



**STATE OF ILLINOIS
DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17**

**FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For the Year Ended June 30, 2020**

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

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17**

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REGIONAL OFFICE OF EDUCATION NO. 17**

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**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17**

OFFICIALS

Regional Superintendent
(current and during the audit period)

Mr. Mark Jontry

Assistant Regional Superintendent
(current)

Ms. Molly Allen

Assistant Regional Superintendent
(during the audit period)

Ms. Carmen Bergmann

Office is located at:

201 E. Grove St. Suite 300
Bloomington, Illinois 61701

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMPLIANCE REPORT SUMMARY**

The compliance audit testing performed in this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

AUDITOR’S REPORTS

The auditor’s reports on compliance and internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	3
Repeated audit findings	1	2
Prior recommendations implemented or not repeated	2	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2020-001	14	Delay of Audit	Noncompliance
2020-002	16	Inadequate Controls over Bank Reconciliation Process	Significant Deficiency

Findings and Questioned Costs (Federal Compliance)

None

Prior Audit Findings not Repeated (Government Auditing Standards)

2019-002	21	Inadequate Internal Control Procedures	Significant Deficiency
2019-003	21	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers	Significant Deficiency

Prior Audit Findings not Repeated (Federal Compliance)

None

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMPLIANCE REPORT SUMMARY**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on January 27, 2021. Attending from the Regional Office of Education No. 17 were Mark Jontry, Regional Superintendent; and Christy Kelson, Business Manager; and from Adelfia LLC were Stella Marie Santos, Jennifer Roan, Maria Divina Valera, Partners. Responses to the recommendations were provided by Mark Jontry, Regional Superintendent, on January 29, 2021.

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
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 Adelfia LLC.

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 AUDITOR'S 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, and Mclean Counties Regional Office of Education No. 17, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 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.

Auditor's Responsibility

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

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

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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, and Mclean Counties Regional Office of Education No. 17's basic financial statements. The combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance are the responsibility of management and were 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 combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2021 on our consideration of the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 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 Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
March 22, 2021



**INDEPENDENT AUDITOR’S 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, and Mclean Counties Regional Office of Education No. 17, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17’s basic financial statements, and have issued our report thereon dated March 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17’s internal control over financial reporting (internal control) as a basis for designing 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, and Mclean Counties Regional Office of Education No. 17’s internal control. Accordingly, we do not express an opinion on the effectiveness of Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

Regional Office of Education No. 17's Responses to Findings

Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 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 the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 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 the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
March 22, 2021



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17’s major federal programs for the year ended June 30, 2020. The Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Dewitt, Livingston, Logan, and Mclean Counties

Regional Office of Education No. 17's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17's compliance.

Opinion on Each Major Federal Program

In our opinion, the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Dewitt, Livingston, Logan, and Mclean Counties Regional Office of Education No. 17's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
March 22, 2021

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION I – SUMMARY OF AUDITOR’S RESULTS
 For the Year Ended June 30, 2020**

Financial Statements in accordance with GAAP

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes No

Federal Awards

Internal control over major federal programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes none reported

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.423A	Supporting Effective Educator Development Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-001 - Delay of Audit (Repeat of Findings 19-001 and 18-003)

CRITERIA/SPECIFIC REQUIREMENT:

Regional Office of Education No. 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 Government Auditing Standards.

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

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

CONDITION:

The Regional Office of Education No. 17 did not provide completed financial statements in an auditable form by the August 31st due date. The financial statements were provided on October 7, 2020.

EFFECT:

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

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-001 - Delay of Audit (Repeat of Findings 19-001 and 18-003) (Concluded)

CAUSE:

The ROE indicated additional time was needed by the contracted accountant to reconcile fixed assets back to FY19 and clean up and reclassify some lingering items from FY19.

RECOMMENDATION:

The Regional Office of Education No. 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 of Education implemented procedures during the FY20 fiscal year to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). However, unforeseen issues with reconciling fixed assets back to FY19 and reclassifying some lingering items from FY19 prevented the Regional Office from achieving that goal. Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP and presented to the Auditor General's independent auditors for audit by the August 31 deadline.

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-002 – Inadequate Controls Over Bank Reconciliation Process

CRITERIA/SPECIFIC REQUIREMENT:

Effective internal control policies require complete and accurate accounting records of all transactions of the entity. Sound internal controls require bank reconciliations to be performed accurately and promptly. Reconciling items should be investigated immediately and adjustments made to the general ledger. Bank reconciliations should also be reviewed and approved by a person independent of the preparer in a timely manner.

CONDITION:

The Regional Office of Education No. 17 maintains six bank accounts. During our audit, we noted for all bank accounts that monthly reconciliations were not performed timely for six out of twelve months. There were 24 of 72 monthly bank reconciliations (33 percent) performed more than a month late.

EFFECT:

Failure to prepare bank reconciliations on a timely basis may lead to loss or misuse of assets due to improper control and monitoring of bank accounts. Delay in the preparation of bank reconciliations renders this internal control procedure ineffective for immediately detecting irregularities and inaccuracies in the financial records.

CAUSE:

Regional Office of Education No. 17's Officials indicated the bookkeeper left and a Business Manager was hired in July 2019. Additionally, due to the competing priorities of completing outstanding fiscal duties, the monthly bank reconciliations from July to December 2019 were caught up between January to February 2020.

RECOMMENDATION:

The Regional Office of Education No. 17 should prepare monthly bank reconciliations on a timely basis. This would ensure that the cash balance per ledger is correct and cash transactions are fully accounted for. The Regional Office of Education No. 17 should cross-train employees to avoid untimely processing of bank reconciliations.

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-002 – Inadequate Controls Over Bank Reconciliation Process (Concluded)

MANAGEMENT’S RESPONSE:

The Regional Office of Education implemented procedures during the second half of FY20 to ensure that all bank reconciliations were completed on a timely basis. All reconciliations were completed within 30 days of month end January 2020 through June 2020. The Regional Office is in the process of cross-training an additional employee to reconcile the bank accounts and expects to have this completed by end of FY21.

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2020**

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

MATERIAL WEAKNESSES:

None

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2020**

Corrective Action Plan

FINDING 2020-001 - Delay of Audit (Repeat of Findings 2019-001 and 2018-003)

CONDITION:

The Regional Office of Education No. 17 did not provide completed financial statements in an auditable form by the August 31st due date. The financial statements were provided on October 7, 2020.

PLAN:

Regional Office of Education recognizes the importance of providing financial statements in a timely manner to prevent delays in the audit process. We indicated that additional time was needed by the contracted accountant to reconcile fixed assets back to FY19 and clean up and reclassify some lingering items from FY19.

Going forward, we will ensure that any future turnover will not impede the ability to meet prescribed deadlines to our fullest ability. The Regional Office of Education No. 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 and presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ANTICIPATED DATE OF COMPLETION:

June 30, 2021

CONTACT PERSON:

Mr. Mark Jontry, Regional Superintendent of Schools

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2020**

Corrective Action Plan (Continued)

FINDING 2020-002 – Inadequate Controls Over Bank Reconciliation Process

CONDITION:

The Regional Office of Education No. 17 maintains six bank accounts. During our audit, we noted for all bank accounts that monthly reconciliations were not performed timely for six out of twelve months. There were 24 of 72 monthly bank reconciliations (33 percent) performed more than a month late.

PLAN:

The Regional Office of Education No. 17 will prepare monthly bank reconciliations on a timely basis. This would ensure that the cash balance per ledger is correct and cash transactions are fully accounted for. The Regional Office of Education No. 17 will cross-train employees to avoid untimely processing of bank reconciliations.

ANTICIPATED DATE OF COMPLETION:

June 30, 2021

CONTACT PERSON:

Mr. Mark Jontry, Regional Superintendent of Schools

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2020**

2019-002	Inadequate Internal Control Procedures	Not Repeated
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During the current audit, the Regional Office of Education No. 17 implemented corrective action and assigned an individual to ensure that the capital assets are tagged, regularly maintained, and current year activity is periodically reconciled to the capital asset listing. Expenditure reports were filed timely. In addition, cut-off procedures at year end for revenue and expenses were implemented and were charged to the correct fiscal year.

2019-003	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers	Not Repeated
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During the current audit, the Regional Office of Education No. 17 implemented corrective action and developed a formal process for identifying service providers and obtaining the Service Organizational Control (SOC) reports from the service providers on an annual basis. Supporting documents provided indicated that monitoring and review was performed.

BASIC FINANCIAL STATEMENTS

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,851,497	\$ 156,644	\$ 3,008,141
Accounts receivable	-	15,400	15,400
Due from other governments:			
Local	102,986	-	102,986
State	189,353	-	189,353
Federal	47,698	-	47,698
Total Current Assets	<u>3,191,534</u>	<u>172,044</u>	<u>3,363,578</u>
Noncurrent Assets:			
Capital assets, net of depreciation	441,164	6,549	447,713
Total Noncurrent Assets	<u>441,164</u>	<u>6,549</u>	<u>447,713</u>
TOTAL ASSETS	<u>3,632,698</u>	<u>178,593</u>	<u>3,811,291</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	270,794	20,571	291,365
Deferred outflows related to pensions	1,217,437	92,481	1,309,918
Total Deferred Outflows of Resources	<u>1,488,231</u>	<u>113,052</u>	<u>1,601,283</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	1,875	-	1,875
Accrued salaries and benefits	103,443	-	103,443
Unearned revenue	197,524	7,021	204,545
Lease payable	1,825	-	1,825
Total Current Liabilities	<u>304,667</u>	<u>7,021</u>	<u>311,688</u>
Noncurrent Liabilities:			
Net pension liability	319,147	24,243	343,390
OPEB liabilities	1,532,821	116,438	1,649,259
Total Noncurrent Liabilities	<u>1,851,968</u>	<u>140,681</u>	<u>1,992,649</u>
TOTAL LIABILITIES	<u>2,156,635</u>	<u>147,702</u>	<u>2,304,337</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	604,903	45,950	650,853
Deferred inflows related to pensions	2,320,637	176,282	2,496,919
Total Deferred Inflows of Resources	<u>2,925,540</u>	<u>222,232</u>	<u>3,147,772</u>
NET POSITION			
Net investment in capital assets	439,339	6,549	445,888
Restricted - other	341,390	-	341,390
Unrestricted	(741,975)	(84,838)	(826,813)
TOTAL NET POSITION	<u>\$ 38,754</u>	<u>\$ (78,289)</u>	<u>\$ (39,535)</u>

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

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 2,499,808	\$ -	\$ 977,996	\$ (1,521,812)	\$ -	\$ (1,521,812)
Purchased services	1,168,999	-	267,771	(901,228)	-	(901,228)
Supplies and materials	174,585	-	137,876	(36,709)	-	(36,709)
Other objects	5,241	-	-	(5,241)	-	(5,241)
Depreciation	43,936	-	-	(43,936)	-	(43,936)
Capital outlay	-	-	64,217	64,217	-	64,217
Pension expense (benefit)	57,864	-	-	(57,864)	-	(57,864)
OPEB expense	28,812	-	-	(28,812)	-	(28,812)
Intergovernmental:						
Payments to other governments	225,191	-	109,645	(115,546)	-	(115,546)
Administrative:						
On-behalf payments - State	1,330,911	-	-	(1,330,911)	-	(1,330,911)
Total Governmental Activities	<u>5,535,347</u>	<u>-</u>	<u>1,557,505</u>	<u>(3,977,842)</u>	<u>-</u>	<u>(3,977,842)</u>
Business-Type Activities:						
Charges for services	690,284	486,165	-	-	(204,119)	(204,119)
Total Business-Type Activities	<u>690,284</u>	<u>486,165</u>	<u>-</u>	<u>-</u>	<u>(204,119)</u>	<u>(204,119)</u>
TOTAL PRIMARY GOVERNMENT	\$ 6,225,631	\$ 486,165	\$ 1,557,505	\$ (3,977,842)	\$ (204,119)	\$ (4,181,961)
GENERAL REVENUES:						
Local sources				872,582	-	872,582
State sources				1,614,230	-	1,614,230
Federal sources				868,712	-	868,712
On-behalf payments - State				1,330,911	-	1,330,911
Investment earnings				16,427	-	16,427
Total General Revenues and Transfers				<u>4,702,862</u>	<u>-</u>	<u>4,702,862</u>
CHANGE IN NET POSITION				725,020	(204,119)	520,901
NET POSITION - BEGINNING						
(Restated, See Note 14)				<u>(686,266)</u>	<u>125,830</u>	<u>(560,436)</u>
NET POSITION - ENDING				\$ 38,754	\$ (78,289)	\$ (39,535)

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

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,497,958	\$ 305,332	\$ 48,207	\$ -	\$ 2,851,497
Due from other funds	71,395	-	-	(71,395)	-
Due from other governments:					
Local	78,014	24,352	620	-	102,986
State	-	189,353	-	-	189,353
Federal	-	47,698	-	-	47,698
TOTAL ASSETS	\$ 2,647,367	\$ 566,735	\$ 48,827	\$ (71,395)	\$ 3,191,534
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 1,875	\$ -	\$ 1,875
Accrued salaries and benefits	90,381	13,042	20	-	103,443
Due to other funds	9,684	61,711	-	(71,395)	-
Unearned revenue	-	197,524	-	-	197,524
Total Liabilities	100,065	272,277	1,895	(71,395)	302,842
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	68,843	40,453	540	-	109,836
FUND BALANCE (DEFICIT)					
Nonspendable	-	-	-	-	-
Restricted	-	266,527	46,392	-	312,919
Assigned	13,685	-	-	-	13,685
Unassigned	2,464,774	(12,522)	-	-	2,452,252
Total Fund Balance (Deficit)	2,478,459	254,005	46,392	-	2,778,856
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 2,647,367	\$ 566,735	\$ 48,827	\$ (71,395)	\$ 3,191,534

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

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2020**

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS		\$ 2,778,856
Amounts reported for governmental activities in the Statement of Net Position are different		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		441,164
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		109,836
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		(1,825)
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	\$ 1,488,231	
Deferred inflows of resources	<u>(2,925,540)</u>	(1,437,309)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
IMRF net pension liability	\$ (202,820)	
TRS net pension liability	<u>(116,327)</u>	(319,147)
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.		<u>(1,532,821)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 38,754</u></u>

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

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 647,587	\$ 109,667	\$ 115,328	\$ -	\$ 872,582
State sources	2,259,052	820,056	1,834	-	3,080,942
On-behalf payments - State	281,283	-	-	-	281,283
Federal sources	34,197	834,515	-	-	868,712
Investment earnings	11,070	-	5,357	-	16,427
Total Revenues	<u>3,233,189</u>	<u>1,764,238</u>	<u>122,519</u>	<u>-</u>	<u>5,119,946</u>
EXPENDITURES					
Instructional Services:					
Salaries and benefits	1,495,432	924,704	79,672	-	2,499,808
Pension expense	92,535	69,432	7,304	-	169,271
OPEB Expense	6,637	4,981	524	-	12,142
Purchased services	544,095	491,318	133,586	-	1,168,999
Supplies and materials	123,870	43,532	7,183	-	174,585
Other objects	5,001	-	240	-	5,241
Intergovernmental:					
Payments to other governments	90,000	135,191	-	-	225,191
On-behalf payments - State	281,283	-	-	-	281,283
Capital Outlay	45,164	17,106	1,947	-	64,217
Total Expenditures	<u>2,684,017</u>	<u>1,686,264</u>	<u>230,456</u>	<u>-</u>	<u>4,600,737</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>549,172</u>	<u>77,974</u>	<u>(107,937)</u>	<u>-</u>	<u>519,209</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	6,768	11,595	-	(18,363)	-
Transfers out	(4,827)	(13,536)	-	18,363	-
Repayment of capital lease payable	(1,991)	-	-	-	(1,991)
Total Other Financing Sources (Uses)	<u>(50)</u>	<u>(1,941)</u>	<u>-</u>	<u>-</u>	<u>(1,991)</u>
NET CHANGE IN FUND BALANCE	549,122	76,033	(107,937)	-	517,218
FUND BALANCE - BEGINNING, RESTATED	<u>1,929,337</u>	<u>177,972</u>	<u>154,329</u>	<u>-</u>	<u>2,261,638</u>
FUND BALANCE - ENDING	<u>\$ 2,478,459</u>	<u>\$ 254,005</u>	<u>\$ 46,392</u>	<u>\$ -</u>	<u>\$ 2,778,856</u>

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

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 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, 2020**

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ 517,218

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	\$ 64,217	
Depreciation	<u>(43,936)</u>	20,281

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
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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	\$ 109,836	
Prior year unavailable revenue	<u>(19,043)</u>	90,793

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 contributions	\$ 169,271	
Pension expense	(57,864)	
OPEB contributions	12,142	
OPEB expense	<u>(28,812)</u>	<u>94,737</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 725,020

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

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

	Business-Type Activities Enterprise Fund - Major	
	Professional Development	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 156,644	\$ 156,644
Accounts receivable	15,400	15,400
Total current assets	<u>172,044</u>	<u>172,044</u>
Noncurrent assets:		
Capital assets, being depreciated, net	6,549	6,549
Total noncurrent assets	<u>6,549</u>	<u>6,549</u>
TOTAL ASSETS	<u>178,593</u>	<u>178,593</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	20,571	20,571
Deferred outflows related to pensions	92,481	92,481
Total deferred outflows of resources	<u>113,052</u>	<u>113,052</u>
LIABILITIES		
Current liabilities:		
Unearned revenue	7,021	7,021
Total current liabilities	<u>7,021</u>	<u>7,021</u>
Noncurrent liabilities:		
Net pension liability	24,243	24,243
OPEB liabilities	116,438	116,438
Total noncurrent liabilities	<u>140,681</u>	<u>140,681</u>
TOTAL LIABILITIES	<u>147,702</u>	<u>147,702</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	45,950	45,950
Deferred inflows related to pensions	176,282	176,282
Total deferred inflows of resources	<u>222,232</u>	<u>222,232</u>
NET POSITION		
Net investment in capital assets	6,549	6,549
Unrestricted	(84,838)	(84,838)
TOTAL NET POSITION	<u>\$ (78,289)</u>	<u>\$ (78,289)</u>

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

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Fund - Major	
	Professional Development	Total
OPERATING REVENUES		
Charges for services	\$ 486,165	\$ 486,165
Total Operating Revenues	486,165	486,165
OPERATING EXPENSES		
Salaries and benefits	283,558	283,558
Pension expense	120,894	120,894
OPEB Expense	142,739	142,739
Purchased services	130,078	130,078
Supplies and materials	5,302	5,302
Other objects	4,229	4,229
Depreciation	3,484	3,484
Total Operating Expenses	690,284	690,284
OPERATING INCOME (LOSS)	(204,119)	(204,119)
CHANGE IN NET POSITION	(204,119)	(204,119)
TOTAL NET POSITION - BEGINNING	125,830	125,830
TOTAL NET POSITION - ENDING	\$ (78,289)	\$ (78,289)

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

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Fund - Major	
	Professional Development	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 508,036	\$ 508,036
Payments to suppliers and providers of goods and services	(139,639)	(139,639)
Payments to employees	(297,330)	(297,330)
Net Cash Provided by Operating Activities	<u>71,067</u>	<u>71,067</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(5,044)	(5,044)
Net Cash Used For Capital and Related Financing Activities	<u>(5,044)</u>	<u>(5,044)</u>
Net Increase in Cash and Cash Equivalents	66,023	66,023
Cash and Cash Equivalents - Beginning	<u>90,621</u>	<u>90,621</u>
Cash and Cash Equivalents - Ending	<u>\$ 156,644</u>	<u>\$ 156,644</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	\$ (204,119)	\$ (204,119)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation expense	3,484	3,484
(Increase) decrease in assets:		
Accounts receivable	14,850	14,850
Deferred outflows	(113,052)	(113,052)
Increase (decrease) in liabilities:		
Accounts payable	(30)	(30)
Unearned revenue	7,021	7,021
Net pension/OPEB liability	140,681	140,681
Deferred inflows	222,232	222,232
Net Cash Provided by Operating Activities	<u>\$ 71,067</u>	<u>\$ 71,067</u>

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

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2020**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 204,367
Due from other governments	941,971
Total Assets	\$ 1,146,338
LIABILITIES	
Due to other governments	\$ 1,146,338
Total Liabilities	\$ 1,146,338

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

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DeWitt, Livingston, Logan, and McLean Counties Regional Office of Education No. 17 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through March 22, 2021 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 No. 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.

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, 2020, the Regional Office of Education No. 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 No. 17. Such activities are reported as a single special revenue fund (Education Fund).

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education No. 17's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education No. 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 No. 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 No. 17 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 17 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education No. 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 No. 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.

The Regional Office of Education No. 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 No. 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 No. 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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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 No. 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.

Under the terms of grant agreements, Regional Office of Education No. 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 No. 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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING

The Regional Office of Education No. 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 No. 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 No. 17 has presented all major funds that met the above qualifications.

The Regional Office of Education No. 17 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education No. 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:

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 No. 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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Regional Alternative School (RAS) – 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.

Alternatives for a Better Environment (ABE) (formerly I-SCORE) – This program is an environmental curriculum used at the Regional Alternative School in Pontiac involving beekeeping and building bat houses.

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 workplace.

Career Links – This program provides support to students focusing on the 12 employability skills recognized by adult services agencies and assisting transition into post-secondary experiences.

Education Innovation and Research – This program accounts for grant monies received for and in payment of expenditures to improve principal leadership by increasing principal effectiveness and increasing student achievement in rural and high-need schools.

Elementary and Secondary School Emergency Relief (ESSER) – This grant addresses the shortages of the access to technology for remote learning.

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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

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

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.

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 No. 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.

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 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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 No. 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 No. 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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 No. 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 No. 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 No. 17.

Flex Spending Account – This fund accounts for the Regional Office of Education No. 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 No. 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 No. 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:

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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. The Regional Office of Education No. 17 has no nonspendable fund balances.

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 No. 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: Alternative for a Better Environment 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 and Regional Alternative School – GSA. The Education Fund Education Innovation and Research had an unassigned balance.

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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. CASH AND CASH EQUIVALENTS

The DeWitt/Livingston/Logan/McLean Counties Regional Office of Education No. 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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 No. 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 No. 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: Education Innovation and Research, McKinney Homeless Children and Youth, Regional Safe Schools, Regional Safe Schools Cooperative, ROE/ISC Operations, Secretary of State's Literacy Grant, SEED, Title II Teacher Quality – Leadership, Truants Alternative/Optional Education and Career Links.

P. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

For purposes of measuring the Regional Office of Education No. 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 No. 17's OPEB Plan and additions to/deductions from the Regional Office of Education No. 17's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 17's Plan. For this purpose, the Regional Office of Education No. 17's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 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, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. NEW PRONOUNCEMENTS

On May 8, 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. Based on this guidance, the Regional Office of Education No. 17 has postponed implementation of GASB Statement No. 84 – *Fiduciary Activities*, and GASB Statement No. 90 – *Majority Equity Interest – an amendment of GASB Statements No. 14 and 61* until the fiscal year ending June 30, 2021.

R. DEFERRED COMPENSATION

The Regional Office offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all employees upon employment, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, disability, hardship, or unforeseeable emergency. All assets of the 403(b) plan are individually owned by participants. The Regional Office has no obligation to contribute to these plans and no obligations for any future pay-outs.

NOTE 2 – CASH

The Regional Office of Education No. 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, 2020, the carrying amounts of the Regional Office of Education No. 17's government-wide and agency fund deposits were \$3,008,141 and \$204,367, respectively, and the bank balances were \$3,263,745 and \$226,792, respectively. Of the total bank balances as of June 30, 2020, \$724,000 was secured by federal depository insurance, \$2,362,910 was fully collateralized, and \$403,627 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 No. 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 No. 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 No. 17.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 – CASH (Concluded)

B. INVESTMENTS

The Regional Office of Education No. 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, 2020, the Regional Office of Education No. 17 had investments with carrying and fair values of \$403,627 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2020, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education No. 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 No. 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.

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	52
Inactive Plan Members entitled to but not yet receiving benefits	32
Active Plan Members	14
Total	98

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Contributions

As set by statute, the Regional Office of Education No. 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 No. 17's annual contribution rate for calendar year 2019 was 11.20%. For the fiscal year ended 2020, the Regional Office of Education No. 17 contributed \$89,981 to the plan. The Regional Office of Education No. 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 No. 17's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

- 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 3.35% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- 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 Healthy 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.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Concluded)

- 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, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	1%	1.85%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2019. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2018	\$ 6,294,660	\$ 5,470,313	\$ 824,347
Changes for the year:			
Service Cost	73,889	-	73,889
Interest on the Total Pension Liability	447,215	-	447,215
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	119,426	-	119,426
Changes of Assumptions	-	-	-
Contributions - Employer	-	78,398	(78,398)
Contributions - Employees	-	33,449	(33,449)
Net Investment Income	-	1,140,607	(1,140,607)
Benefit Payments, including Refunds of Employee Contributions	(375,522)	(375,522)	-
Other (Net Transfer)	-	(5,804)	5,804
Net Changes	<u>265,008</u>	<u>871,128</u>	<u>(606,120)</u>
Balances at December 31, 2019	<u>\$ 6,559,668</u>	<u>\$ 6,341,441</u>	<u>\$ 218,227</u>

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount 7.25%	1% Higher 8.25%
Net Pension Liability (Asset)	\$ 947,065	\$ 218,227	\$ (349,084)

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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

For the year ending June 30, 2020, the Regional Office of Education No. 17 recognized pension expense of \$150,196. At June 30, 2020, the Regional Office of Education No. 17 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	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	\$ 38,388	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	212,844
Total Deferred Amounts to be recognized in pension expense in future periods	<u>38,388</u>	<u>212,844</u>
Pension Contributions made subsequent to the Measurement Date	<u>54,443</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 92,831</u>	<u>\$ 212,844</u>

\$54,443 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, 2021. 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
2020	\$ 46,924
2021	(85,451)
2022	14,454
2023	(150,383)
2024	-
Thereafter	-
Total	<u>\$ (174,456)</u>

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Plan Description

The Regional Office of Education No. 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/fy2019>; 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.

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 III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the State of Illinois.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
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June 30, 2020

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2019, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 17.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 17. For the year ended June 30, 2020, State of Illinois contributions recognized by the Regional Office of Education No. 17 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education No. 17, and the Regional Office of Education No. 17 recognized revenue and expenditures of \$967,154 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, 2020, were \$8,078, and are deferred because they were paid after the June 30, 2019, measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 17, there is a statutory requirement for the Regional Office of Education No. 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, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$165,775 were paid from federal and special trust funds that required employer contributions of \$17,672. These contributions are deferred because they were paid after the June 30, 2019 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 employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary.

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

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, 2020, the Regional Office of Education No. 17 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2020, the Regional Office of Education No. 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	\$ 125,163
State’s proportionate share of the net pension liability associated with the employer	<u>8,907,703</u>
Total	<u>\$ 9,032,866</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019. The Regional Office of Education No. 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, 2019, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2019, the Regional Office of Education No. 17’s proportion was .0001543160 percent, which was a decrease of .0000448344 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Regional Office of Education No. 17 recognized pension expense of \$967,154 and revenue of \$967,154 for support provided by the State. For the year ended June 30, 2020, the Regional Office of Education No. 17 recognized pension expense of \$28,562. At June 30, 2020, the Regional Office of Education No. 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	\$ 2,052	\$ -
Net difference between projected and actual earnings on pension plan investments	198	-
Change of assumptions	2,805	2,402
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,186,282	2,281,673
Employer contributions subsequent to the measurement date	25,750	-
Total	\$ 1,217,087	\$ 2,284,075

\$25,750 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 No. 17 as a reduction of the net pension liabilities in the reporting year ended June 30, 2021. 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:

2021	\$ (73,389)
2022	(162,232)
2023	(563,732)
2024	(290,749)
2025	(2,636)
	\$ (1,092,738)

Actuarial assumptions

The total pension liability in the June 30, 2019 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)

In the June 30, 2019 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2018 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.0 %	6.3 %
U.S. equities small/mid cap	2.0	7.7
International equities developed	13.6	7.0
Emerging market equities	3.4	9.5
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.0
International debt developed	2.2	1.1
Emerging international debt	2.6	4.4
Real estate	16.0	5.2
Real return	4.0	1.8
Absolute return	14.0	4.1
Private equity	15.0	9.7
Total	<u>100.0 %</u>	

Discount Rate

At June 30, 2019, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1’s liability is partially funded by Tier 2 members, as the Tier 2 member contribution is

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

higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Regional Office of Education No. 17’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 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	\$ 152,875	\$ 125,163	\$ 102,378

TRS fiduciary net position

Detailed information about the TRS’s fiduciary net position as of June 30, 2019, is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 5 – TEACHER’S HEALTH INSURANCE SECURITY FUND

THIS Plan Description

The Regional Office of Education No. 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 requires all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund. A percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On-behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 17. For the year ended June 30, 2020, State of Illinois contributions recognized by the Regional Office of Education No. 17 were based on the State’s proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 17, and recognized revenue and expenditures of \$82,474 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund

The Regional Office of Education No. 17 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2020, and 0.92 and 0.88 percent during the years ended June 30, 2019 and 2018, respectively. For the year ended June 30, 2020, the Regional Office of Education No. 17 paid \$12,813 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2019 and 2018, the Regional Office of Education No. 17 paid \$11,383 and \$12,628 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, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% 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 2019. For fiscal years on and after 2020, 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 0.31% is added to non-Medicare costs on and after 2022 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. Disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

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, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity’s index’s “20-year Municipal GO AA Index” has been selected. The discount rates are 3.62 percent as of June 30, 2018, and 3.13 percent as of June 30, 2019.

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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 No. 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 (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease (<u>2.13%</u>)	Current Discount Rate (<u>3.13%</u>)	1% Increase (<u>4.13%</u>)
Employer’s proportionate share of the collective net OPEB liability	\$ 1,672,237	\$ 1,390,859	\$ 1,168,511

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 proportionate share of the collective net OPEB liability, calculated using the current healthcare cost trend rates as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% 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	\$ 1,123,646	\$ 1,390,859	\$ 1,751,606

^a One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate rate of 3.81% in 2027 for non-Medicare coverage, and 8.00% in 2020 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 2020 decreasing to an ultimate trend rate of 5.81% in 2027 for non-Medicare coverage, and 10.00% in 2020 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, 2020, the Regional Office of Education No. 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 No. 17. The amount recognized by the Regional Office of Education No. 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 No. 17 were as follow:

Employer’s proportionate share of the net OPEB liability	\$ 1,390,859
State’s proportionate share of the net OPEB liability associated with the employer	<u>1,883,385</u>
Total	<u>\$ 3,274,244</u>

The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2018, and was rolled forward to the June 30, 2019 measurement date. The Regional Office of Education No. 17’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 17’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 17, actuarially determined. At June 30, 2019, the Regional Office of Education No. 17’s proportion was 0.005025 percent, which was a decrease of 0.000991 from its proportion measured as of June 30, 2018 (0.006016 percent). The State’s support and total are for disclosure purposes only.

For the year ending June 30, 2020, the Regional Office of Education No. 17 recognized OPEB expense of \$82,474 and revenue of \$82,474 for support provided by the State. For the year ending June 30, 2020, the Regional Office of Education No. 17 recognized OPEB expense of \$50,737. At June 30, 2020, the Regional Office of Education No. 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	\$ -	\$ 23,080
Changes of assumptions	527	159,438
Net difference between projected and actual earnings on OPEB plan investments	-	46
Changes in proportion and differences between employer contributions and proportionate share of contributions	278,025	468,289
Employer contributions subsequent to the measurement date	<u>12,813</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ 291,365</u>	<u>\$ 650,853</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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

\$12,813 reported as deferred outflows of resources related to OPEB resulting from DeWitt/Livingston/Logan/McLean Counties Regional Office of Education No. 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, 2021. 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 No. 17’s OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2021	\$ (51,076)
2022	(51,076)
2023	(51,076)
2024	(51,074)
2025	(51,064)
Thereafter	(116,935)
Total	\$ (372,301)

THIS Fiduciary Net Position

Detailed information about the THIS Fund fiduciary net position as of June 30, 2019, is available in the separately issued THIS Financial Report.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

Plan Description

The Regional Office of Education No. 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)

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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 No. 17 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education No. 17 offers the multiple United Healthcare Choice 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, 2020 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	0
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0
Active Employees	24
TOTAL	24

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liability is 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 \$251 from Other ROE Resources and Benefit Payments of \$251 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.

Total OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2019 actuarial valuation date and adjusted to the June 30, 2020 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 No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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

Actuarial Assumptions

Discount Rate used for the Total OPEB Liability	2.21%																									
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	2.21%																									
Salary Increases	The salary increase assumption of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation.																									
Annual Blended Premiums	<table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="2">Under Age 65</th> <th colspan="2">Age 65 & Over</th> </tr> <tr> <th></th> <th>Retiree</th> <th>Spouse</th> <th>Retiree</th> <th>Spouse</th> </tr> </thead> <tbody> <tr> <td>Choice 1000</td> <td>\$8,559</td> <td>\$7,995</td> <td>\$8,559</td> <td>\$7,995</td> </tr> <tr> <td>Choice 500</td> <td>\$9,775</td> <td>\$9,132</td> <td>\$9,775</td> <td>\$9,132</td> </tr> <tr> <td>Choice 2500</td> <td>\$8,553</td> <td>\$7,990</td> <td>\$7,083</td> <td>\$6,786</td> </tr> </tbody> </table>		Under Age 65		Age 65 & Over			Retiree	Spouse	Retiree	Spouse	Choice 1000	\$8,559	\$7,995	\$8,559	\$7,995	Choice 500	\$9,775	\$9,132	\$9,775	\$9,132	Choice 2500	\$8,553	\$7,990	\$7,083	\$6,786
	Under Age 65		Age 65 & Over																							
	Retiree	Spouse	Retiree	Spouse																						
Choice 1000	\$8,559	\$7,995	\$8,559	\$7,995																						
Choice 500	\$9,775	\$9,132	\$9,775	\$9,132																						
Choice 2500	\$8,553	\$7,990	\$7,083	\$6,786																						
Healthcare Trend Rates	Initial trend rate is based on the 2020 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2020, trend starts at 6.80% 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.

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.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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

For any active IMRF 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.

Changes in the Total OPEB Liability

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (Asset) (A) - (B)
Balances at July 1, 2019	\$ 144,161	\$ -	\$ 144,161
Changes for the period:			
Service Cost	5,853	-	5,853
Interest	9,001	-	9,001
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	113,015	-	113,015
Changes in Assumptions	(13,379)	-	(13,379)
Plan Changes	-	-	-
Contributions - Employer	-	251	(251)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(251)	(251)	-
Administrative Expense	-	-	-
Net Changes	114,239	-	114,239
Balance at June 30, 2020	\$ 258,400	\$ -	\$ 258,400

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 assets 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 No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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

Discount Rate (Concluded)

Regional Office of Education No. 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 assets is used to determine the portion of the net OPEB liability associated with those payments. To the extent future benefit payments are not covered by the plan’s projected net position, the municipal bond rate is used to determine the portion of the net OPEB liability associated with those payments.

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

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning and end of year rates are 3.50% and 2.21%, respectively. 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 No. 17’s total OPEB liability calculated using a discount rate of 2.21%, 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 (3.21%) or 1-percentage-point lower (1.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Employer’s Total OPEB liability	\$ 296,660	\$ 258,400	\$ 227,571

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education No. 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 6.80% in 2020 decreasing to an ultimate trend rate of 5.00% in 2030 for both non-Medicare coverage and post-Medicare coverage.

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer’s Total OPEB Liability	\$ 224,648	\$ 258,400	\$ 299,745

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

For the year ending June 30, 2020, the Regional Office of Education No. 17 recognized OPEB expense of \$120,814. At June 30, 2020 the Regional Office of Education No. 17 reported no deferred outflows of resources nor deferred inflows of resources related to OPEB.

NOTE 7 – LEASES

A. CAPITAL LEASES

The Regional Office of Education No. 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 \$8,020. 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, 2020, are as follows:

2021	\$ 1,825
Thereafter	-
Total minimum lease payment	1,825
Less: amount representing interest:	-
Present value of minimum lease payments	\$ 1,825
Current Portion	\$ 1,825

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 7 – LEASES (Concluded)

B. OPERATING LEASES

The Regional Office of Education No. 17 leases classroom and office space from various parties. During fiscal year 2016, the Regional Office of Education No. 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 No. 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 \$10,250 for the first six months of FY20 and \$10,500 for the last six months of FY20 and \$350 per month, respectively.

The Regional Office of Education No. 17 also leased administrative office space located at 200 W. Front Street, Suite 500D, Bloomington, Illinois. The original 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. In January 2020, the lease was extended for a one-year term from January 1, 2020 through December 31, 2020. The annual rent for the extension is \$72,718.

During fiscal year 2017, the Regional Office of Education No. 17 leased classroom and office space located at 1301 W Washington St, Bloomington, Illinois for \$256 per month. The lease term is from July 1, 2019 to June 30, 2020, with an automatic renewal option of 12 months.

During fiscal year 2018, the Regional Office leased a Ricoh copier. The lease term is January 12, 2018 to January 11, 2023, and includes monthly lease payments of \$315.

During fiscal year 2017, the Regional Office leased a Ricoh copier. The lease term was December 16, 2016 to December 15, 2020, and included monthly lease payments of \$485. This copier was replaced with a new copier during fiscal year 2020. The new copier lease term is June 7, 2020 to June 6, 2025, and includes monthly lease payments of \$290.

Rent expense for the year ended June 30, 2020, was \$238,361. Future minimum rentals are as follows for the years ending June 30:

2021	\$	200,316
2022		163,956
2023		44,606
2024		10,101
2025		3,190
Thereafter		-
		\$ 422,169

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION No. 17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education No. 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, 2020:

	Balance 07/01/2019, Restated	Additions	Disposals & Transfer out	Balance 6/30/2020
Governmental Activities				
Capital assets being depreciated:				
Office Equipment & Furniture	\$ 331,068	\$ 64,217	\$ (53,399)	\$ 341,886
Leasehold Improvements	490,194	-	-	490,194
Total Capital Assets	<u>821,262</u>	<u>64,217</u>	<u>(53,399)</u>	<u>832,080</u>
Less: Accumulated Depreciation	<u>(398,680)</u>	<u>(43,936)</u>	<u>51,700</u>	<u>(390,916)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 422,582</u>	<u>\$ 20,281</u>	<u>\$ (1,699)</u>	<u>\$ 441,164</u>
	Balance 7/1/2019	Additions & Transfer in	Disposals	Balance 6/30/2020
Business-Type Activities				
Capital assets being depreciated:				
Office Equipment & Furniture	\$ 8,036	\$ 5,044	\$ -	\$ 13,080
Total Capital Assets	<u>8,036</u>	<u>5,044</u>	<u>-</u>	<u>13,080</u>
Less: Accumulated Depreciation	<u>(3,047)</u>	<u>(3,484)</u>	<u>-</u>	<u>(6,531)</u>
Business-Type Activities				
Investment in Capital Assets, Net	<u>\$ 4,989</u>	<u>\$ 1,560</u>	<u>\$ -</u>	<u>\$ 6,549</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2020, of \$43,936 and \$3,484 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.

In fiscal year 2020, the Regional Office transferred equipment in the amount of \$1,699 from an unrestricted governmental fund to the proprietary fund.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 9 – RISK MANAGEMENT

The Regional Office of Education No. 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 No. 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, 2020, consist of the following individual due to/from other funds in the Governmental Fund Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 71,395	\$ 9,684
Education Fund	-	61,711
Totals	<u>\$ 71,395</u>	<u>\$ 71,395</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2020, 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	\$ 6,768	\$ 4,827
Education Fund	11,595	13,536
Totals	<u>\$ 18,363</u>	<u>\$ 18,363</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 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	\$ 78,014
Nonmajor Special Revenue Funds	
Local Governments	620
Education Fund	
Local Governments	24,352
Illinois State Board of Education	237,051
Agency Fund	
State Comptroller	729,739
Illinois State Board of Education	157,363
Local Governments	54,869
Total	<u>\$ 1,282,008</u>
Due to Other Governments:	
Agency Fund	
Local Governments	\$ 1,146,338
Total	<u>\$ 1,146,338</u>

NOTE 12 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education No. 17:

Regional Superintendent Salary	\$ 119,832
Assistant Regional Superintendent Salary	107,844
Regional Superintendent Benefits (Includes State-paid insurance)	21,092
Assistant Regional Superintendent Benefits (Includes State-paid insurance)	<u>32,515</u>
Total	<u>\$ 281,283</u>

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION No. 17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 – ON-BEHALF PAYMENTS (Concluded)

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 No. 17 also recorded \$967,154 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. The Regional Office of Education No. 17 also recorded \$82,474 in revenue and expenses on-behalf payments from the State for the Regional Offices’ share of the State Teacher’s Health Insurance Security (THIS) OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 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	\$	281,283
ROE No. 17’s share of TRS pension expense		967,154
State of Illinois THIS on-behalf payments		<u>82,474</u>
Total	\$	<u><u>1,330,911</u></u>

NOTE 13 – NONCURRENT LIABILITIES

Changes in noncurrent liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Governmental activities:					
Net pension liability	\$ 979,574	\$ -	\$ (636,184)	\$ 343,390	\$ -
OPEB liabilities	1,729,217	-	(79,958)	1,649,259	-
Lease payable	1,826	-	(1,826)	-	1,825
Total	<u>\$ 2,710,617</u>	<u>\$ -</u>	<u>\$ (717,968)</u>	<u>\$ 1,992,649</u>	<u>\$ 1,825</u>

NOTE 14 – CORRECTION OF ERROR

In fiscal year 2019, the Regional Office received an additional Evidenced Based Funding payment in the amount of \$509,407 for their Alternative Education program that was inadvertently treated as grant revenue and reported as unearned revenue. Evidenced Based Funding is unrestricted and the earning process is complete once the State has determined the amount and remitted it to the Regional Office, therefore the payment should have been recognized as revenue in the fiscal year received.

DEWITT/LIVINGSTON/LOGAN/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION No. 17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 14 – CORRECTION OF ERROR (Concluded)

In addition, during fiscal year 2020 it was discovered that assets totaling \$21,967 had inadvertently been omitted from the Regional Office’s capital asset listing. The beginning capital asset, governmental fund balances – general fund and net asset balances have been restated to reflect this omission, net of the asset’s related depreciation expense in fiscal year 2019 of \$2,789.

The effect of these corrections on capital assets, net position and fund balance are as follows:

Governmental Activities Net Position:

Net position – beginning	\$ (1,214,851)
Correction of error affecting net position	509,407
Correction of capital asset omission	<u>19,178</u>
Net position, beginning, restated	<u>\$ (686,266)</u>

Governmental Funds – General Fund:

Fund balance, beginning	\$ 1,421,921
Correction of error affecting fund financial statements	507,416
Fund balance, beginning, restated	<u>\$ 1,929,337</u>

Capital Assets

Capital assets, net of depreciation, beginning	\$ 403,404
Correction of capital asset omission	19,178
Capital assets, net of depreciation, restated	<u>\$ 422,582</u>

NOTE 15 – SUBSEQUENT EVENT

In November 2020, the Regional Office is relocating their administrative office to 201 E. Grove Street 3rd Floor, Bloomington, Illinois. The Regional Office entered into a new administrative office space lease on August 6, 2020, which will run from November 1, 2020 through October 31, 2025. The lease is effective as of November 1, 2020 with an annual lease of \$113,400.

NOTE 16 – 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, 2020:

County Fund	\$10,477
Education Innovation and Research	\$12,522

NOTE 17 – IMPACT OF COVID-19 PANDEMIC

The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued. Regional Office of Education No. 17 continued to function efficiently while their staff were sheltered at home due to the pandemic from March until June 2020. The Regional Office is no longer working remotely and is at full capacity at all its physical locations. If the pandemic continues for longer than anticipated, it is possible that their revenue stream for the year 2021 could be negatively impacted. However, the Regional Office management has no such expectation at this time.

REQUIRED SUPPLEMENTARY INFORMATION

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST SIX CALENDAR YEARS
(UNAUDITED)

	2019	2018	2017	2016	2015	2014
Calendar Year Ended December 31,						
Total Pension Liability						
Service Cost	\$ 73,889	\$ 70,577	\$ 86,746	\$ 96,955	\$ 93,113	\$ 90,794
Interest on the Total Pension Liability	447,215	437,545	428,972	493,148	390,432	331,043
Differences Between Expected and Actual Experience of the Total Pension Liability	119,426	46,392	145,245	(1,091,107)	1,216,038	(54,884)
Changes of Assumptions	-	152,770	(170,981)	-	-	160,500
Benefit Payments, including Refunds of Employee Contributions	(375,522)	(373,262)	(361,932)	(337,197)	(326,733)	(240,367)
Net Change in Total Pension Liability	<u>265,008</u>	<u>334,022</u>	<u>128,050</u>	<u>(838,201)</u>	<u>1,372,850</u>	<u>287,086</u>
Total Pension Liability - Beginning	<u>6,294,660</u>	<u>5,960,638</u>	<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>\$ 6,559,668</u>	<u>\$ 6,294,660</u>	<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	\$ 78,398	\$ 99,673	\$ 152,346	\$ 131,042	\$ 162,115	\$ 173,508
Contributions - Employees	33,449	34,218	36,132	38,770	42,987	36,725
Net Investment Income	1,140,607	(254,491)	884,564	(71,197)	768,935	280,254
Benefit Payments, including Refunds of Employee Contributions	(375,522)	(373,262)	(361,932)	(337,197)	(326,733)	(240,367)
Other (Net Transfer)	(5,804)	(4,733)	(4,793)	5,411	(108,195)	(3,698)
Net Change in Plan Fiduciary Net Position	<u>871,128</u>	<u>(498,595)</u>	<u>706,317</u>	<u>(233,171)</u>	<u>539,109</u>	<u>246,422</u>
Plan Fiduciary Net Position - Beginning	<u>5,470,313</u>	<u>5,968,908</u>	<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>\$ 6,341,441</u>	<u>\$ 5,470,313</u>	<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>\$ 218,227</u>	<u>\$ 824,347</u>	<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						
Covered Payroll	96.67%	86.90%	100.14%	90.23%	82.39%	93.22%
Net Pension Liability as a Percentage of Covered Payroll	\$ 699,987	\$ 717,076	\$ 797,930	\$ 861,550	\$ 955,269	\$ 816,123
	31.18%	114.96%	-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, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Fiscal Year Ended June 30,	(a) Actuarially Determined Contribution	(a) Actual Contribution	(a) Contribution Deficiency (Excess)	(a) Covered Payroll	(a) Actual Contribution as a Percentage of Covered Payroll
2020	\$ 91,080	\$ 91,080	\$ -	\$ 666,183	13.67%
2019	90,054	90,054	-	735,683	12.24%
2018	120,331	120,331	-	753,130	15.98%
2017	145,519	145,519	-	882,758	16.48%
2016	141,549	141,549	-	881,330	16.06%
2015	160,711	160,711	-	848,827	18.93%

(a) These amounts have been converted from a calendar year end to the entity's fiscal year end utilizing information from the entity's records and therefore will not agree to the IMRF actuarial report issued on March 26, 2020 for the period ended December 31, 2019.

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2019 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>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014-2016.
<i>Mortality:</i>	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 Healthy 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.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017, actuarial valuation; note two-year lag between valuation and rate setting.

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

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 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, 2020 †
(UNAUDITED)

	FY19*	FY18*	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0001543160%	0.0001991504%	0.0048554008%	0.0015870566%	0.0007247564%	0.0001844914%
Employer's proportionate share of the net pension liability	\$ 125,163	\$ 155,227	\$ 3,709,436	\$ 1,252,760	\$ 474,788	\$ 112,278
State's proportionate share of the net pension liability associated with the employer	\$ 8,907,703	\$ 10,633,733	\$ 10,350,842	\$ 11,490,256	\$ 6,916,269	\$ 7,001,785
Total	\$ 9,032,866	\$ 10,788,960	\$ 14,060,278	\$ 12,743,016	\$ 7,391,057	\$ 7,114,063
Employer's covered payroll	\$ 1,237,296	\$ 1,434,957	\$ 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	10.1%	10.8%	231.2%	98.5%	42.2%	9.8%
Plan fiduciary net position as a percentage of the total pension liability	39.6%	40.0%	39.3%	36.4%	41.5%	43.0%

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
For the Year Ended June 30, 2020 †
(UNAUDITED)

	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 25,750	\$ 18,262	\$ 46,564	\$ 201,185	\$ 61,080	\$ 25,395	\$ 6,659
Contributions in relation to the statutorily-required contribution	25,750	17,855	46,366	201,106	61,462	25,333	6,677
Contribution deficiency (excess)	\$ -	\$ 407	\$ 198	\$ 79	\$ (382)	\$ 62	\$ (18)
Employer's covered payroll	\$ 1,392,717	\$ 1,237,296	\$ 1,434,957	\$ 1,604,165	\$ 1,271,558	\$ 1,125,700	\$ 1,148,032
Contributions as a percentage of covered payroll	1.85%	1.44%	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 2019, 2018, 2017 and 2016 measurement years, 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, but the rates of increase in the 2018 measurement year were slightly higher.

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

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
COLLECTIVE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
TEACHERS' HEALTH INSURANCE SECURITY FUND
For the Year Ended June 30, 2020
(UNAUDITED)**

	2019	2018	2017	2016
Employer's proportion of the collective net OPEB liability	0.005025%	0.006016%	.006974%	.00528%
Employer's proportionate share of the collective net OPEB liability	\$ 1,390,859	\$ 1,585,056	\$ 1,809,646	\$ 1,443,360
State's proportionate share of the collective net OPEB liability associated with the employer	1,883,385	2,128,429	2,376,535	2,001,448
Total	\$ 3,274,244	\$ 3,713,485	\$ 4,186,181	\$ 3,444,808
Employer's covered payroll	\$ 1,237,296	\$ 1,434,957	\$ 1,604,165	\$ 1,271,558
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.4%	110.5%	112.8%	113.5%
Plan fiduciary net position as a percentage of the total OPEB liability	0.25%	-0.07%	-0.17%	-0.22%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' HEALTH INSURANCE SECURITY FUND
For the Year Ended June 30, 2020
(UNAUDITED)**

	2020	2019	2018	2017	2016
Statutorily-required contribution	\$ 12,813	\$ 11,383	\$ 12,628	\$ 13,475	\$ 10,039
Contributions in relation to the statutorily-required contribution	12,813	11,383	12,628	13,475	10,039
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,392,717	\$ 1,237,296	\$ 1,434,957	\$ 1,604,165	\$ 1,271,558
Contributions as a percentage of covered payroll	0.92%	0.92%	0.88%	0.84%	0.79%

*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.

Notes to Schedule

Changes of Benefit Terms

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

Change of Assumptions

	Measurement year		
	2019	2018	2017
Inflation	2.50 percent	2.75 percent	2.75 percent
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.	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.	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.
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.	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 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.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
For the Year Ended June 30, 2020 †
(UNAUDITED)

	FY20	FY19	FY18
Total OPEB Liability			
Service Cost	\$ 5,853	\$ 6,123	\$ 5,895
Interest Cost	9,001	4,958	4,700
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	113,015	-	-
Assumption Changes	(13,379)	6,757	-
Benefit Payments	(251)	(3,575)	(4,325)
Net Change in Total OPEB Liability	114,239	14,263	6,270
Total OPEB Liability - Beginning	144,161	129,898	123,628
Total OPEB Liability - Ending	\$ 258,400	\$ 144,161	\$ 129,898
Covered Payroll	\$ 2,501,819	\$ 1,598,650	\$ 1,813,696
Employer's Total OPEB Liability as a Percentage of Covered Payroll	10.33%	9.02%	7.16%

Notes to Schedule:

Changes of Benefit Terms

In the June 30, 2020 actuarial valuation, there have been no changes of benefit terms from the prior period.

Changes of Assumptions

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.50% to 2.21% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on change in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

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

SUPPLEMENTAL INFORMATION

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND ACCOUNTS
 June 30, 2020

	County Fund	Regional Safe Schools - GSA	Regional Alternative School - GSA	Alternative for a Better Environment (formerly I-SCORE)	Juvenile Justice Council	TOTALS
ASSETS						
Cash and cash equivalents	\$ -	\$ 509,840	\$ 1,974,433	\$ 1,185	\$ 12,500	\$ 2,497,958
Due from other funds	-	-	71,395	-	-	71,395
Due from other governments						
Local	68,843	4,506	4,665	-	-	78,014
TOTAL ASSETS	\$ 68,843	\$ 514,346	\$ 2,050,493	\$ 1,185	\$ 12,500	\$ 2,647,367
LIABILITIES						
Accrued salaries and benefits	\$ 793	\$ 36,693	\$ 52,895	\$ -	\$ -	\$ 90,381
Due to other funds	9,684	-	-	-	-	9,684
Total Liabilities	10,477	36,693	52,895	-	-	100,065
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	68,843	-	-	-	-	68,843
FUND BALANCE						
Assigned	-	-	-	1,185	12,500	13,685
Unassigned	(10,477)	477,653	1,997,598	-	-	2,464,774
Total Fund Balance (Deficit)	(10,477)	477,653	1,997,598	1,185	12,500	2,478,459
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 68,843	\$ 514,346	\$ 2,050,493	\$ 1,185	\$ 12,500	\$ 2,647,367

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2020

	County Fund	Regional Safe Schools - GSA	Regional Alternative School - GSA	Alternative for a Better Environment (formerly I-SCORE)	Juvenile Justice Council	TOTALS
REVENUES						
Local sources	\$ 339,938	\$ 51,266	\$ 230,383	\$ 1,000	\$ 25,000	\$ 647,587
State sources	-	577,255	1,681,797	-	-	2,259,052
On-behalf payments - State	281,283	-	-	-	-	281,283
Federal sources	-	34,197	-	-	-	34,197
Investment Earnings	-	5,676	5,394	-	-	11,070
Total Revenues	621,221	668,394	1,917,574	1,000	25,000	3,233,189
EXPENDITURES						
Instructional Services:						
Salaries and benefits	123,027	472,727	899,678	-	-	1,495,432
Pension expense	10,456	25,910	56,169	-	-	92,535
OPEB expense	749	1,859	4,029	-	-	6,637
Purchased services	136,558	144,393	225,644	-	37,500	544,095
Supplies and materials	5,904	39,130	78,547	289	-	123,870
Other objects	4,316	154	531	-	-	5,001
Capital outlay	5,464	1,267	38,433	-	-	45,164
Intergovernmental:						
Payments to governments	-	-	90,000	-	-	90,000
On-behalf expenditures - State	281,283	-	-	-	-	281,283
Total Expenditures	567,757	685,440	1,393,031	289	37,500	2,684,017
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	53,464	(17,046)	524,543	711	(12,500)	549,172
OTHER FINANCING SOURCES (USES)						
Transfers in	-	6,768	-	-	-	6,768
Transfers out	-	-	(4,827)	-	-	(4,827)
Repayment of capital lease payable	(1,991)	-	-	-	-	(1,991)
Total Other Financing Sources (Uses)	(1,991)	6,768	(4,827)	-	-	(50)
NET CHANGE IN FUND BALANCE	51,473	(10,278)	519,716	711	(12,500)	549,122
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	(61,950)	487,931	1,477,882	474	25,000	1,929,337
FUND BALANCE (DEFICIT) - ENDING	\$(10,477)	\$ 477,653	\$ 1,997,598	\$ 1,185	\$ 12,500	\$ 2,478,459

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2020

	D.O.R.S Program Step Grant	Career Links	Education Innovation and Research	ESSER	Foundational Services	Juvenile Detention Center
ASSETS						
Cash and cash equivalents	\$ 240,393	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments:						
Local	-	3,495	-	-	-	20,857
State	13,600	-	-	-	-	-
Federal	-	-	40,453	-	-	-
TOTAL ASSETS	\$ 253,993	\$ 3,495	\$ 40,453	\$ -	\$ -	\$ 20,857
LIABILITIES						
Accrued salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	3,495	12,522	-	-	20,857
Unearned revenue	-	-	-	-	-	-
Total Liabilities	-	3,495	12,522	-	-	20,857
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	40,453	-	-	-
FUND BALANCE (DEFICIT)						
Restricted	253,993	-	-	-	-	-
Unassigned	-	-	(12,522)	-	-	-
Total Fund Balance (Deficit)	253,993	-	(12,522)	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	\$ 253,993	\$ 3,495	\$ 40,453	\$ -	\$ -	\$ 20,857

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2020

	McKinney Homeless Children and Youth	RAS Special Projects	Regional Safe Schools	Regional Safe Schools Cooperative	ROE/ISC Operations	Secretary of State's Literacy Grant
ASSETS						
Cash and cash equivalents	\$ -	12,534	\$ -	\$ -	\$ -	\$ -
Due from other governments:						
Local	-	-	-	-	-	-
State	-	-	11,184	3,688	-	-
Federal	7,245	-	-	-	-	-
TOTAL ASSETS	\$ 7,245	\$ 12,534	\$ 11,184	\$ 3,688	\$ -	\$ -
LIABILITIES						
Accrued salaries and benefits	\$ 2,021	\$ -	\$ 4,909	\$ -	\$ -	\$ -
Due to other funds	5,224	-	6,275	3,688	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	7,245	-	11,184	3,688	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	-
FUND BALANCE (DEFICIT)						
Restricted	-	12,534	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	-	12,534	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	\$ 7,245	\$ 12,534	\$ 11,184	\$ 3,688	\$ -	\$ -

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2020

	SEED	Title II - Teacher Quality - Leadership	Transitional Specialist	Truants Alternative/ Optional Education	TOTALS
ASSETS					
Cash and cash equivalents	\$ 52,405	\$ -	\$ -	\$ -	\$ 305,332
Due from other governments:					
Local	-	-	-	-	24,352
State	132,122	-	20,055	8,704	189,353
Federal	-	-	-	-	47,698
TOTAL ASSETS	\$ 184,527	\$ -	\$ 20,055	\$ 8,704	\$ 566,735
LIABILITIES					
Accrued salaries and benefits	\$ -	\$ -	\$ 244	\$ 5,868	\$ 13,042
Due to other funds	-	-	6,814	2,836	61,711
Unearned revenue	184,527	-	12,997	-	197,524
Total Liabilities	184,527	-	20,055	8,704	272,277
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	40,453
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	266,527
Unassigned	-	-	-	-	(12,522)
Total Fund Balance (Deficit)	-	-	-	-	254,005
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	\$ 184,527	\$ -	\$ 20,055	\$ 8,704	\$ 566,735

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2020**

	D.O.R.S Program Step Grant	Career Links	Education Innovation and Research	ESSER	Foundational Services	Juvenile Detention Center
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,957
State sources	192,400	-	-	-	-	-
Federal sources	-	47,748	99,044	1,603	-	-
Total Revenues	192,400	47,748	99,044	1,603	-	60,957
EXPENDITURES						
Salaries and benefits	-	40,410	5,425	-	-	54,339
Pension expense	-	4,330	-	-	-	5,753
OPEB expense	-	311	-	-	-	413
Purchased services	250	200	106,053	1,603	-	200
Supplies and materials	551	2,497	88	-	-	252
Intergovernmental:						
Payments to other governments	134,164	-	-	-	-	-
Capital outlay	1,728	-	-	-	-	-
Total Expenditures	136,693	47,748	111,566	1,603	-	60,957
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	55,707	-	(12,522)	-	-	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	11,595	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	11,595	-
NET CHANGE IN FUND BALANCE	55,707	-	(12,522)	-	11,595	-
FUND BALANCE (DEFICIT) - BEGINNING	198,286	-	-	-	(11,595)	-
FUND BALANCE (DEFICIT) - ENDING	\$ 253,993	\$ -	\$ (12,522)	\$ -	\$ -	\$ -

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2020**

	McKinney Homeless Children and Youth	RAS Special Projects	Regional Safe Schools	Regional Safe Schools Cooperative	ROE/ISC Operations	Secretary of State's Literacy Grant
REVENUES						
Local sources	\$ -	\$ 6,154	\$ -	\$ -	\$ -	\$ -
State sources	-	-	133,357	44,443	153,272	70,235
Federal sources	38,460	-	-	-	-	-
Total Revenues	38,460	6,154	133,357	44,443	153,272	70,235
EXPENDITURES						
Salaries and benefits	28,695	-	77,012	35,131	88,549	59,271
Pension expense	964	-	1,036	1,241	3,982	-
OPEB expense	69	-	74	89	286	-
Purchased services	4,668	-	40,035	1,061	51,517	5,147
Supplies and materials	4,064	2,919	4,872	6,921	8,938	5,817
Intergovernmental:						
Payments to other governments	-	-	-	1,027	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	38,460	2,919	123,029	45,470	153,272	70,235
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	3,235	10,328	(1,027)	-	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	3,235	10,328	(1,027)	-	-
FUND BALANCE (DEFICIT) - BEGINNING	-	9,299	(10,328)	1,027	-	-
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ 12,534	\$ -	\$ -	\$ -	\$ -

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2020**

	SEED	Title II - Teacher Quality - Leadership	Transitional Specialist	Truants Alternative/ Optional Education	TOTALS
REVENUES					
Local sources	\$ -	\$ -	\$ 42,556	\$ -	\$ 109,667
State sources	-	-	113,153	113,196	820,056
Federal sources	644,545	3,115	-	-	834,515
Total Revenues	644,545	3,115	155,709	113,196	1,764,238
EXPENDITURES					
Salaries and benefits	310,034	-	132,403	93,435	924,704
Pension expense	35,480	-	14,353	2,293	69,432
OPEB expense	2,545	-	1,030	164	4,981
Purchased services	262,149	3,115	7,818	7,502	491,318
Supplies and materials	5,423	-	105	1,085	43,532
Intergovernmental:					
Payments to other governments	-	-	-	-	135,191
Capital outlay	15,378	-	-	-	17,106
Total Expenditures	631,009	3,115	155,709	104,479	1,686,264
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,536	-	-	8,717	77,974
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	11,595
Transfers out	(13,536)	-	-	-	(13,536)
Total Other Financing Sources (Uses)	(13,536)	-	-	-	(1,941)
NET CHANGE IN FUND BALANCE	-	-	-	8,717	76,033
FUND BALANCE (DEFICIT) - BEGINNING	-	-	-	(8,717)	177,972
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ -	\$ -	\$ 254,005

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 EDUCATION INNOVATION AND RESEARCH
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 186,000	\$ 186,000	\$ 99,044
Total Revenue	<u>186,000</u>	<u>186,000</u>	<u>99,044</u>
EXPENDITURES			
Salaries and benefits	-	-	5,425
Purchased services	186,000	186,000	106,053
Supplies and materials	-	-	88
Total Expenditures	<u>186,000</u>	<u>186,000</u>	<u>111,566</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (12,522)
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (12,522)</u>

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 MCKINNEY HOMELESS CHILDREN AND YOUTH
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 38,460	\$ 38,460	\$ 38,460
Total Revenue	<u>38,460</u>	<u>38,460</u>	<u>38,460</u>
EXPENDITURES			
Salaries and benefits	29,418	29,729	28,695
Pension expense	-	-	964
OPEB expense	-	-	69
Purchased services	5,792	4,667	4,668
Supplies and materials	3,250	4,064	4,064
Total Expenditures	<u>38,460</u>	<u>38,460</u>	<u>38,460</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, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	Amounts
REVENUE			
State sources	\$ 123,029	\$ 123,029	\$ 133,357
Total Revenue	<u>123,029</u>	<u>123,029</u>	<u>133,357</u>
EXPENDITURES			
Salaries and benefits	82,915	78,161	77,012
Pension expense	-	-	1,036
OPEB expense			74
Purchased services	38,646	40,165	40,035
Supplies and materials	1,468	4,703	4,872
Total Expenditures	<u>123,029</u>	<u>123,029</u>	<u>123,029</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>10,328</u>
NET CHANGE IN FUND BALANCE	-	-	10,328
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(10,328)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 REGIONAL SAFE SCHOOLS COOPERATIVE
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 44,443	\$ 44,443	\$ 44,443
Total Revenue	<u>44,443</u>	<u>44,443</u>	<u>44,443</u>
EXPENDITURES			
Salaries and benefits	36,595	36,460	35,131
Pension expense	-	-	1,241
OPEB expense	-	-	89
Purchased services	1,000	1,061	1,061
Supplies and materials	6,848	6,922	6,921
Intergovernmental:			
Payments to other governments	-	-	1,027
Total Expenditures	<u>44,443</u>	<u>44,443</u>	<u>45,470</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,027)</u>
NET CHANGE IN FUND BALANCE	-	-	(1,027)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>1,027</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 ROE/ISC OPERATIONS
 For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUE			
State sources	\$ 153,272	\$ 153,272	\$ 153,272
Total Revenue	<u>153,272</u>	<u>153,272</u>	<u>153,272</u>
EXPENDITURES			
Salaries and benefits	107,460	92,816	88,549
Pension expense	-	-	3,982
OPEB expense	-	-	286
Purchased services	42,000	51,552	51,517
Supplies and materials	3,812	8,904	8,938
Total Expenditures	<u>153,272</u>	<u>153,272</u>	<u>153,272</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, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 SECRETARY OF STATE'S LITERACY GRANT
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 70,235	\$ 70,235	\$ 70,235
Total Revenue	<u>70,235</u>	<u>70,235</u>	<u>70,235</u>
EXPENDITURES			
Salaries and benefits	60,218	60,218	59,271
Purchased services	5,617	5,617	5,147
Supplies and materials	4,400	4,400	5,817
Total Expenditures	<u>70,235</u>	<u>70,235</u>	<u>70,235</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, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SEED**

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 672,194	\$ 672,194	\$ 644,545
Total Revenue	<u>672,194</u>	<u>672,194</u>	<u>644,545</u>
EXPENDITURES			
Salaries and benefits	411,194	356,115	310,034
Pension expense	-	-	35,480
OPEB expense	-	-	2,545
Purchased services	259,000	314,079	262,149
Supplies and materials	2,000	2,000	5,423
Intergovernmental:			
Payments to other governments	-	-	15,378
Total Expenditures	<u>672,194</u>	<u>672,194</u>	<u>631,009</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>13,536</u>
OTHER FINANCING SOURCES:			
Transfer out	-	-	(13,536)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(13,536)</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>

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER QUALITY - LEADERSHIP
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 3,115	\$ 3,115	\$ 3,115
Total Revenue	<u>3,115</u>	<u>3,115</u>	<u>3,115</u>
EXPENDITURES			
Purchased services	3,115	3,115	3,115
Total Expenditures	<u>3,115</u>	<u>3,115</u>	<u>3,115</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, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 104,481	\$ 104,481	\$ 113,196
Total Revenue	<u>104,481</u>	<u>104,481</u>	<u>113,196</u>
EXPENDITURES			
Salaries and benefits	96,564	95,892	93,435
Pension expense	-	-	2,293
OPEB expense	-	-	164
Purchased services	6,417	7,502	7,502
Supplies and materials	1,500	1,087	1,085
Total Expenditures	<u>104,481</u>	<u>104,481</u>	<u>104,479</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>8,717</u>
NET CHANGE IN FUND BALANCE	-	-	8,717
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(8,717)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 CAREER LINKS
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 50,000	\$ 50,000	\$ 47,748
Total Revenue	<u>50,000</u>	<u>50,000</u>	<u>47,748</u>
EXPENDITURES			
Salaries and benefits	45,055	45,055	40,410
Pension expense	-	-	4,330
OPEB expense	-	-	311
Purchased services	2,095	2,095	200
Supplies and materials	2,850	2,850	2,497
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>47,748</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 17
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2020**

	General Education Development	Bus Driver Training	Institute	TOTALS
ASSETS				
Cash and cash equivalents	\$ 25,190	\$ 4,887	\$ 18,130	\$ 48,207
Due from other governments:				
Local	-	620	-	620
TOTAL ASSETS	<u>\$ 25,190</u>	<u>\$ 5,507</u>	<u>\$ 18,130</u>	<u>\$ 48,827</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,875	\$ 1,875
Accrued salaries and benefits	-	20	-	20
Total Liabilities	<u>-</u>	<u>20</u>	<u>1,875</u>	<u>1,895</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	540	-	540
FUND BALANCES				
Restricted	25,190	4,947	16,255	46,392
Total Fund Balances	<u>25,190</u>	<u>4,947</u>	<u>16,255</u>	<u>46,392</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 25,190</u>	<u>\$ 5,507</u>	<u>\$ 18,130</u>	<u>\$ 48,827</u>

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020

	General Education Development	Bus Driver Training	Institute	TOTALS
REVENUES				
Local sources	\$ 4,263	\$ 6,758	\$ 104,307	\$ 115,328
State sources	-	1,834	-	1,834
Investment earnings	-	-	5,357	5,357
Total Revenues	<u>4,263</u>	<u>8,592</u>	<u>109,664</u>	<u>122,519</u>
EXPENDITURES				
Salaries and benefits	-	5,989	73,683	79,672
Pension expense	-	72	7,232	7,304
OPEB expense	-	5	519	524
Purchased services	1,156	872	131,558	133,586
Supplies and materials	-	296	6,887	7,183
Capital outlay	-	-	1,947	1,947
Other objects	20	-	220	240
Total Expenditures	<u>1,176</u>	<u>7,234</u>	<u>222,046</u>	<u>230,456</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,087</u>	<u>1,358</u>	<u>(112,382)</u>	<u>(107,937)</u>
NET CHANGE IN FUND BALANCE	3,087	1,358	(112,382)	(107,937)
FUND BALANCE - BEGINNING	<u>22,103</u>	<u>3,589</u>	<u>128,637</u>	<u>154,329</u>
FUND BALANCE - ENDING	<u>\$ 25,190</u>	<u>\$ 4,947</u>	<u>\$ 16,255</u>	<u>\$ 46,392</u>

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2020

	Cooperative Purchasing Fund	Flex Spending Account	Heart of Illinois Low Incidence	Regional Board of School Trustees Fund	School Facility Occupation Tax	Distributive Fund	TOTALS
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 195,087	\$ 978	\$ -	\$ 8,302	\$ 204,367
Due from other governments	1,871	1,119	51,879	-	729,739	157,363	941,971
TOTAL ASSETS	<u>\$ 1,871</u>	<u>\$ 1,119</u>	<u>\$ 246,966</u>	<u>\$ 978</u>	<u>\$ 729,739</u>	<u>\$ 165,665</u>	<u>\$ 1,146,338</u>
LIABILITIES							
Due to other governments	\$ 1,871	\$ 1,119	\$ 246,966	\$ 978	\$ 729,739	\$ 165,665	\$ 1,146,338
TOTAL LIABILITIES	<u>\$ 1,871</u>	<u>\$ 1,119</u>	<u>\$ 246,966</u>	<u>\$ 978</u>	<u>\$ 729,739</u>	<u>\$ 165,665</u>	<u>\$ 1,146,338</u>

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Cooperative Purchasing Fund</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 350,711	\$ 350,711	\$ -
Due from other governments	139,965	1,871	139,965	1,871
Total Assets	\$ 139,965	\$ 352,582	\$ 490,676	\$ 1,871
LIABILITIES				
Due to other governments	\$ 139,965	\$ 352,582	\$ 490,676	\$ 1,871
Total Liabilities	\$ 139,965	\$ 352,582	\$ 490,676	\$ 1,871
<u>Flex Spending Account</u>				
ASSETS				
Cash and cash equivalents	\$ 2,327	\$ 9,845	\$ 12,172	\$ -
Due from other governments	-	1,119	-	1,119
Total Assets	\$ 2,327	\$ 10,964	\$ 12,172	\$ 1,119
LIABILITIES				
Due to other governments	\$ 2,327	\$ 10,964	\$ 12,172	\$ 1,119
Total Liabilities	\$ 2,327	\$ 10,964	\$ 12,172	\$ 1,119
<u>Heart of Illinois Low Incidence</u>				
ASSETS				
Cash and cash equivalents	\$ 548,286	\$ 2,201,577	\$ 2,554,776	\$ 195,087
Due from other governments	374,401	138,554	461,076	51,879
Total Assets	\$ 922,687	\$ 2,340,131	\$ 3,015,852	\$ 246,966
LIABILITIES				
Due to other governments	\$ 922,687	\$ 2,340,131	\$ 3,015,852	\$ 246,966
Total Liabilities	\$ 922,687	\$ 2,340,131	\$ 3,015,852	\$ 246,966
<u>Regional Board of School Trustees Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 978	\$ -	\$ -	\$ 978
Total Assets	\$ 978	\$ -	\$ -	\$ 978
LIABILITIES				
Due to other governments	\$ 978	\$ -	\$ -	\$ 978
Total Liabilities	\$ 978	\$ -	\$ -	\$ 978

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>School Facility Occupation Tax</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 5,062,290	\$ 5,062,290	\$ -
Due from other governments	393,768	729,739	393,768	729,739
Total Assets	<u>\$ 393,768</u>	<u>\$ 5,792,029</u>	<u>\$ 5,456,058</u>	<u>\$ 729,739</u>
LIABILITIES				
Due to other governments	\$ 393,768	\$ 5,792,029	\$ 5,456,058	\$ 729,739
Total Liabilities	<u>\$ 393,768</u>	<u>\$ 5,792,029</u>	<u>\$ 5,456,058</u>	<u>\$ 729,739</u>
<u>Distributive Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 305,868	\$ 4,646,909	\$ 4,944,475	\$ 8,302
Due from other governments	216,713	157,363	216,713	157,363
Total Assets	<u>\$ 522,581</u>	<u>\$ 4,804,272</u>	<u>\$ 5,161,188</u>	<u>\$ 165,665</u>
LIABILITIES				
Due to other governments	\$ 522,581	\$ 4,804,272	\$ 5,161,188	\$ 165,665
Total Liabilities	<u>\$ 522,581</u>	<u>\$ 4,804,272</u>	<u>\$ 5,161,188</u>	<u>\$ 165,665</u>
<u>TOTALS</u>				
ASSETS				
Cash and cash equivalents	\$ 857,459	\$ 12,271,332	\$ 12,924,424	\$ 204,367
Due from other governments	1,124,847	1,028,646	1,211,522	941,971
Total Assets	<u>\$ 1,982,306</u>	<u>\$ 13,299,978</u>	<u>\$ 14,135,946</u>	<u>\$ 1,146,338</u>
LIABILITIES				
Due to other governments	\$ 1,982,306	\$ 13,299,978	\$ 14,135,946	\$ 1,146,338
Total Liabilities	<u>\$ 1,982,306</u>	<u>\$ 13,299,978</u>	<u>\$ 14,135,946</u>	<u>\$ 1,146,338</u>

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND**

For the Year Ended June 30, 2020

Program	Cornell CSD #426	Livingston County Special Services Unit	Rooks Creek CCSD #425	Regional Office of Education #17	Total
General State Aid	\$ 254,505	\$ 360,614	\$ 31,626	\$ 2,364,025	\$ 3,010,770
State Free Lunch & Breakfast	282	-	33	459	774
Transportation - Regular & Vocational	54,260	-	20,981	-	75,241
School Bus Driver Training	-	-	-	1,834	1,834
Truants Alternative/Optional Ed	-	-	-	104,481	104,481
Regional Safe Schools	-	-	-	123,029	123,029
ROE/ISC Operations	-	-	-	153,272	153,272
Other State Program	15,000	-	-	44,443	59,443
National School Lunch Program	20,102	-	4,613	24,056	48,771
School Breakfast Program	4,308	-	524	10,142	14,974
Summer Food Service Program	5,046	-	-	-	5,046
Title I - Low Income	16,632	-	-	-	16,632
Special Ed - Pre-School Flow Through	-	71,379	-	-	71,379
Special Ed - I.D.E.A. Flow Through	-	1,252,267	-	-	1,252,267
Title II - Teacher Quality	1,500	-	344	-	1,844
Title II - Teacher Quality - Leadership	-	-	-	3,115	3,115
Other Federal Program	-	-	-	1,603	1,603
Total	\$ 371,635	\$ 1,684,260	\$ 58,121	\$ 2,830,459	\$ 4,944,475

**DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/19-6/30/20</u>
U.S. Department of Agriculture passed through Illinois State Board of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	2020-4210-00	\$ 24,055
School Breakfast Program	10.553	2020-4220-00	10,142
Total Child Nutrition Cluster			<u>34,197</u>
Total U.S. Department of Agriculture			<u>34,197</u>
U.S. Department of Labor passed through United Workforce Development Board			
WIOA Cluster			
WIOA Youth Activities			
Career Links	17.259	ISY-2019-06	47,748
Total WIOA Cluster			<u>47,748</u>
Total U.S. Department of Labor			<u>47,748</u>
U.S. Department of Education passed through Illinois State Board of Education			
Supporting Effective Instruction State Grant			
Title II - Teacher Quality - Leadership Grant	84.367A	2020-4935-02	3,115
Elementary and Secondary School Emergency Relief Fund	84.425D	2020-4998-ER	1,603
U.S. Department of Education passed through Illinois State University			
Supporting Effective Educator Development Program	(M) 84.423	A18-0059-S007	644,545
Education Innovation and Research	84.411	U411C170142	99,044
U.S. Department of Education passed through Regional Office of Education #11:			
Education for Homeless Children and Youth			
McKinney Education for Homeless Children	84.196A	2020-4920-00	38,460
Total U.S. Department of Education			<u>786,767</u>
Total Expenditures of Federal Awards			<u>\$ 868,712</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

DEWITT, LIVINGSTON, LOGAN, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 17
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Regional Office of Education No. 17 under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education No. 17, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Regional Office of Education No. 17.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education No. 17 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.