018 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	0
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0
Active Employees	<u>27</u>
TOTAL	<u><u>27</u></u>

Funding Policy and Contributions

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

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

The contributions of \$4,325 from Other ROE Resources and Benefit Payments of \$4,325 from Other ROE Resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Net OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2017 actuarial valuation date and adjusted to the June 30, 2018 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Actuarial Assumptions

Discount Rate used for the Total OPEB Liability	3.87%																									
Long-Term Expected Rate of Return on Plan Assets	N/A. OPEB obligation is unfunded.																									
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.87%																									
Salary Increases	The salary increase assumption of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.																									
Annual Blended Premiums	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Under Age 65</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Age 65 & Over</th> </tr> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">Retiree</th> <th style="text-align: center; border-bottom: 1px solid black;">Spouse</th> <th style="text-align: center; border-bottom: 1px solid black;">Retiree</th> <th style="text-align: center; border-bottom: 1px solid black;">Spouse</th> </tr> </thead> <tbody> <tr> <td>PPO 1000</td> <td style="text-align: right;">\$9,834</td> <td style="text-align: right;">\$15,487</td> <td style="text-align: right;">\$5,824</td> <td style="text-align: right;">\$5,824</td> </tr> <tr> <td>PPO 500</td> <td style="text-align: right;">\$10,600</td> <td style="text-align: right;">\$16,695</td> <td style="text-align: right;">\$6,279</td> <td style="text-align: right;">\$6,278</td> </tr> <tr> <td>PPO 2500</td> <td style="text-align: right;">\$9,097</td> <td style="text-align: right;">\$14,164</td> <td style="text-align: right;">\$5,530</td> <td style="text-align: right;">\$5,525</td> </tr> </tbody> </table>		Under Age 65		Age 65 & Over			Retiree	Spouse	Retiree	Spouse	PPO 1000	\$9,834	\$15,487	\$5,824	\$5,824	PPO 500	\$10,600	\$16,695	\$6,279	\$6,278	PPO 2500	\$9,097	\$14,164	\$5,530	\$5,525
	Under Age 65		Age 65 & Over																							
	Retiree	Spouse	Retiree	Spouse																						
PPO 1000	\$9,834	\$15,487	\$5,824	\$5,824																						
PPO 500	\$10,600	\$16,695	\$6,279	\$6,278																						
PPO 2500	\$9,097	\$14,164	\$5,530	\$5,525																						
Healthcare Trend Rates	Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2018, trend starts at 7.70% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.																									
Retiree Contribution Rates	Same as Healthcare Trend Rates.																									

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

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 74/75.

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are no participants impacted by this assumption.

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

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (Asset) (A) - (B)
Balances at July 1, 2017	\$ 123,628	\$ -	\$ 123,628
Changes for the period:			
Service Cost	5,895	-	5,895
Interest	4,700	-	4,700
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes in Assumptions	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	4,325	(4,325)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(4,325)	(4,325)	-
Administrative Expense	-	-	-
Net Changes	6,270	-	6,270
Balance at June 30, 2018	\$ 129,898	\$ -	\$ 129,898

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17, then only the municipal bond rate is used in determining the total OPEB liability.

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

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

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate is the June 28, 2018 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

Sensitivity of the Discount Rate

The following presents the Regional Office of Education #17's total OPEB liability calculated using a discount rate of 3.87%, as well as what the ROE's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.87%) or 1-percentage-point lower (2.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employer's proportionate share of the collective net OPEB liability	\$ 149,538	\$ 129,898	\$ 113,822

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education #17's total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 7.70% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 for both non-Medicare coverage and post-Medicare coverage.

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer's Net OPEB Liability	\$ 111,448	\$ 129,898	\$ 152,353

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

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

For the year ending June 30, 2018, the Regional Office of Education #17 recognized OPEB expense of \$10,595. At June 30, 2018 the Regional Office of Education #17 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	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total Deferred Amounts Related to OPEB	\$ -	\$ -

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

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	-
Total	\$ -

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 7 – LEASES

A. CAPITAL LEASES

The Regional Office of Education #17 has entered into a lease agreement as lessee with Frontier Communications as lessor for financing the acquisition of a phone system amounting to \$9,624. The asset has accumulated depreciation of \$4,172. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

The future minimum capital lease obligations and the net present value of these lease payments as of June 30, 2018, are as follows:

2019	\$	1,991
2020		1,991
2021		1,826
Total minimum lease payment		5,808
Less: amount representing interest:		<u> -</u>
Present value of minimum lease payments	\$	<u> 5,808</u>
Current Portion	\$	<u> 1,991</u>

B. OPERATING LEASES

The Regional Office of Education #17 leases classroom and office space from various parties. During fiscal year 2016, the Regional Office of Education #17 leased classroom and office space located at 905 W. Custer Avenue, Pontiac, Illinois, from the Bud Behrends, LLC, for \$2,208 per month. The original lease term was from July 1, 2013, to August 31, 2018 and was renewed for September 1, 2018, to August 31, 2023.

The Regional Office of Education #17 also leased classrooms and office space located at 402-408 W. Washington Street, Bloomington, Illinois, and storage space located at 405 W. Front Street, Bloomington, Illinois. The leases run from August 1, 2017, to July 31, 2022; rent was \$9,840 and \$410 per month, respectively.

The Regional Office of Education #17 also leased office space located at 200 W. Front Street, Suite 500D, Bloomington, Illinois. The lease ran from January 1, 2013, to December 31, 2015 with auto-renewals every two years; rent is \$61,000 per year. The lease was renewed for an additional 24 months from January 1, 2018 through December 31, 2019 for \$67,000 per year.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 –LEASES (Concluded)

B. OPERATING LEASES (Concluded)

During fiscal year 2017, the Regional Office of Education #17 leased classroom and office space located at 1301 W Washington St, Bloomington, Illinois for \$200 per month. The lease term is from July 1, 2017 to June 30, 2018, with an automatic renewal option of 12 months.

Rent expense for the year ended June 30, 2018, was \$218,375. Future minimum rentals are as follows for the years ending June 30:

2019		\$ 149,496
2020		150,746
2021		152,496
2022		152,496
2023 and thereafter		<u>14,916</u>
		<u>\$ 620,150</u>

NOTE 8 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #17 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets by business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2018:

	Balance <u>7/1/2017</u>	Additions	Disposals	Balance <u>6/30/2018</u>
Governmental Activities				
Capital assets being depreciated:				
Office Equipment & Furniture	\$ 293,622	\$ 22,406	\$ (4,414)	\$ 311,614
Leasehold Improvements	479,738	11,664	-	491,402
Total Capital Assets	<u>773,360</u>	<u>34,070</u>	<u>(4,414)</u>	<u>803,016</u>
Less: Accumulated Depreciation	<u>(356,737)</u>	<u>(34,527)</u>	<u>4,414</u>	<u>(386,850)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 416,623</u>	<u>\$ (457)</u>	<u>\$ -</u>	<u>\$ 416,166</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – CAPITAL ASSETS (Concluded)

	Balance 7/1/2017	Additions	Disposals	Balance 6/30/2018
Business-Type Activities				
Capital assets being depreciated:				
Office Equipment & Furniture	\$ 3,585	\$ 2,651	\$ -	\$ 6,236
Total Capital Assets	3,585	2,651	-	6,236
Less: Accumulated Depreciation	(2,498)	(865)	-	(3,363)
Business-Type Activities				
Investment in Capital Assets, Net	\$ 1,087	\$ 1,786	\$ -	\$ 2,873

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2018, of \$34,527 and \$865 was charged to governmental activities instructional services function and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

As of June 30, 2018, the capital assets balance of equipment recorded as capital lease totaled \$9,624. Total accumulated depreciation under the capital lease totaled \$4,172 as of June 30, 2018.

NOTE 9 – RISK MANAGEMENT

The Regional Office of Education #17 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #17 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 10 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2018, consist of the following individual due to/from other funds in the Governmental Fund Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 358,417	\$ 44,420
Education Fund	-	313,451
Nonmajor Special Revenue Funds	-	546
Totals	\$ 358,417	\$ 358,417

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2018, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 106,340	\$ 117,020
Education Fund	11,800	-
Proprietary Fund	-	1,120
Totals	\$ 118,140	\$ 118,140

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #17’s General Fund, Education Fund, Nonmajor Special Revenue Funds, and Agency Fund have funds due to/from various other governmental units which consist of the following:

Due from Other Governments:

General Fund	
Local Governments	\$ 60,922
Illinois State Board of Education	319
Nonmajor Special Revenue Funds	
Local Governments	1,222
Education Fund	
Local Governments	24,182
Illinois State Board of Education	314,079
Agency Fund	
State Comptroller	433,078
Illinois State Board of Education	245,629
Local Governments	206,480
Total	\$ 1,285,911

Due to Other Governments:

Agency Fund	
Local Governments	\$ 1,010,848
Total	\$ 1,010,848

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 12 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #17:

Regional Superintendent Salary	\$ 115,176
Assistant Regional Superintendent Salary	103,656
Regional Superintendent Benefits (Includes State-paid insurance)	22,892
Assistant Regional Superintendent Benefits (Includes State-paid insurance)	<u>37,665</u>
 Total	 <u>\$ 279,389</u>

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

Regional Office of Education #17 also recorded \$1,018,680 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #17 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 279,389
ROE #17’s share of TRS pension expense	1,018,680
State of Illinois THIS on-behalf payments	<u>168,638</u>
Total	<u>\$ 1,466,707</u>

NOTE 13 – STEWARDHIP, COMPLIANCE, AND ACCOUNTABILITY

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 had fund deficits as of June 30, 2018:

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 – STEWARDHIP, COMPLIANCE, AND ACCOUNTABILITY (Concluded)

<u>Fund</u>	<u>Amount</u>
<u>General Fund</u>	
Education Services	\$ 6,121
<u>Education Fund</u>	
Math & Science Partnerships 7B	57,710
Regional Safe Schools	10,328
SCORE	770
Truants Alternative/Optional Education	8,717
Total	<u>\$ 83,646</u>

NOTE 14 – RESTATEMENT

The Regional Office of Education #17 implemented GASB Statement Nos. 74 and 75 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net OPEB liability in the current year. The net opening balance of deferred outflows of resources and net OPEB liability in the government activities was \$1,544,331. Because these OPEB-related opening balances reflect OPEB expenses not previously recognized, the opening net position of the government activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities Net Position:

Net position – July 1, 2017	\$ 1,513,967
Deferred outflows and net OPEB liability	<u>(1,544,331)</u>
Net position, restated – July 1, 2017	<u>\$ 30,364</u>

NOTE 15 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2018 are summarized as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>one year</u>
Governmental activities:					
Net pension liability	\$ 1,822,757	\$ 1,886,679	\$ -	\$ 3,709,436	\$ -
Net OPEB liability	1,566,988	372,556	-	1,939,544	-
Lease payable	5,808	-	1,991	3,817	1,991
Total	<u>\$ 3,395,553</u>	<u>\$ 2,259,235</u>	<u>\$ 1,991</u>	<u>\$ 5,652,797</u>	<u>\$ 1,991</u>

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR CALENDAR YEARS
(UNAUDITED)

Calendar Year Ended December 31,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 86,746	\$ 96,955	\$ 93,113	\$ 90,794
Interest on the Total Pension Liability	428,972	493,148	390,432	331,043
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	145,245	(1,091,107)	1,216,038	(54,884)
Changes of Assumptions	(170,981)	-	-	160,500
Benefit Payments, including Refunds of Employee Contributions	(361,932)	(337,197)	(326,733)	(240,367)
Net Change in Total Pension Liability	<u>128,050</u>	<u>(838,201)</u>	<u>1,372,850</u>	<u>287,086</u>
Total Pension Liability - Beginning	<u>5,832,588</u>	<u>6,670,789</u>	<u>5,297,939</u>	<u>4,485,173</u>
Total Pension Liability - Ending (A)	<u>\$ 5,960,638</u>	<u>\$ 5,832,588</u>	<u>\$ 6,670,789</u>	<u>\$ 4,772,259</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 152,346	\$ 131,042	\$ 162,115	\$ 173,508
Contributions - Employees	36,132	38,770	42,987	36,725
Net Investment Income	884,564	(71,197)	768,935	280,254
Benefit Payments, including Refunds of Employee Contributions	(361,932)	(337,197)	(326,733)	(240,367)
Other (Net Transfer)	(4,793)	5,411	(108,195)	(3,698)
Net Change in Plan Fiduciary Net Position	<u>706,317</u>	<u>(233,171)</u>	<u>539,109</u>	<u>246,422</u>
Plan Fiduciary Net Position - Beginning	<u>5,262,591</u>	<u>5,495,762</u>	<u>4,956,653</u>	<u>4,202,502</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 5,968,908</u>	<u>\$ 5,262,591</u>	<u>\$ 5,495,762</u>	<u>\$ 4,448,924</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ (8,270)</u>	<u>\$ 569,997</u>	<u>\$ 1,175,027</u>	<u>\$ 323,335</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.14%	90.23%	82.39%	93.22%
Covered Payroll	\$ 797,930	\$ 861,550	\$ 955,269	\$ 816,123
Net Pension Liability as a Percentage of Covered Payroll	-1.04%	66.16%	123.00%	39.62%

Notes to Schedule:

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 LAST FOUR CALENDAR YEARS
 (UNAUDITED)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 152,346	\$ 152,346	\$ -	\$ 797,930	19.09%
2016	131,042	131,042	-	861,550	15.21%
2015	162,116	162,115	1	955,269	16.97%
2014	168,448	173,508	(5,060)	816,123	21.26%

Notes to Schedule:

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate**

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	26-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%, approximate; no explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same 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, 2015, actuarial valuation; note two-year lag between valuation and rate setting.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2018 †
(UNAUDITED)

	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0048554008%	0.0015870566%	0.0007247564%	0.0001844914%
Employer's proportionate share of the net pension liability	\$ 3,709,436	\$ 1,252,760	\$ 474,788	\$ 112,278
State's proportionate share of the net pension liability associated with the employer	<u>10,350,842</u>	<u>11,490,256</u>	<u>6,916,269</u>	<u>7,001,785</u>
Total	<u>\$ 14,060,278</u>	<u>\$ 12,743,016</u>	<u>\$ 7,391,057</u>	<u>\$ 7,114,063</u>
Employer's covered payroll	\$ 1,604,165	\$ 1,271,558	\$ 1,125,700	\$ 1,148,032
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	231.2%	98.5%	42.2%	9.8%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2018 †
(UNAUDITED)

	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 46,564	\$ 201,185	\$ 61,080	\$ 25,395	\$ 6,659
Contributions in relation to the statutorily-required contribution	<u>46,366</u>	<u>201,106</u>	<u>61,462</u>	<u>25,333</u>	<u>6,677</u>
Contribution deficiency (excess)	<u>\$ 198</u>	<u>\$ 79</u>	<u>\$ (382)</u>	<u>\$ 62</u>	<u>\$ (18)</u>
Employer's covered payroll	\$ 1,434,957	\$ 1,604,165	\$ 1,271,558	\$ 1,125,700	\$ 1,148,032
Contributions as a percentage of covered payroll	3.23%	12.54%	4.83%	2.25%	0.58%

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

Notes to This Required Supplementary Information

Changes of assumptions

For the 2017 and 2016 measurement year, the assumed investment rate of return was of 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.

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

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

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
 SHARE OF THE OTHER POSTEMPLOYMENT BENEFIT LIABILITY
 TEACHER HEALTH INSURANCE SECURITY FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (UNAUDITED)

	2017	2016
Employer's proportion of the collective net OPEB liability	.006974%	.00528%
Employer's proportionate share of the collective net OPEB liability	\$ 1,809,646	\$ 1,443,360
Employer's covered payroll	\$ 1,604,165	\$ 1,271,558
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.81%	113.51%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
 TEACHER HEALTH INSURANCE SECURITY FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (UNAUDITED)

	2018	2017	2016
Statutorily-required contribution	\$ 12,628	\$ 13,475	\$ 10,039
Contributions in relation to the statutorily-required contribution	12,628	13,475	10,039
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,434,957	\$ 1,604,165	\$ 1,271,558
Contributions as a percentage of covered payroll	0.88%	0.84%	0.79%

Notes to Schedule

Changes of assumptions

Because this is implementation year of GASB 74/75, the beginning Total OPEB Liability is based on the same assumptions, data and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB Liability for GASB 74/75 reporting, there have been no changes in assumptions from the prior period.

Changes of Benefit Terms

In the June 30, 2018 actuarial valuation, there have been no changes of benefit terms from the prior period.

*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, governments should present information for those years for which information is available.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED JUNE 30, 2018 †
 (UNAUDITED)

	FY18
Total OPEB Liability	
Service Cost	\$ 5,895
Interest Cost	4,700
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Benefit Payments	(4,325)
Net Change in Total OPEB Liability	6,270
Total OPEB Liability - Beginning	123,628
Total OPEB Liability - Ending	\$ 129,898
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 4,325
Contributions - Employees	-
Net Investment Income	-
Benefit Payments	(4,325)
Administrative Expense	-
Net Change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending	\$ -
 Employer's Net OPEB Liability - Ending	\$ 129,898
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	\$ -
 Covered Payroll	\$ 1,813,696
 Employer's Net OPEB Liability as a Percentage of Covered Payroll	7.16%

Notes to Schedule:

Changes of Benefit Terms

In the June 30, 2018 actuarial valuation, there have been no changes of benefit terms from the prior period.

Changes of Assumptions

Because this is implementation year of GASB 75, the beginning Total OPEB Liability is based on the same assumptions, data and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB Liability for GASB 75 reporting, there have been no changes in assumptions from the prior period.

† .The information in this schedule will accumulate until a full 10-year trend is presented as required by Statement No. 75.

OTHER SUPPLEMENTARY INFORMATION

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND ACCOUNTS
 JUNE 30, 2018

	County Fund	Regional Safe Schools - GSA	Regional Alternative School - GSA	I-SCORE
ASSETS				
Cash and cash equivalents	\$ 48,913	\$ 672,129	\$ 656,680	\$ 5,138
Due from other funds	-	-	358,417	-
Due from other governments				
Local	55,386	-	3,353	-
State	-	319	-	-
TOTAL ASSETS	\$ 104,299	\$ 672,448	\$ 1,018,450	\$ 5,138
LIABILITIES				
Accrued salaries and benefits	\$ -	\$ 50,222	\$ 50,224	\$ -
Due to other funds	-	36,116	-	-
Unearned revenue	67,838	-	-	-
Total Liabilities	67,838	86,338	50,224	-
FUND BALANCE				
Assigned	-	-	-	5,138
Unassigned	36,461	586,110	968,226	-
Total Fund Balance (Deficit)	36,461	586,110	968,226	5,138
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 104,299	\$ 672,448	\$ 1,018,450	\$ 5,138

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND ACCOUNTS
 JUNE 30, 2018

	Ed Services	Juvenile Justice Council	TOTALS
ASSETS			
Cash and cash equivalents	\$ -	\$ 12,500	\$ 1,395,360
Due from other funds	-	-	358,417
Due from other governments			
Local	2,183	-	60,922
State	-	-	319
TOTAL ASSETS	\$ 2,183	\$ 12,500	\$ 1,815,018
LIABILITIES			
Accrued salaries and benefits	\$ -	\$ -	\$ 100,446
Due to other funds	8,304	-	44,420
Unearned revenue	-	-	67,838
Total Liabilities	8,304	-	212,704
FUND BALANCE			
Assigned	-	12,500	17,638
Unassigned	(6,121)	-	1,584,676
Total Fund Balance (Deficit)	(6,121)	12,500	1,602,314
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 2,183	\$ 12,500	\$ 1,815,018

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	County Fund	Regional Safe Schools - GSA	Regional Alternative School - GSA	I-SCORE
REVENUES				
Local sources	\$ 655,616	\$ 58,971	\$ 199,557	\$ 5,310
State sources	-	577,726	794,552	-
On-behalf payments - State	279,389	-	-	-
Federal sources	-	51,459	-	-
Investment Earnings	-	3,402	2,140	-
Total Revenues	935,005	691,558	996,249	5,310
EXPENDITURES				
Instructional Services:				
Salaries and benefits	496,895	470,606	690,731	-
Pension expense	42,944	25,941	35,551	-
OPEB expense	5,222	6,157	2,052	-
Purchased services	94,881	115,873	127,340	-
Supplies and materials	8,157	38,812	58,796	614
Other objects	4,086	-	1,095	-
Capital outlay	1,699	9,937	15,134	-
Intergovernmental:				
Payments to governments	-	-	75,200	-
On-behalf expenditures - State	279,389	-	-	-
Total Expenditures	933,273	667,326	1,005,899	614
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,732	24,232	(9,650)	4,696
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	105,320	-
Transfers out	-	-	(11,700)	(105,320)
Repayment of capital lease payable	(1,991)	-	-	-
Total Other Financing Sources (Uses)	(1,991)	-	93,620	(105,320)
NET CHANGE IN FUND BALANCE	(259)	24,232	83,970	(100,624)
FUND BALANCE - BEGINNING	36,720	561,878	884,256	105,762
FUND BALANCE (DEFICIT) - ENDING	\$ 36,461	\$ 586,110	\$ 968,226	\$ 5,138

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2018

	Ed Services	Juvenile Justice Council	TOTALS
REVENUES			
Local sources	\$ 54,668	\$ 25,000	\$ 999,122
State sources	-	-	1,372,278
On-behalf payments - State	-	-	279,389
Federal sources	-	-	51,459
Investment Earnings	-	-	5,542
Total Revenues	<u>54,668</u>	<u>25,000</u>	<u>2,707,790</u>
EXPENDITURES			
Instructional Services:			
Salaries and benefits	128,851	-	1,787,083
Pension expense	8,915	-	113,351
OPEB expense	-	-	13,431
Purchased services	14,190	42,500	394,784
Supplies and materials	1,536	-	107,915
Other objects	175	-	5,356
Capital outlay	7,300	-	34,070
Intergovernmental:			
Payments to governments	15,151	-	90,351
On-behalf expenditures - State	-	-	279,389
Total Expenditures	<u>176,118</u>	<u>42,500</u>	<u>2,825,730</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(121,450)</u>	<u>(17,500)</u>	<u>(117,940)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,020	106,340
Transfers out	-	-	(117,020)
Repayment of capital lease payable	-	-	(1,991)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,020</u>	<u>(12,671)</u>
NET CHANGE IN FUND BALANCE	<u>(121,450)</u>	<u>(16,480)</u>	<u>(130,611)</u>
FUND BALANCE - BEGINNING	<u>115,329</u>	<u>28,980</u>	<u>1,732,925</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (6,121)</u>	<u>\$ 12,500</u>	<u>\$ 1,602,314</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 JUNE 30, 2018

	D.O.R.S Program Step Grant	Foundational Services	Juvenile Detention Center	Mathematics and Science Partnerships - MA	Mathematics and Science Partnerships - SA
ASSETS					
Cash and cash equivalents	\$ 179,057	\$ -	\$ -	\$ -	\$ -
Due from other governments:					
Local	-	8,769	15,413	-	-
State	-	-	-	-	-
Federal	-	-	-	-	-
TOTAL ASSETS	\$ 179,057	\$ 8,769	\$ 15,413	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	-	6,193	15,413	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	-	6,193	15,413	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	2,576	-	-	-
FUND BALANCE (DEFICIT)					
Restricted	179,057	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	179,057	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	\$ 179,057	\$ 8,769	\$ 15,413	\$ -	\$ -

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 JUNE 30, 2018

		McKinney						
		Mathematics and Science Partnerships - 7B	Homeless Children and Youth	RAS Special Projects	Regional Safe Schools	Regional Safe Schools Cooperative		
ASSETS								
Cash and cash equivalents	\$	-	-	8,090	-	-	\$	310,934
Due from other governments:								
Local		-	-	-	-	-		-
State		-	-	-	20,647	4,456		4,456
Federal		189,766	10,830	-	-	-		-
TOTAL ASSETS	\$	189,766	10,830	8,090	20,647	315,390	\$	315,390
LIABILITIES								
Accounts payable	\$	52	-	-	-	-	\$	-
Accrued salaries and benefits		-	1,312	-	10,639	5,608		5,608
Due to other funds		189,714	9,518	-	10,008	-		-
Unearned revenue		-	-	-	-	309,782		309,782
Total Liabilities	\$	189,766	10,830	-	20,647	315,390	\$	315,390
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue		57,710	-	-	10,328	-		-
FUND BALANCE (DEFICIT)								
Restricted		-	-	8,090	-	-		-
Unassigned		(57,710)	-	-	(10,328)	-		-
Total Fund Balance (Deficit)		(57,710)	-	8,090	(10,328)	-		-
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	\$	189,766	10,830	8,090	20,647	315,390	\$	315,390

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 JUNE 30, 2018

	ROE/ISC Operations	SCORE	Secretary of State's Literacy Grant	SEED	Title I - School Improvement
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	-	-	3,862	9,379
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ 3,862	\$ 9,379
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	-	770	-	3,862	9,379
Unearned revenue	-	-	-	-	-
Total Liabilities	-	770	-	3,862	9,379
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	-
Unassigned	-	(770)	-	-	-
Total Fund Balance (Deficit)	-	(770)	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	\$ -	\$ -	\$ -	\$ 3,862	\$ 9,379

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 JUNE 30, 2018

	<u>Title II -</u>	<u>Teacher Quality -</u>	<u>Transitional</u>	<u>Truants</u>	<u>TOTALS</u>
	<u>Leadership</u>	<u>Specialist</u>	<u>Education</u>	<u>Alternative/</u>	<u>Optional</u>
	<u>Education</u>	<u>Specialist</u>	<u>Education</u>	<u>Education</u>	<u>Education</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 498,081
Due from other governments:					
Local	-	-	-	-	24,182
State	-	57,718	-	17,421	100,242
Federal	-	-	-	-	213,837
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 57,718</u>	<u>\$ 17,421</u>	<u>\$ 17,421</u>	<u>\$ 836,342</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 52
Accrued salaries and benefits	-	-	6,547	-	24,106
Due to other funds	-	57,718	10,876	-	313,451
Unearned revenue	-	-	-	-	309,782
Total Liabilities	<u>-</u>	<u>57,718</u>	<u>17,423</u>	<u>17,423</u>	<u>647,391</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	8,715	-	79,329
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	187,147
Unassigned	-	-	(8,717)	-	(77,525)
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>(8,717)</u>	<u>(8,717)</u>	<u>109,622</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ 57,718</u>	<u>\$ 17,421</u>	<u>\$ 17,421</u>	<u>\$ 836,342</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2018

	D.O.R.S Program Step Grant	Foundational Services	Juvenile Detention Center	Mathematics and Science Partnerships - MA	Mathematics and Science Partnerships - SA
REVENUES					
Local sources	\$ 132	\$ 156,110	\$ 52,298	\$ -	\$ -
State sources	149,098	-	-	-	-
Federal sources	-	-	-	149,323	132,345
Total Revenues	149,230	156,110	52,298	149,323	132,345
EXPENDITURES					
Salaries and benefits	-	96,896	47,718	82,202	93,325
Pension expense	-	10,053	1,436	8,643	10,242
OPEB expense	-	-	-	-	-
Purchased services	896	35,444	190	1,924	6,424
Supplies and materials	-	220	2,954	53,530	19,654
Other objects	-	844	-	-	-
Intergovernmental:					
Payments to other governments	108,801	-	-	3,024	2,700
Capital outlay	-	-	-	-	-
Total Expenditures	109,697	143,457	52,298	149,323	132,345
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,533	12,653	-	-	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	39,533	12,653	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	139,524	(12,653)	-	-	-
FUND BALANCE (DEFICIT) - ENDING	\$ 179,057	\$ -	\$ -	\$ -	\$ -

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2018

	Mathematics and Science Partnerships - 7B	McKinney Homeless Children and Youth	RAS Special Projects	Regional Safe Schools	Regional Safe Schools Cooperative
REVENUES					
Local sources	\$ -	\$ -	\$ 7,619	\$ -	\$ -
State sources	-	-	-	169,536	87,026
Federal sources	200,822	40,900	-	-	-
Total Revenues	200,822	40,900	7,619	169,536	87,026
EXPENDITURES					
Salaries and benefits	154,410	24,566	-	77,993	30,482
Pension expense	11,462	-	-	1,009	360
OPEB expense	-	-	-	-	-
Purchased services	42,840	6,951	-	39,743	392
Supplies and materials	49,820	9,383	3,311	5,081	18,019
Other objects	-	-	-	-	-
Intergovernmental:					
Payments to other governments	-	-	-	-	50
Capital outlay	-	-	-	-	-
Total Expenditures	258,532	40,900	3,311	123,826	49,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(57,710)	-	4,308	45,710	37,723
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(57,710)	-	4,308	45,710	37,723
FUND BALANCE (DEFICIT) - BEGINNING	-	-	3,782	(56,038)	(37,723)
FUND BALANCE (DEFICIT) - ENDING	\$ (57,710)	\$ -	\$ 8,090	\$ (10,328)	\$ -

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	ROE/ISC Operations	SCORE	Secretary of State's Literacy Grant	SEED	Title I - School Improvement
REVENUES					
Local sources	\$ -	\$ 1,750	\$ -	\$ -	\$ -
State sources	153,203	-	66,260	-	-
Federal sources	-	-	-	3,866	68,381
Total Revenues	153,203	1,750	66,260	3,866	68,381
EXPENDITURES					
Salaries and benefits	91,883	-	59,969	1,826	56,674
Pension expense	8,723	-	-	488	3,198
OPEB expense	-	-	-	-	2,978
Purchased services	50,736	-	4,563	1,552	5,531
Supplies and materials	1,861	21,463	1,728	-	-
Other objects	-	-	-	-	-
Intergovernmental:					
Payments to other governments	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	153,203	21,463	66,260	3,866	68,381
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(19,713)	-	-	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	11,700	-	-	-
Total Other Financing Sources (Uses)	-	11,700	-	-	-
NET CHANGE IN FUND BALANCE	-	(8,013)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	-	7,243	-	-	-
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ (770)	\$ -	\$ -	\$ -

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2018

	Title II - Teacher Quality - Leadership	Transitional Specialist	Truants Alternative/ Optional Education	TOTALS
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ 217,909
State sources	-	105,682	143,259	874,064
Federal sources	3,794	-	-	599,431
Total Revenues	3,794	105,682	143,259	1,691,404
EXPENDITURES				
Salaries and benefits	-	88,469	85,185	991,598
Pension expense	-	9,204	909	65,727
OPEB expense	-	-	544	3,522
Purchased services	3,894	7,071	13,303	221,454
Supplies and materials	-	938	4,542	192,504
Other objects	-	-	-	844
Intergovernmental:				
Payments to other governments	-	-	-	114,575
Capital outlay	-	-	-	-
Total Expenditures	3,894	105,682	104,483	1,590,224
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100)	-	38,776	101,180
OTHER FINANCING SOURCES (USES):				
Transfers in	100	-	-	11,800
Total Other Financing Sources (Uses)	100	-	-	11,800
NET CHANGE IN FUND BALANCE	-	-	38,776	112,980
FUND BALANCE (DEFICIT) - BEGINNING	-	-	(47,493)	(3,358)
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ (8,717)	\$ 109,622

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MATHEMATICS AND SCIENCE PARTNERSHIPS - MA (17-4936-MA)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 250,000	\$ 250,000	\$ 149,323
Total Revenue	<u>250,000</u>	<u>250,000</u>	<u>149,323</u>
EXPENDITURES			
Salaries and benefits	224,525	156,476	82,202
Pension expense	-	-	8,643
Purchased services	12,500	19,462	1,924
Supplies and materials	-	59,497	53,530
Intergovernmental:			
Payments to other governments	12,975	14,565	3,024
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>149,323</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from September 1, 2016, through August 31, 2017; the grant did not continue during the current fiscal year.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MATHEMATICS AND SCIENCE PARTNERSHIPS - SA (17-4936-SA)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 250,000	\$ 250,000	\$ 132,345
Total Revenue	<u>250,000</u>	<u>250,000</u>	<u>132,345</u>
EXPENDITURES			
Salaries and benefits	224,525	185,205	93,325
Pension expense	-	-	10,242
Purchased services	12,500	21,116	6,424
Supplies and materials	-	25,231	19,654
Intergovernmental:			
Payments to other governments	12,975	18,448	2,700
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>132,345</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 -	 -	 -
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from September 1, 2016, through August 31, 2017; the grant did not continue during the current fiscal year.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MATHEMATICS AND SCIENCE PARTNERSHIPS - (17-4936-7B)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 250,000	\$ 250,000	\$ -
Total Revenue	<u>250,000</u>	<u>250,000</u>	<u>-</u>
EXPENDITURES			
Salaries and benefits	218,896	201,656	-
Pension expense	-	-	-
Purchased services	10,400	9,512	6,700
Supplies and materials	17,904	32,132	16,808
Intergovernmental:			
Payments to other governments	2,800	6,700	-
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>23,508</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (23,508)
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (23,508)</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from May 17, 2017, through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MATHEMATICS AND SCIENCE PARTNERSHIPS - (18-4936-7B)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 250,000	\$ 250,000	\$ 200,822
Total Revenue	<u>250,000</u>	<u>250,000</u>	<u>200,822</u>
EXPENDITURES			
Salaries and benefits	205,897	175,806	154,410
Pension expense	-	-	11,462
Purchased services	21,275	37,380	36,140
Supplies and materials	10,093	36,814	33,012
Intergovernmental:			
Payments to other governments	12,735	-	-
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>235,024</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (34,202)
 FUND BALANCE - BEGINNING	 -	 -	 -
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (34,202)</u>

Revenues and expenditures differ from budgeted amounts because the grant ran from September 1, 2017, through August 31, 2018; only part of the grant was received and expended in the current fiscal year.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 MCKINNEY HOMELESS CHILDREN AND YOUTH
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 40,898	\$ 40,898	\$ 40,900
Total Revenue	<u>40,898</u>	<u>40,898</u>	<u>40,900</u>
EXPENDITURES			
Salaries and benefits	24,566	24,566	24,566
Purchased services	6,854	6,854	6,951
Supplies and materials	9,478	9,478	9,383
Total Expenditures	<u>40,898</u>	<u>40,898</u>	<u>40,900</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUE			
State sources	\$ 123,826	\$ 123,826	\$ 169,536
Total Revenue	<u>123,826</u>	<u>123,826</u>	<u>169,536</u>
EXPENDITURES			
Salaries and benefits	79,602	79,602	77,993
Pension expense	-	-	1,009
Purchased services	39,057	39,057	39,743
Supplies and materials	5,167	5,167	5,081
Total Expenditures	<u>123,826</u>	<u>123,826</u>	<u>123,826</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>45,710</u>
NET CHANGE IN FUND BALANCE	-	-	45,710
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(56,038)</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (10,328)</u></u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS COOPERATIVE (17-3999)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 42,297	\$ 42,297	\$ -
Total Revenue	<u>42,297</u>	<u>42,297</u>	<u>-</u>
EXPENDITURES			
Salaries and benefits	5,728	6,088	158
Purchased services	31,169	25,665	-
Supplies and materials	5,400	10,544	4,549
Total Expenditures	<u>42,297</u>	<u>42,297</u>	<u>4,707</u>
NET CHANGE IN FUND BALANCE	-	-	(4,707)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(37,723)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,430)</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from August 3, 2016, through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS COOPERATIVE (18-3999)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 44,542	\$ 44,542	87,026
Total Revenue	<u>44,542</u>	<u>44,542</u>	<u>87,026</u>
EXPENDITURES			
Salaries and benefits	23,172	30,644	30,324
Pension expense	-	-	360
Purchased services	400	435	392
Supplies and materials	20,970	13,463	13,470
Intergovernmental:			
Payments to other governments	-	-	50
Total Expenditures	<u>44,542</u>	<u>44,542</u>	<u>44,596</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>42,430</u>
NET CHANGE IN FUND BALANCE	-	-	42,430
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(37,723)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,707</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from August 1, 2017, through June 30, 2018; only part of the grant was received and expended in the current fiscal year.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 145,313	\$ 153,203	\$ 153,203
Total Revenue	<u>145,313</u>	<u>153,203</u>	<u>153,203</u>
EXPENDITURES			
Salaries and benefits	108,645	100,859	91,883
Pension expense	-	-	8,723
Purchased services	36,668	50,483	50,736
Supplies and materials	-	1,861	1,861
Total Expenditures	<u>145,313</u>	<u>153,203</u>	<u>153,203</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SECRETARY OF STATE'S LITERACY GRANT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 68,250	\$ 68,250	\$ 66,260
Total Revenue	<u>68,250</u>	<u>68,250</u>	<u>66,260</u>
EXPENDITURES			
Salaries and benefits	63,850	63,850	59,969
Purchased services	4,400	4,400	4,563
Supplies and materials	-	-	1,728
Total Expenditures	<u>68,250</u>	<u>68,250</u>	<u>66,260</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE I - SCHOOL IMPROVEMENT
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 68,250	\$ 68,250	\$ 68,381
Total Revenue	<u>68,250</u>	<u>68,250</u>	<u>68,381</u>
EXPENDITURES			
Salaries and benefits	62,134	62,134	56,674
Pension expense	-	-	3,198
OPEB expense	-	-	2,978
Purchased services	6,116	6,116	5,531
Supplies and materials	-	-	-
Intergovernmental:			
Payments to other governments	-	-	-
Total Expenditures	<u>68,250</u>	<u>68,250</u>	<u>68,381</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II - TEACHER QUALITY - LEADERSHIP
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 3,894	\$ 3,894	\$ 3,794
Total Revenue	<u>3,894</u>	<u>3,894</u>	<u>3,794</u>
EXPENDITURES			
Purchased services	3,894	3,894	3,894
Total Expenditures	<u>3,894</u>	<u>3,894</u>	<u>3,894</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(100)</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	100
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>100</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 104,481	\$ 104,481	\$ 143,259
Total Revenue	<u>104,481</u>	<u>104,481</u>	<u>143,259</u>
EXPENDITURES			
Salaries and benefits	82,590	86,615	85,185
Pension expense	-	-	909
OPEB expense	-	-	544
Purchased services	17,891	13,163	13,303
Supplies and materials	4,000	4,703	4,542
Total Expenditures	<u>104,481</u>	<u>104,481</u>	<u>104,483</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 38,776
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>(47,493)</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ (8,717)</u></u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

		General Education Development	Bus Driver Training	Institute	TOTALS
ASSETS					
Cash and cash equivalents	\$	20,257	-	\$ 203,582	\$ 223,839
Due from other governments:					
Local		-	1,222	-	1,222
TOTAL ASSETS	\$	<u>20,257</u>	<u>1,222</u>	<u>\$ 203,582</u>	<u>\$ 225,061</u>
LIABILITIES					
Due to other funds	\$	-	546	\$ -	\$ 546
Total Liabilities		-	546	-	546
FUND BALANCES					
Restricted		20,257	676	203,582	224,515
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>20,257</u>	<u>1,222</u>	<u>\$ 203,582</u>	<u>\$ 225,061</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Education Development	Bus Driver Training	Institute	TOTALS
REVENUES				
Local sources	\$ 3,928	\$ 7,760	\$ 146,038	\$ 157,726
State sources	-	1,814	-	1,814
Investment earnings	-	-	2,035	2,035
Total Revenues	<u>3,928</u>	<u>9,574</u>	<u>148,073</u>	<u>161,575</u>
EXPENDITURES				
Salaries and benefits	-	8,924	28,447	37,371
Pension expense	-	631	332	963
Purchased services	1,472	544	93,914	95,930
Supplies and materials	585	1,076	46,868	48,529
Other objects	-	-	184	184
Total Expenditures	<u>2,057</u>	<u>11,175</u>	<u>169,745</u>	<u>182,977</u>
NET CHANGE IN FUND BALANCE	1,871	(1,601)	(21,672)	(21,402)
FUND BALANCE - BEGINNING	<u>18,386</u>	<u>2,277</u>	<u>225,254</u>	<u>245,917</u>
FUND BALANCE - ENDING	<u>\$ 20,257</u>	<u>\$ 676</u>	<u>\$ 203,582</u>	<u>\$ 224,515</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2018

	Cooperative Purchasing Fund	Flex Spending Account	Heart of Illinois Low Incidence	Regional Board of School Trustees Fund	School Facility Occupation Tax	Distributive Fund	TOTALS
Cash and cash equivalents	\$ -	\$ 9,842	\$ 110,333	\$ 1,883	\$ -	\$ 3,603	\$ 125,661
Due from other governments	129,106	-	77,374	-	433,078	245,629	885,187
TOTAL ASSETS	\$ 129,106	\$ 9,842	\$ 187,707	\$ 1,883	\$ 433,078	\$ 249,232	\$ 1,010,848
LIABILITIES							
Due to other governments	\$ 129,106	\$ 9,842	\$ 187,707	\$ 1,883	\$ 433,078	\$ 249,232	\$ 1,010,848
TOTAL LIABILITIES	\$ 129,106	\$ 9,842	\$ 187,707	\$ 1,883	\$ 433,078	\$ 249,232	\$ 1,010,848

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Cooperative Purchasing Fund</u>				
ASSETS				
Due from other governments	\$ 66,317	\$ 129,106	\$ 66,317	\$ 129,106
Total Assets	<u>\$ 66,317</u>	<u>\$ 129,106</u>	<u>\$ 66,317</u>	<u>\$ 129,106</u>
LIABILITIES				
Due to other governments	\$ 66,317	\$ 129,106	\$ 66,317	\$ 129,106
Total Liabilities	<u>\$ 66,317</u>	<u>\$ 129,106</u>	<u>\$ 66,317</u>	<u>\$ 129,106</u>
<u>Flex Spending Account</u>				
ASSETS				
Cash and cash equivalents	\$ 4,873	\$ 25,769	\$ 20,800	\$ 9,842
Total Assets	<u>\$ 4,873</u>	<u>\$ 25,769</u>	<u>\$ 20,800</u>	<u>\$ 9,842</u>
LIABILITIES				
Due to other governments	\$ 4,873	\$ 25,769	\$ 20,800	\$ 9,842
Total Liabilities	<u>\$ 4,873</u>	<u>\$ 25,769</u>	<u>\$ 20,800</u>	<u>\$ 9,842</u>
<u>Heart of Illinois Low Incidence</u>				
ASSETS				
Cash and cash equivalents	\$ 203,128	\$ 1,174,510	\$ 1,267,305	110,333
Due from other governments	85,249	77,374	85,249	77,374
Total Assets	<u>\$ 288,377</u>	<u>\$ 1,251,884</u>	<u>\$ 1,352,554</u>	<u>\$ 187,707</u>
LIABILITIES				
Due to other governments	\$ 288,377	\$ 1,251,884	\$ 1,352,554	\$ 187,707
Total Liabilities	<u>\$ 288,377</u>	<u>\$ 1,251,884</u>	<u>\$ 1,352,554</u>	<u>\$ 187,707</u>
<u>Regional Board of School Trustees Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 3,443	\$ 1,883	\$ 3,443	\$ 1,883
Total Assets	<u>\$ 3,443</u>	<u>\$ 1,883</u>	<u>\$ 3,443</u>	<u>\$ 1,883</u>
LIABILITIES				
Due to other governments	\$ 3,443	\$ 1,883	\$ 3,443	\$ 1,883
Total Liabilities	<u>\$ 3,443</u>	<u>\$ 1,883</u>	<u>\$ 3,443</u>	<u>\$ 1,883</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>School Facility Occupation Tax</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 4,619,651	\$ 4,619,651	\$ -
Due from other governments	1,162,915	433,078	1,162,915	433,078
Total Assets	<u>\$ 1,162,915</u>	<u>\$ 5,052,729</u>	<u>\$ 5,782,566</u>	<u>\$ 433,078</u>
LIABILITIES				
Due to other governments	\$ 1,162,915	\$ 5,052,729	\$ 5,782,566	\$ 433,078
Total Liabilities	<u>\$ 1,162,915</u>	<u>\$ 5,052,729</u>	<u>\$ 5,782,566</u>	<u>\$ 433,078</u>
<u>Distributive Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 2,080	\$ 4,811,747	\$ 4,810,224	\$ 3,603
Due from other governments	1,281,697	245,629	1,281,697	245,629
Total Assets	<u>\$ 1,283,777</u>	<u>\$ 5,057,376</u>	<u>\$ 6,091,921</u>	<u>\$ 249,232</u>
LIABILITIES				
Due to other governments	\$ 1,283,777	\$ 5,057,376	\$ 6,091,921	\$ 249,232
Total Liabilities	<u>\$ 1,283,777</u>	<u>\$ 5,057,376</u>	<u>\$ 6,091,921</u>	<u>\$ 249,232</u>
<u>TOTALS</u>				
ASSETS				
Cash and cash equivalents	\$ 213,524	\$ 10,633,560	\$ 10,721,423	\$ 125,661
Due from other governments	2,596,178	885,187	2,596,178	885,187
Total Assets	<u>\$ 2,809,702</u>	<u>\$ 11,518,747</u>	<u>\$ 13,317,601</u>	<u>\$ 1,010,848</u>
LIABILITIES				
Due to other governments	\$ 2,809,702	\$ 11,518,747	\$ 13,317,601	\$ 1,010,848
Total Liabilities	<u>\$ 2,809,702</u>	<u>\$ 11,518,747</u>	<u>\$ 13,317,601</u>	<u>\$ 1,010,848</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

Program	Cornell CSD #426	Livingston County Special Services Unit	Rooks Creek CCSD #425	Regional Office of Education #17	Total
General State Aid	\$ 245,976	\$ 360,735	\$ 31,072	\$ 1,477,563	\$ 2,115,346
State Free Lunch & Breakfast	215	173	26	643	1,057
Transportation - Regular & Vocational	36,261	-	26,281	-	62,542
Transportation - Spec Education	-	-	2,005	-	2,005
School Bus Driver Training	-	-	-	1,814	1,814
Truants Alternative/Optional Ed	-	-	-	87,060	87,060
Regional Safe Schools	-	-	-	103,180	103,180
Other State Program	-	-	-	349,872	349,872
ROE/ISC Operations	-	-	-	153,203	153,203
National School Lunch Program	23,972	11,016	3,969	35,199	74,156
School Breakfast Program	6,268	7,515	337	16,260	30,380
Title I - Low Income	6,304	-	-	-	6,304
Special Ed - Pre-School Flow Through	-	48,964	-	-	48,964
Special Ed - I.D.E.A. Flow Through	-	1,101,395	-	-	1,101,395
Title II - Teacher Quality	2,000	-	950	-	2,950
Title II - Teacher Quality - Leadership	-	-	-	3,794	3,794
Math and Science Partnerships	-	-	-	666,202	666,202
Total	\$ 320,996	\$ 1,529,798	\$ 64,640	\$ 2,894,790	\$ 4,810,224