



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

**FINANCIAL AUDIT
For the Year Ended June 30, 2020**

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

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

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

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

OFFICIALS

Regional Superintendent
(current and during the audit period)

Ms. Amanda Christensen

Assistant Regional Superintendent
(current and during the audit period)

Mr. Jeff Smith

Office is located at:

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

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
FINANCIAL REPORT SUMMARY**

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

AUDITOR’S REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2020-001	11	Controls Over Financial Statement Preparation	Material Weakness
2020-002	14	Inadequate Controls Over Bank Reconciliation Process	Significant Deficiency
2020-003	15	Delay of Audit	Noncompliance

Prior Audit Finding not Repeated (Government Auditing Standards)

None

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
FINANCIAL REPORT SUMMARY**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on May 26, 2021. Attending from the Regional Office of Education No. 16 were Amanda Christensen, Regional Superintendent; and Deb Petrie, Bookkeeper; and from Adelfia LLC was Maria Divina Valera, Partner. Responses to the recommendations were provided by Amanda Christensen, Regional Superintendent, on June 9, 2021. The Regional Office did not request a formal exit conference at this time.

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of DeKalb County Regional Office of Education No. 16 was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the DeKalb County Regional Office of Education No. 16's basic financial statements.



INDEPENDENT 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, each major fund, and the aggregate remaining fund information of the DeKalb County Regional Office of Education No. 16, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the DeKalb County Regional Office of Education No. 16's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, each major fund, and the aggregate remaining fund information of the DeKalb County Regional Office of Education No. 16, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund – Schedule of the Employer's Proportionate Share of the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net Pension Liability and Schedule of Employer Contributions, Teachers' Health Insurance Security Fund – Schedule of the Employer's Proportionate Share of the Collective Net Other Postemployment Benefit Liability and Schedule of Employer Contributions on pages 22 through 29 and 69 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeKalb County Regional Office of Education No. 16's basic financial statements. The combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 on our consideration of the DeKalb County Regional Office of Education No. 16’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dekalb County Regional Office of Education No. 16’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DeKalb County Regional Office of Education No. 16’s internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 18, 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, each major fund, and the aggregate remaining fund information of the DeKalb County Regional Office of Education No. 16, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the DeKalb County Regional Office of Education No. 16’s basic financial statements, and have issued our report thereon dated June 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeKalb County Regional Office of Education No. 16’s internal control over financial reporting (internal control) 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 the DeKalb County Regional Office of Education No. 16’s internal control. Accordingly, we do not express an opinion on the effectiveness of the DeKalb County Regional Office of Education No. 16’s internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a

combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeKalb County Regional Office of Education No. 16's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Responses as item 2020-003.

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

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

Purpose of this Report

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

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 18, 2021

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF FINDINGS AND RESPONSES
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 no

Noncompliance material to financial statements noted?

yes no

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-001 - Controls Over Financial Statement Preparation (Partially Repeated from Finding 19-001)

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education No. 16 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. Fiduciary activities, whose resources are not available to finance the government's programs, should be excluded from the government-wide statements.

GASB Statement No. 34 also requires general revenues to be reported separately after the total net expenses of the government's functions, ultimately arriving at the change in net position for the period. In addition, GASB Statement No. 34 requires governments to provide detail in the notes to the financial statements about long-term liabilities reported in the statement of net position and should include beginning and end of year balances, increases, and decreases.

The Illinois State Board of Education State and Federal Grant Administration Policy, Fiscal Requirements, and Procedures require the ROE to design a good internal control process to provide reasonable assurance regarding reliability and accuracy of reporting for internal and external use. The ROE is required to implement a process to ensure that transactions are properly recorded and accounted for to permit the preparation of accurate and reliable financial statements and reports.

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020

FINDING 2020-001 - Controls Over Financial Statement Preparation (Partially Repeated from Finding 19-001) (Continued)

CONDITION:

The Regional Office of Education No. 16 did not have sufficient controls over the preparation of the GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. The following issues were noted in the ROE's draft financial statements submitted to the auditors, which were subsequently corrected:

- The ROE improperly reported Evidenced Based Funding received totaling \$202,391 as Agency Fund transactions. These funds are available to finance the government's programs and should be excluded from fiduciary fund reporting and reported as General Fund transactions. Accordingly, the Statement of Activities did not properly report the transactions related to this funding received and a material adjustment was required.
- The ROE did not disclose the information required about long-term liabilities.
- The following errors were noted on the originally submitted financial statements and notes to financial statements:
 - Unearned revenues totaling \$50,701 were reported as unavailable revenues.
 - Due to other government agencies amounting to \$10,379 was reported as unavailable revenues.
 - Grant receivables totaling \$13,011 which were not expended were reported with a corresponding amount in unavailable revenues.
 - The bank balance amount reported in the notes regarding deposits and investments was \$650,816 but the actual amount should be \$761,425.
 - State on-behalf revenues and expenses for post-employment benefits amounting to \$1,692 were included in the governmental fund financial statements.
 - State on-behalf revenues and expenses for pensions amounting to \$74,382 were not included in the government-wide financial statements.
 - Budget amounts reported in the budgetary schedules did not agree to the appropriate supporting budgets.
 - Information on some required supplementary information for pensions and post-employment benefits did not agree to the underlying support.
 - A restatement of beginning net position for fiscal year 2020 was reported and disclosed when there was no restatement that occurred.

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-001 - Controls Over Financial Statement Preparation (Partially Repeated from Finding 19-001) (Concluded)

EFFECT:

The Regional Office of Education No. 16 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner. Also, improper classification of Fund activities results in inaccurate application of generally accepted accounting principles for the fund activities and a material adjustment in the financial statements.

CAUSE:

According to the Regional Office management, the ROE's financial statements were prepared by a CPA firm. The funding received was distributed in full to a school district which the ROE holds other agency funds for and the ROE overlooked the proper reporting of this funding as general fund transactions. Other errors noted were due to oversight.

RECOMMENDATION:

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

The Regional Office of Education No. 16 should also implement procedures to ensure proper analysis of Fund activities are made when transactions are recorded for proper classification and reporting in accordance with GASB Statement No. 34.

Lastly, we recommend internal reviews by the ROE be included in its' procedures, including use of financial reporting and disclosure checklists as a method to identify and correct errors prior to the submission of financial information to other external parties.

MANAGEMENT'S RESPONSE:

Communication with the CPA Firm for FY21 will improve in order to clarify requirements.

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
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. 16 maintains 6 bank accounts. During our audit, we noted that in 4 bank accounts, monthly reconciliations were not performed timely for 7 out of 12 months. 15 of 60 monthly bank reconciliations (25 percent) were reconciled 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. 16 Officials indicated that the delay was due to time constraints and prioritization of duties.

RECOMMENDATION:

The Regional Office of Education No. 16 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.

MANAGEMENT'S RESPONSE:

The Regional Office of Education No. 16 will prepare monthly bank reconciliations on a timely basis.

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-003 - Delay of Audit (Repeat of Finding 19-002)

CRITERIA/SPECIFIC REQUIREMENT:

Regional Office of Education No. 16 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th 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. 16 did not provide completed financial statements in an auditable form by the August 31st due date. The financial statements were provided on November 17, 2020.

EFFECT:

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

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-003 - Delay of Audit (Repeat of Finding 19-002) (Concluded)

CAUSE:

According to Regional Office Management, the information was provided to the CPA firm by the August deadline, but not in time for them to produce the financial statements.

RECOMMENDATION:

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

MANAGEMENT'S RESPONSE:

Financial statements will be presented to the Auditor General's independent auditors for audit by August 31 deadline to the best of our ability.

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2020**

CORRECTIVE ACTION PLAN

FINDING 2020-001 - Controls Over Financial Statement Preparation

CONDITION:

The Regional Office of Education No. 16 did not have sufficient controls over the preparation of the GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. The following issues were noted in the ROE's draft financial statements submitted to the auditors, which were subsequently corrected:

- The ROE improperly reported Evidenced Based Funding received totaling \$202,391 as Agency Fund transactions. These funds are available to finance the government's programs and should be excluded from fiduciary fund reporting and reported as General Fund transactions. Accordingly, the Statement of Activities did not properly report the transactions related to this funding received and a material adjustment was required.
- The ROE did not disclose the information required about long-term liabilities.
- The following errors were noted on the originally submitted financial statements and notes to financial statements:
 - Unearned revenues totaling \$50,701 were reported as unavailable revenues.
 - Due to other government agencies amounting to \$10,379 was reported as unavailable revenues.
 - Grant receivables totaling \$13,011 which were not expended were reported with a corresponding amount in unavailable revenues.
 - The bank balance amount reported in the notes regarding deposits and investments was \$650,816 but the actual amount should be \$761,425.
 - State on-behalf revenues and expenses for post-employment benefits amounting to \$1,692 were included in the governmental fund financial statements.
 - State on-behalf revenues and expenses for pensions amounting to \$74,382 were not included in the government-wide financial statements.
 - Budget amounts reported in the budgetary schedules did not agree to the appropriate supporting budgets.
 - Information on some required supplementary information for pensions and post-employment benefits did not agree to the underlying support.
 - A restatement of beginning net position for fiscal year 2020 was reported and disclosed when there was no restatement that occurred.

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2020**

CORRECTIVE ACTION PLAN (Continued)

FINDING 2020-001 - Controls Over Financial Statement Preparation (Concluded)

PLAN:

The Regional Office of Education No. 16 will notify the CPA firm of these requirements for FY21. We will also require them to submit financial statement and note disclosure checklists so we can review their work.

ANTICIPATED DATE OF COMPLETION:

June 30, 2021

CONTACT PERSON:

Honorable Amanda Christensen, Regional Superintendent of Schools

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the 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. 16 maintains 6 bank accounts. During our audit, we noted that in 4 bank accounts, monthly reconciliations were not performed timely for 7 out of 12 months. 15 of 60 monthly bank reconciliations (25 percent) were reconciled more than a month late.

PLAN:

The Regional Office of Education No. 16 will prepare monthly bank reconciliations on a timely basis.

ANTICIPATED DATE OF COMPLETION:

June 30, 2021

CONTACT PERSON:

Honorable Amanda Christensen, Regional Superintendent of Schools

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2020**

CORRECTIVE ACTION PLAN (Concluded)

FINDING 2020-003 - Delay of Audit

CONDITION:

The Regional Office of Education No. 16 did not provide completed financial statements in an auditable form by the August 31st due date. The financial statements were provided on November 17, 2020.

PLAN:

The Regional Office of Education No. 16 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 would be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements would be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ANTICIPATED DATE OF COMPLETION:

June 30, 2021

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Honorable Amanda Christensen, Regional Superintendent of Schools

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SUMMARY SCHEDULE OF PRIOR FINDING NOT REPEATED
For the Year Ended June 30, 2020**

There were no prior audit findings not repeated.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

The DeKalb County Regional Office of Education No. 16 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the DeKalb County Regional Office of Education No. 16's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- Governmental Fund revenues increased from \$1,561,800 in fiscal year 2019 (FY19) to \$1,790,489 in fiscal year 2020 (FY20), and Governmental Fund expenditures increased from \$1,446,267 in FY19 to \$1,749,714 in FY20. This was a result of an increase in funding from the State of Illinois. Additionally, the Governmental Fund balance increased in FY20 to \$511,403 from \$470,628 in FY19.
- General Fund revenues increased from \$735,982 in FY19 to \$919,422 in FY20 and General Fund expenditures increased from \$670,850 in FY19 to \$906,849 in FY20. Payment to other governments decreased while purchased services increased and on behalf payments increased.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Regional Office of Education No. 16 (except fiduciary funds)	The activities of Regional Office of Education No. 16 that are not proprietary or fiduciary, such as grants and statutory funds	Instances in which Regional Office of Education No. 16 administers resources on behalf of someone else, such as the distributive fund and board of trustees.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All additions and deductions during the year, regardless of when cash is received or paid

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**REPORTING DEKALB COUNTY REGIONAL OFFICE OF EDUCATION NO. 16'S
FINANCIAL ACTIVITIES**

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of DeKalb County Regional Office of Education No. 16's net position at the end of FY20 totaled \$370,420. This is compared to \$320,559 at the end of FY 19. The analysis that follows provides a summary of DeKalb County Regional Office of Education No. 16's net position at June 30, 2020 and 2019 for governmental activities.

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
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JUNE 30, 2020

CONDENSED STATEMENT OF NET POSITION

	Statement of Net Position	
	Governmental Activities	
	2020	2019
Assets		
Current assets	\$ 689,862	\$ 658,990
Total assets	<u>689,862</u>	<u>658,990</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	25,245	54,788
Deferred outflows related to OPEB	95,026	53,082
Total Deferred Outflows of Resources	<u>120,271</u>	<u>107,870</u>
Liabilities		
Current liabilities	172,942	170,541
Noncurrent Liabilities	133,464	124,735
Total liabilities	<u>306,406</u>	<u>295,276</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	119,063	142,872
Deferred inflows related to OPEB	14,244	8,153
Total Deferred Inflows of Resources	<u>133,307</u>	<u>151,025</u>
Net position		
Restricted - Other	297,518	281,620
Unrestricted	72,902	38,939
Total net position	<u>\$ 370,420</u>	<u>\$ 320,559</u>

A portion of the DeKalb County Regional Office of Education No. 16's net position is restricted. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was \$72,902 and \$38,939 at June 30, 2020 and 2019, respectively. Net position related to the Institute, GED, Education, and Other Nonmajor funds are considered restricted.

Changes in net position. The DeKalb County Regional Office of Education No. 16's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$1,854,260 and \$1,573,017, respectively. The total cost of all programs and services for 2020 and 2019 was \$1,804,399 and \$1,415,555, respectively. The following analysis shows the changes in net position for the years ended June 30, 2020 and 2019.

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

	Change in Net Position	
	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues		
Operating grants and contributions	\$ 785,599	\$ 727,205
General revenues		
Local sources	425,692	263,702
State source	202,391	187,241
On-behalf payments	439,881	392,698
Interest income	697	2,171
Total revenues	<u>1,854,260</u>	<u>1,573,017</u>
Expenses:		
Program expenses		
Instructional services	1,025,107	410,568
Intergovernmental		
Payments to Other Government Units	339,411	612,289
Administrative expenses		
On-behalf payments	439,881	392,698
Total expenses	<u>1,804,399</u>	<u>1,415,555</u>
Change in net position	49,861	157,462
Net position, beginning of year	<u>320,559</u>	<u>163,097</u>
Net position, end of year	<u>\$ 370,420</u>	<u>\$ 320,559</u>

**DEKALB COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Operating grants and contributions and general revenues from local, State, and federal sources account for 76% of the total revenue. The DeKalb County Regional Office of Education No. 16's expenses primarily relate to instructional services, which account for 57% of the total expenses.

INDIVIDUAL FUND ANALYSIS

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

Governmental Fund Highlights

The General Fund's fund balance increased in FY20 to \$219,402 from the previously reported amount of \$206,829 for FY19.

The Institute Fund balance increased in FY20 to \$220,790 from the previously reported amount of \$211,559.

The General Education Development (GED) Fund balance increased in FY20 to \$12,251 from \$8,931 in FY19. GED revenue and expenses remained consistent.

The Education Fund balance increased in FY20 to \$29,305 from \$15,718 in FY19 which resulted from unavailable revenue received after August 31, 2020.

BUDGETARY HIGHLIGHTS

DeKalb County Regional Office of Education No. 16 is not required to adopt annual budgets for all funds under its control and is not legally required to do so. DeKalb County Regional Office of Education No. 16 submits its budget to the State Board of Education and all other grantors that require it. The budgets may be amended during the year utilizing procedures prescribed by the particular grantor. Over the course of the year, DeKalb County Regional Office of Education No. 16 amended certain operating budgets to reflect additional revenue and expenditures associated with the additional services needed and provided. Budgetary comparison schedules are provided for various grant specific funds as supplementary information on pages 81 to 87.

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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

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

- The DeKalb ROE is expecting consistent funding from major grants during the current fiscal year.
- Grant payments to the DeKalb ROE have been delayed. The DeKalb ROE has used its reserves for short-term cash flow concerns.

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

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

BASIC FINANCIAL STATEMENTS

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Statement of Net Position

June 30, 2020

	Governmental Activities
ASSETS	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 650,802
Accounts Receivable	6,422
Grants Receivable	32,638
Total Assets	689,862
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows related to Pensions	25,245
Deferred Outflows related to OPEB	95,026
Total Deferred Outflows of Resources	120,271
Total Assets and Deferred Outflows of Resources	810,133
 LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	1,154
Due to Other Governmental Agencies	121,087
Unearned Revenue	50,701
Total Current Liabilities	172,942
 <i>Noncurrent Liabilities</i>	
Net Pension Liability	24,954
OPEB Liability	108,510
Total Noncurrent Liabilities	133,464
Total Liabilities	306,406
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows related to Pensions	119,063
Deferred Inflows related to OPEB	14,244
Total Deferred Inflows of Resources	133,307
Total Liabilities and Deferred Inflows of Resources	439,713
 NET POSITION	
Restricted - Other	297,518
Unrestricted	72,902
Total Net Position	\$ 370,420

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

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Statement of Activities

For the Year Ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net (Expense) Revenues and Change in Net Position</u> Governmental Activities
Governmental Activities			
Instructional Services:			
Salaries and Benefits	\$ 393,111	\$ 204,148	\$ (188,963)
Pension (Benefit) Expense	(21,162)	19,241	40,403
OPEB Expense	19,284	1,857	(17,427)
Purchased Services	610,428	351,444	(258,984)
Supplies and Materials	23,446	13,499	(9,947)
Intergovernmental:			
Payment to Other Government Units	339,411	195,410	(144,001)
Administrative:			
On Behalf Payments	439,881	-	(439,881)
Total Governmental Activities	<u>\$ 1,804,399</u>	<u>\$ 785,599</u>	<u>(1,018,800)</u>
General Revenues:			
Local Sources			425,692
State Sources			202,391
On Behalf Payments			439,881
Interest Income			697
Total General Revenues			<u>1,068,661</u>
Change in Net Position			<u>49,861</u>
Net Position - Beginning of Year			<u>320,559</u>
Net Position - End of Year			<u>\$ 370,420</u>

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

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds					Total Governmental Funds
	General Fund	Institute Fund	General Educational Development Fund	Education Fund	Non-Major Special Revenue Funds	
ASSETS						
Cash and Cash Equivalents	\$ 212,980	\$ 220,790	\$ 12,251	\$ 175,126	\$ 29,655	\$ 650,802
Accounts Receivable	6,422	-	-	-	-	6,422
Grants Receivable	-	-	-	32,638	-	32,638
Total Assets	\$ 219,402	\$ 220,790	\$ 12,251	\$ 207,764	\$ 29,655	\$ 689,862
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,154	\$ -	\$ 1,154
Due to Other Governmental Agencies	-	-	-	121,087	-	121,087
Unearned Revenue	-	-	-	50,701	-	50,701
Total Liabilities	-	-	-	172,942	-	172,942
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	-	-	5,517	-	5,517
FUND BALANCES						
Restricted	-	220,790	12,251	29,305	29,655	292,001
Assigned	162,651	-	-	-	-	162,651
Unassigned	56,751	-	-	-	-	56,751
Total Fund Balance	219,402	220,790	12,251	29,305	29,655	511,403
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 219,402	\$ 220,790	\$ 12,251	\$ 207,764	\$ 29,655	\$ 689,862

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

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

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

Governmental Funds

June 30, 2020

Total Fund Balances - Governmental Funds	\$ 511,403
Amounts Reported for Governmental Activities in the Statement of Net Position Are Different Because:	
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:	
Deferred Outflows related to Pensions	25,245
Deferred Outflows related to OPEB	95,026
Deferred Inflows related to Pensions	(119,063)
Deferred Inflows related to OPEB	(14,244)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Net pension liability - IMRF	(15,328)
Net pension liability - TRS	(9,626)
Net OPEB liability	(108,510)
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.	5,517
Net Position of Governmental Activities	\$ 370,420

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

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Statement of Revenues, Expenditures and
Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	Major Funds					Total Governmental Funds
	General Fund	Institute Fund	General Educational Development Fund	Education Fund	Non-Major Special Revenue Funds	
Revenues						
Local Sources	\$ 352,682	\$ 33,781	\$ 3,320	\$ 32,050	\$ 3,859	\$ 425,692
State Sources	202,391	-	-	735,401	-	937,792
On Behalf Payments	363,807	-	-	-	-	363,807
Federal Sources	-	-	-	62,501	-	62,501
Interest Income	542	155	-	-	-	697
Total Revenues	919,422	33,936	3,320	829,952	3,859	1,790,489
Expenditures						
Instructional Services:						
Salaries and Benefits	110,873	6,271	-	295,478	-	412,622
Purchased Services	228,180	9,399	-	371,054	1,795	610,428
Supplies and Materials	1,598	9,035	-	12,813	-	23,446
Intergovernmental						
Payment to Other Government Units	202,391	-	-	137,020	-	339,411
Administrative:						
On Behalf Payments	363,807	-	-	-	-	363,807
Total Expenditures	906,849	24,705	-	816,365	1,795	1,749,714
Excess of Revenues over Expenditures	12,573	9,231	3,320	13,587	2,064	40,775
Fund Balance, Beginning of Year	206,829	211,559	8,931	15,718	27,591	470,628
Fund Balance, End of Year	\$ 219,402	\$ 220,790	\$ 12,251	\$ 29,305	\$ 29,655	\$ 511,403

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

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

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

Governmental Funds

For the Year Ended June 30, 2020

Net Change in Fund Balances		\$	40,775
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:			
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 in the governmental funds.			
Current year unavailable revenue	\$	5,517	
Prior year unavailable revenue		<u>(17,821)</u>	(12,304)
Governmental funds report pension/OPEB contributions as expenditures however, in the Statement of Activities, the cost of pension benefits earned, net of employer contributions is reported as pension/OPEB expense			
Pension:			
Employer contributions		18,257	
Cost of benefits, earned		<u>21,162</u>	39,419
OPEB:			
Employer contributions		1,255	
Cost of benefits, earned		<u>(19,284)</u>	<u>(18,029)</u>
Change in Net Position of Governmental Activities		\$	<u><u>49,861</u></u>

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

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Due from Other Governmental Agencies	<u>\$ 54,144</u>
Total Assets	<u><u>\$ 54,144</u></u>
LIABILITIES	
Due to Other Governmental Agencies	<u>\$ 54,144</u>
Total Liabilities	<u><u>\$ 54,144</u></u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Scope of the Reporting Entity

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Regional Office of Education No. 16 has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the Regional Office of Education No. 16, including districts or joint agreements, which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education No. 16 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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

New Accounting Pronouncement

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. 16 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.

Basis of Presentation

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds

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

- General Fund – The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:
 - General – This fund accounts for monies received for, and payment of, expenditures in connection with general administration activities.
 - Illinois Empower – This fund accounts for monies received for, and payment of, expenditures for the purposes of allowing schools in the region to determine the best approach for improvements in the student population.
 - Fingerprinting – This fund is used to account for the administration of the Fingerprinting Program. Revenues are received from member school districts and private entities and are assigned by the Regional Superintendent's internal policy to fingerprinting related expenses.
 - Other Professional Testing Services – This fund accounts for money received for the establishment and running of the new Testing Center (lab). Testing includes all Pearson VUE tests and the ETS Paraprofessional Assessment.

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

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REGIONAL OFFICE OF EDUCATION NO. 16**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Major Special Revenue Funds are:

- Institute Fund – This fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers’ licenses of qualification. Monies are expended to conduct teachers’ institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.
- General Educational Development Fund – This fund is used to account for the administration of the general educational development testing program. Revenues are received from testing and diploma fees and are restricted for supplies and materials to support the general educational development program.
- Education Fund - This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:
 - Early Childhood Grant – This fund is used to account for grant monies received for, and payment of, expenditures for developing and operating programs for parents of young children.
 - Regional Safe Schools Grant – This fund is used to account for a grant that provides additional staff and materials for the alternative schools in the region.
 - ROE/ISC Operation – This fund is used to account for monies received for the administration of the ROE/ISC Operation program.
 - Alternative Education – This fund is used to account for a grant that provides for funding for the alternative schools within the region.
 - McKinney Education for Homeless Children Grant – This fund is used to account for grant monies received for, and payment of, expenditures for programs for educating homeless children.
 - Title II - Teacher Quality – This fund accounts for grant money received for and expenditures incurred in, providing training and professional development for the improvement of teacher preparation programs.
 - Pilot Regional Safe Schools Cooperative Grant - This fund accounts for money received from a grant that provides additional staff and materials for the alternative schools in the region.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Rural Education Achievement Program – This fund is used to account for grant monies received to provide rural local education agencies with financial assistance to fund initiatives aimed at improving student academic achievement.
- Early Learning – This fund is used to account for funds received for a kindergarten readiness project.
- National School Lunch Program – This fund accounts for money received from the federal government for nutritionally balanced lunches to school children.
- School Breakfast Program – This fund accounts for money received from the state and used to pay for students school breakfast.
- Feasibility Study – This fund accounts for monies received from the state to be used for reorganization purposes.
- State Free Lunch and Breakfast – This fund accounts for money received from the state and used to pay for free lunch and breakfast for students.
- Summer Food Service Program – This fund accounts for money received from the state and used to provide nutritious meals to children during the summer months when school is not in session.
- National School Lunch Program (NSLP) Equipment Assistance – This fund accounts for money received from the state and used to assist schools in purchasing equipment to serve healthier meals, improve food safety, and expand access.

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

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

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

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REGIONAL OFFICE OF EDUCATION NO. 16**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The ROE has two agency funds:

- Distributive Fund – The ROE received state and federal funds from the State Board of Education, which it distributes to school districts and other organizations.
- Board of Trustees – The source of this account is from the petitions of citizens wishing to change school districts. There are no transactions for fiscal year 2020 and no balance in this fund as of June 30, 2020.

Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, DeKalb County Regional Office of Education No. 16 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is DeKalb County Regional Office of Education No. 16's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education No. 16's

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

Net Position

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

Restricted Net Position – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

Fund Balance

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

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

Restricted Fund Balance – the portion of a Governmental Fund’s net position that is subject to external enforceable legal restrictions. The following fund balances are restricted by Illinois State Statute: Institute Fund, General Education Development Fund and Bus Permit Fund. The following Education Fund accounts are restricted by grant agreements or contracts: Early Learning and Feasibility Study.

Committed Fund Balance – the portion of a Governmental Fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

Assigned Fund Balance – the portion of a Governmental Fund’s net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The total of the fund

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

balance of the Fingerprint Fund, Other Professional Testing Services, and the Illinois Empower are considered assigned.

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The General Fund is considered unassigned.

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

Budgets and Budgetary Information

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

Deferred Outflows/Inflows of Resources

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred inflows of resources in the Statement of Net Position relate to pensions and consist of the unamortized portion of the net difference between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

Cash and Cash Equivalents

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

Receivables – Net of Allowances

The carrying amount of grants receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will be collected. The allowance is based on management's assessment of collectability of receivables. All receivables deemed to be uncollectible are written off to the allowance. The total allowance as of June 30, 2020 was \$0.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through June 18, 2021, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Bank Deposits

At June 30, 2020, the carrying amount of the ROE's deposits was \$650,694 and the bank balance was \$761,425.

**DEKALB COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – DEPOSITS AND INVESTMENTS

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

The ROE does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund and are considered cash equivalents. As of June 30, 2020, the ROE had \$108 in the Illinois Funds Money Market Fund. The fair value of the ROE’s position in this fund is equal to the value of the ROE’s fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has AAAM ratings from Standard and Poor’s. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

NOTE 3 – CAPITAL ASSETS

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

NOTE 4 – DUE FROM / TO OTHER GOVERNMENTAL AGENCIES

At June 30, 2020, Grants Receivable and Due To/From Other Governmental Agencies consisted of the following:

Grants Receivable	
Education Fund	
Illinois State Board of Education	<u>\$ 32,638</u>
Due from Other Governmental Agencies	
Agency Fund	
Illinois State Board of Education	<u>\$ 54,144</u>
Due to Other Governmental Agencies	
Education Fund	
Illinois State Board of Education	\$ 121,087
Agency Fund	
Other Local Education Agencies	<u>54,144</u>
Total Due to Other Governmental Agencies	<u>\$ 175,231</u>

**DEKALB COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5 - DISPOSITION OF DISTRIBUTIVE FUND INTEREST

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

NOTE 6 - ON-BEHALF PAYMENTS

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

The State of Illinois and DeKalb County made the following expenditure payments on behalf of the ROE for the year ended June 30, 2020:

Regional Superintendent - Salary	\$ 119,832
Regional Superintendent - Benefits (includes state paid insurance)	36,878
Assistant Regional Superintendent - Salary	107,844
Assistant Regional Superintendent - Benefits (includes state paid insurance)	36,191
Salaries of Office Workers Paid by County	47,165
County's Share of Benefits	<u>15,897</u>
State of Illinois and Dekalb County On-Behalf Payments	<u><u>\$ 363,807</u></u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education. Salary and benefit data for the County employees was calculated based on data provided by the DeKalb County Regional Office of Education No. 16.

The Dekalb County Regional Office of Education No. 16 also recorded \$74,382 in revenue and expenses as on-behalf payments from ISBE for the ROE's share of the State's TRS pension expense in the Statement of Activities. In addition, the Dekalb County Regional Office of Education No. 16 also recorded \$1,692 in revenue and expenses as on-behalf payments from CMS for the ROE's share of the State's THIS contributions in the Statement of Activities. Further, the Regional Office of Education No. 16 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 6 - ON-BEHALF PAYMENTS (CONTINUED)

State of Illinois and Dekalb County On-Behalf Payments	\$	363,807
ROE No. 16's share of TRS Pension Expense		74,382
ROE No. 16's share of THIS OPEB Expense		1,692
Total	\$	439,881

NOTE 7 - RISK MANAGEMENT

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

NOTE 8 – NONCURRENT LIABILITIES

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

	<u>Balance</u>		<u>Balance</u>	
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
Governmental Activities:				
Net pension liability - IMRF	\$ 64,759	\$ -	\$(49,431)	\$ 15,328
Net pension liability - TRS	5,348	4,278	-	9,626
Net OPEB liability - THIS	54,628	53,882	-	108,510
Total noncurrent liabilities	\$ 124,735	\$ 58,160	\$(49,431)	\$ 133,464

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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

Benefits Provided

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (IMRF) (Continued)

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

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

Contributions

As set by statute, the ROE's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE's contribution rate for the calendar year ended 2019 was 8.09% of covered payroll. For the year ended June 30, 2020, the Regional Office of Education contributed \$17,465 to the plan. The ROE also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

At December 31, 2019, the ROE reported a liability for its proportionate share of the net pension liability that reflected a reduction for County pension support provided to the employer. The County's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related County support, and the total portion of the net pension liability that was associated with the employer were as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Employer's proportionate share of the net pension liability	\$ 15,328
County's proportionate share of the net pension liability associated with the employer	<u>1,951,504</u>
Total	<u>\$ 1,966,832</u>

The ROE's net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ROE's proportion of the net pension liability was based on the ROE's share of contributions to the plan for the measurement year ended December 31, 2019, relative to the projected contributions of all participating IMRF employers and the County during that period. At December 31, 2019, the ROE's proportion was 0.78%, which is an increase of 0.28% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the ROE recognized pension benefit of \$33,340. At June 30, 2020, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ (9,223)
Change in Assumptions	7,117	(2,579)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>-</u>	<u>(34,803)</u>
Total Pension Expense to be Recognized in Future Periods	7,117	(46,605)
Pension Contributions Made Subsequent to the Measurement Date	<u>10,707</u>	<u>-</u>
Total	<u>\$ 17,824</u>	<u>\$ (46,605)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (IMRF) (Continued)

\$10,707 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 of Resources
2020	\$ (12,061)
2021	(13,432)
2022	3,087
2023	(17,082)
2024	-
Thereafter	-
Total	<u>\$ (39,488)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% to 14.25%
Cost of Living Adjustments	2.75%
Inflation	2.50%

Projected retirement age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014-2016.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (IMRF) (Continued)

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	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	<u>100%</u>	

Discount Rate

At December 31, 2019 the discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that DeKalb County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 116,046	\$ 15,328	\$ (67,367)

Teachers’ Retirement System

Plan Descriptions

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

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

**DEKALB COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers' Retirement System (Continued)

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. 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.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified by the pension code. The active member contribution rate for the year ended June 30, 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 employer.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers' Retirement System (Continued)

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2020, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$74,382 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 \$792 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 employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018. Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 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 \$0 were paid from federal and special trust funds that required employer contributions of \$0. 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.

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 employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers’ Retirement System (Continued)

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

At June 30, 2020, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The State’s support and total are for disclosures purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's Proportionate Share of the Net Pension Liability	\$	9,626
State's Proportionate Share of the Net Pension Liability associated with the Employer		685,073
Total	<u>\$</u>	<u>694,699</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 employer’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2019, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2019, the employer’s proportion was 0.00001187 percent, which was an increase of 0.00000501 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the employer recognized pension expense of \$74,382 and revenue of \$74,382 for support provided by the State. For the year ended June 30, 2020, the ROE recognized a pension benefit of \$54,502. At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers’ Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 158	\$ -	\$ 158
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	15	-	15
Changes of Assumptions	216	(185)	31
Changes in Proportion and Differences Between Employer			
Contributions and Proportionate Share of Contributions	6,240	(72,273)	(66,033)
Total Pension Expense to be Recognized in Future Periods	6,629	(72,458)	(65,829)
Employer Contributions Subsequent to the Measurement Date	792	-	792
Totals	<u>\$ 7,421</u>	<u>\$ (72,458)</u>	<u>\$ (65,037)</u>

\$792 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 as follows in these report years:

Year Ended June 30,	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ (57,933)
2022	(10,978)
2023	1,628
2024	1,151
2025	303
Thereafter	-
	<u>\$ (65,829)</u>

**DEKALB COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers' Retirement System (Continued)

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 Increases:	Varies by Amount of Service Credit
Investment Rate of Return:	7.00 Percent, Net of Pension Plan Investment Expense, Including Inflation

In the June 30, 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:

**DEKALB COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers’ Retirement System (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities Large Cap	15.0%	6.30%
U.S. Equities Small/Mid Cap	2.0%	7.70%
International Equities Developed	13.6%	7.00%
Emerging Market Equities	3.4%	9.50%
U.S. Bonds Core	8.0%	2.20%
U.S. Bonds High Yeild	4.2%	4.00%
International Debt Developed	2.2%	1.10%
Emerging International Debt	2.6%	4.40%
Real Estate	16.0%	5.20%
Real Return	4.0%	1.80%
Absolute Return	14.0%	4.10%
Private Equity	15.0%	9.70%
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 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS (CONCLUDED)

Teachers’ Retirement System (Concluded)

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

The following presents the employer’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)		Current Discount Rate (7.00%)		1% Increase (8.00%)
Employer's Proportionate Share of the Net Pension Liability	\$ 11,757	\$	9,626	\$	7,874

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 10 - OTHER POST-EMPLOYMENT BENEFITS

Teachers’ Health Insurance Security Fund

Plan Description

The ROE 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).

**DEKALB COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Teachers' Health Insurance Security Fund (Continued)

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

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

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. For the year ended June 30, 2020, State of Illinois contributions recognized by the ROE were based on the State's proportionate share of the collective net OPEB liability associated with the ROE, and recognized revenues and expenditures of \$6,438 in OPEB contributions from the State of Illinois.

Employer Contributions to THIS Fund. The ROE also makes contributions to the THIS Fund. The ROE THIS Fund contribution was 0.92 percent during the year ended June 30, 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 ROE paid \$1,255 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2019 and 2018, the ROE paid \$887 and \$433 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Teachers' Health Insurance Security Fund (Continued)

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, for all plan years.
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 cost 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 cost on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitant, 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, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.62 percent as of June 30, 2018, and 3.13 percent as of June 30, 2019.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Teachers' Health Insurance Security Fund (Continued)

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

The following presents the ROE's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13 percent) or one percentage point higher (4.13 percent) than the current discount rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Employer's Proportionate Share of the Collective Net OPEB Liability	\$ 130,451	108,510	91,155

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

The following presents the ROE's proportionate share of the collective net OPEB liability, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Employer's Proportionate Share of the Collective Net OPEB Liability	\$ 87,656	108,510	136,643

* 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.

** 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Employer's Proportionate Share of the Net OPEB Liability	\$ 108,510
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>147,018</u>
 Total	 <u>\$ 255,528</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 ROE's proportion of the collective net OPEB liability was based on a projection of the ROE's long-term share of contributions to the OPEB plan relative to the projected contributions of the ROE, actuarially determined. At June 30, 2019, the ROE's proportion was 0.000392 percent, which was an increase of 0.000185 from its proportion measured as of June 30, 2018 (0.000207 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2020, the ROE recognized OPEB revenue and expense of \$6,438 for support provided by the State. For the year ending June 30, 2020, the ROE recognized OPEB expense of \$19,284. At June 30, 2020, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Teachers' Health Insurance Security Fund (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ -	(1,801)	(1,801)
Net Difference Between Projected and Actual Earnings on OPEB Investments	41	(12,439)	(12,398)
Changes of Assumptions	-	(4)	(4)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	93,293	-	93,293
Total Pension Expense to be Recognized in Future Periods	93,334	(14,244)	79,090
Employer Contributions Subsequent to the Measurement Date	1,692	-	1,692
Totals	95,026	(14,244)	80,782

\$1,692 reported as deferred outflows of resources related to OPEB resulting from ROE contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the ROE's OPEB expense as follows:

Fiscal Year		Net Deferred Outflows of Resources
2021	\$	10,849
2022		10,849
2023		10,849
2024		10,849
2025		10,849
Thereafter		24,845
Total	\$	79,090

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 11 – IMPACT OF COVID-19 PANDEMIC

As a result of the COVID-19 pandemic, economic uncertainties have arisen which may negatively impact the operations and financial condition of the Regional Office of Education No. 16. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued.

The Regional Office of Education No. 16 continued to function efficiently while its staff were sheltered at home due to the pandemic from March 2020 until June 2020. Additionally, some Regional Office of Education No. 16 staff were considered essential workers and continued to work on site. The Regional Office of Education No. 16 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 the ROE's revenue stream for the Fiscal Year 2021 could be negatively impacted. However, Regional Office of Education No. 16 management has no such expectation at this time.

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

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020 †
(UNAUDITED)**

Calendar Year Ended December 31,	2019	2018
ROE No. 16's proportionate share of the net pension liability	0.11816%	0.49921%
ROE No. 16's proportionate share of the net pension liability/(asset)	\$ 15,328	\$ 64,759
County's proportionate share of the net pension liability/(asset) associated with ROE No. 16	1,951,504	12,907,497
Total	\$ 1,966,832	\$ 12,972,256
Employer's covered payroll	\$ 138,985	\$ 92,088
Employer's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	11.03%	70.32%
Plan fiduciary net position as a percentage of the total pension liability	98.18%	92.45%

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.

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

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

Education Fund Accounts

For the Year Ended June 30, 2020

	Early Childhood Grant	Regional Safe Schools Grant	ROE/ISC Operations	Alternative Education	McKinney Education for Homeless Children Grant	Title II - Teacher Quality	Pilot Regional Safe School Cooperative	Rural Education Achievement Program
Revenues								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	273,752	80,096	117,067	155,012	-	-	42,908	-
Federal Sources	-	-	-	-	19,475	970	-	9,198
Total Revenues	273,752	80,096	117,067	155,012	19,475	970	42,908	9,198
Expenditures								
Instructional Services:								
Salaries and Benefits	30,384	-	93,866	129,879	14,932	-	-	9,199
Purchased Services	256,502	-	15,941	12,559	4,543	900	-	-
Supplies and Materials	523	-	7,260	4,960	-	70	-	-
Intergovernmental:								
Payment to Other Government Units	-	73,455	-	-	-	-	39,408	-
Total Expenditures	287,409	73,455	117,067	147,398	19,475	970	39,408	9,199
Excess (Deficiency) of Revenues over Expenditures	(13,657)	6,641	-	7,614	-	-	3,500	(1)
Fund Balance (Deficit), Beginning of Year	13,657	(6,641)	-	(7,614)	-	-	(3,500)	1
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

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

Education Fund Accounts

For the Year Ended June 30, 2020

	Early Learning	National School Lunch Program	School Breakfast Program	Feasibility Study	State Free Lunch and Breakfast	Summer Food Service Program	NSLP Equipment Assistance	Combined Total
Revenues								
Local Sources	\$ 32,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,050
State Sources	-	-	-	-	504	40,131	25,931	735,401
Federal Sources	-	23,653	9,205	-	-	-	-	62,501
Total Revenues	32,050	23,653	9,205	-	504	40,131	25,931	829,952
Expenditures								
Instructional Services:								
Salaries and Benefits	17,218	-	-	-	-	-	-	295,478
Purchased Services	5,342	-	9,205	-	-	40,131	25,931	371,054
Supplies and Materials	-	-	-	-	-	-	-	12,813
Intergovernmental:								
Payment to Other Government Units	-	23,653	-	-	504	-	-	137,020
Total Expenditures	22,560	23,653	9,205	-	504	40,131	25,931	816,365
Excess (Deficiency) of Revenues over Expenditures	9,490	-	-	-	-	-	-	13,587
Fund Balance (Deficit), Beginning of Year	18,990	-	-	825	-	-	-	15,718
Fund Balance, End of Year	\$ 28,480	\$ -	\$ -	\$ 825	\$ -	\$ -	\$ -	\$ 29,305

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020 †
(UNAUDITED)**

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2018	\$ 9,411	\$ 9,460	\$ (49)	\$ 89,302	10.59%
2019	\$ 8,627	\$ 8,599	\$ 28	\$ 80,541	10.68%
2020	\$ 17,501	\$ 17,465	\$ 36	\$ 138,793	12.58%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate
The actuarially determined contribution agrees to the actual contribution amount and does not materially differ from the calendar year contribution. A calendar year contribution can be obtained upon request.

Valuation Date:

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

Methods and Assumptions Used to Determine 2019 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	24-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.25%
Price Inflation:	2.5%, approximate
Salary Increases:	3.35% to 14.25%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality:	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:

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.

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

	<u>2019*</u>	<u>2018*</u>
Employer's proportion of the net pension liability	0.0000118681%	0.0000068615%
Employer's proportionate share of the net pension liability	\$ 9,626	\$ 5,348
State's proportionate share of the net pension liability associated with the employer	<u>685,073</u>	<u>366,375</u>
Total	<u>\$ 694,699</u>	<u>\$ 371,723</u>
Employer's covered payroll	\$ 96,387	\$ 49,153
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	9.99%	10.88%
Plan fiduciary net position as a percentage of the total pension liability	39.60%	40.00%

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

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

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2020 †
(UNAUDITED)**

	2020	2019	2018
Statutorily-required contribution	\$ 792	\$ 644	\$ 1,266
Contributions in relation to the statutorily-required contribution	<u>792</u>	<u>650</u>	<u>1,244</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ 22</u>
Employer's covered payroll	\$ 136,468	\$ 96,387	\$ 49,153
Contributions as a percentage of covered payroll	0.58%	0.67%	2.53%

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

Notes to This Required Supplementary Information

Changes of assumptions

For the 2019 and 2018 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
COLLECTIVE NET OPEB LIABILITY
TEACHERS' HEALTH INSURANCE SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2020 †
(UNAUDITED)

	<u>2019*</u>	<u>2018*</u>
Employer's proportion of the collective net OPEB liability	0.000392%	0.0002070%
Employer's proportionate share of the collective net OPEB liability	\$ 108,510	\$ 54,628
State's proportionate share of the collective net OPEB liability associated with the employer	<u>147,018</u>	<u>73,429</u>
Total	<u>\$ 255,528</u>	<u>\$ 128,057</u>
Employer's covered payroll	\$ 96,387	\$ 49,153
Employer's proportionate share of the collective net OPEB liability as a percentage of covered payroll	112.58%	111.14%
Plan fiduciary net position as a percentage of the collective total OPEB liability	0.25%	-0.07%

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

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

**DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' HEALTH INSURANCE SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2020 †
(UNAUDITED)**

Fiscal Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Payroll
2020	\$ 1,255	\$ 1,255	\$ -	\$ 136,468	0.92%
2019	887	887	-	96,387	0.92%
2018	433	433	-	49,153	0.88%

† 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.

Change of Benefit Term

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

Changes of Assumptions

	Measurement year	
	2019	2018
Inflation	2.50 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.
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.

SUPPLEMENTAL INFORMATION

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Accounts

General Fund Accounts

June 30, 2020

ASSETS

	General	Illinois Empower	Fingerprinting	Other Professional Testing Services	Combined Total
Cash and Cash Equivalents	\$ 53,288	\$ 57,775	\$ 93,505	\$ 8,412	\$ 212,980
Accounts Receivable	3,463	2,357	275	327	6,422
Total Assets	<u>\$ 56,751</u>	<u>\$ 60,132</u>	<u>\$ 93,780</u>	<u>\$ 8,739</u>	<u>\$ 219,402</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Assigned	-	60,132	93,780	8,739	162,651
Unassigned	56,751	-	-	-	56,751
Total Fund Balances	<u>56,751</u>	<u>60,132</u>	<u>93,780</u>	<u>8,739</u>	<u>219,402</u>
Total Liabilities and Fund Balances	<u>\$ 56,751</u>	<u>\$ 60,132</u>	<u>\$ 93,780</u>	<u>\$ 8,739</u>	<u>\$ 219,402</u>

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

General Fund Accounts

For the Year Ended June 30, 2020

	General	Illinois Empower	Fingerprinting	Other Professional Testing Services	Combined Total
Revenues					
Local Sources	\$ 63,433	\$ 256,793	\$ 23,593	\$ 8,863	\$ 352,682
State Sources	202,391	-	-	-	202,391
On Behalf Payments	363,807	-	-	-	363,807
Interest Income	542	-	-	-	542
Total Revenues	<u>630,173</u>	<u>256,793</u>	<u>23,593</u>	<u>8,863</u>	<u>919,422</u>
Expenditures					
Instructional Services:					
Salaries and Benefits	\$ 3,634	\$ 86,914	\$ 14,638	\$ 5,687	\$ 110,873
Purchased Services	36,334	175,121	10,134	6,591	228,180
Supplies and Materials	1,598	-	-	-	1,598
Intergovernmental:					
Payment to other Government units	202,391	-	-	-	202,391
Administrative:					
On-Behalf Payments	363,807	-	-	-	363,807
Total Expenditures	<u>607,764</u>	<u>262,035</u>	<u>24,772</u>	<u>12,278</u>	<u>906,849</u>
Excess (Deficiency) of Revenues over Expenditures	<u>22,409</u>	<u>(5,242)</u>	<u>(1,179)</u>	<u>(3,415)</u>	<u>12,573</u>
Fund Balance, Beginning of Year	<u>34,342</u>	<u>65,374</u>	<u>94,959</u>	<u>12,154</u>	<u>206,829</u>
Fund Balance, End of Year	<u>\$ 56,751</u>	<u>\$ 60,132</u>	<u>\$ 93,780</u>	<u>\$ 8,739</u>	<u>\$ 219,402</u>

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Accounts

Education Fund Accounts

June 30, 2020

	Early Childhood Grant	Regional Safe Schools Grant	ROE/ISC Operation	Alternative Education	McKinney Education for Homeless Children Grant	Title II - Teacher Quality	Pilot Regional Safe School Cooperative	Rural Education Achievement Program
ASSETS								
Cash and Cash Equivalents	\$ 127,954	\$ 13,000	\$ 1,600	\$ (126)	\$ (6,007)	\$ -	\$ 9,400	\$ -
Due from Other Governmental Agencies	-	-	-	-	-	-	-	-
Grants Receivable	-	6,455	-	126	7,161	-	3,000	-
Total Assets	\$ 127,954	\$ 19,455	\$ 1,600	\$ -	\$ 1,154	\$ -	\$ 12,400	\$ -
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 1,154	\$ -	\$ -	\$ -
Due to Other Governmental Agencies	78,853	19,455	-	-	-	-	12,400	-
Unearned Revenue	49,101	-	1,600	-	-	-	-	-
Total Liabilities	127,954	19,455	1,600	-	1,154	-	12,400	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	-	-	-	-	-	-	-
FUND BALANCE								
Restricted	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 127,954	\$ 19,455	\$ 1,600	\$ -	\$ 1,154	\$ -	\$ 12,400	\$ -

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Schedule of Accounts

Education Fund Accounts

June 30, 2020

	Early Learning	National School Lunch Program	School Breakfast Program	Feasibility Study	State Free Lunch and Breakfast	Summer Food Service Program	NSLP Equipment Assistance	Combined Total
ASSETS								
Cash and Cash Equivalents	\$ 28,480	\$ -	\$ -	\$ 825	\$ -	\$ -	\$ -	\$ 175,126
Due from Other Governmental Agencies	-	-	-	-	-	-	-	-
Grants Receivable	-	3,588	1,929	-	-	10,379	-	32,638
Total Assets	\$ 28,480	\$ 3,588	\$ 1,929	\$ 825	\$ -	\$ 10,379	\$ -	\$ 207,764
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,154
Due to Other Governmental Agencies	-	-	-	-	-	10,379	-	121,087
Unearned Revenue	-	-	-	-	-	-	-	50,701
Total Liabilities	-	-	-	-	-	10,379	-	172,942
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	3,588	1,929	-	-	-	-	5,517
FUND BALANCE								
Restricted	28,480	-	-	825	-	-	-	29,305
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balance	\$ 28,480	\$ -	\$ -	\$ 825	\$ -	\$ -	\$ -	\$ 29,305
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 28,480	\$ 3,588	\$ 1,929	\$ 825	\$ -	\$ 10,379	\$ -	\$ 207,764

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

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

Education Fund Accounts

For the Year Ended June 30, 2020

	Early Childhood Grant	Regional Safe Schools Grant	ROE/ISC Operations	Alternative Education	McKinney Education for Homeless Children Grant	Title II - Teacher Quality	Pilot Regional Safe School Cooperative	Rural Education Achievement Program
Revenues								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	273,752	80,096	117,067	155,012	-	-	42,908	-
Federal Sources	-	-	-	-	19,475	970	-	9,198
Total Revenues	273,752	80,096	117,067	155,012	19,475	970	42,908	9,198
Expenditures								
Instructional Services:								
Salaries and Benefits	30,384	-	93,866	129,879	14,932	-	-	9,199
Purchased Services	256,502	-	15,941	12,559	4,543	900	-	-
Supplies and Materials	523	-	7,260	4,960	-	70	-	-
Intergovernmental:								
Payment to Other Government Units	-	73,455	-	-	-	-	39,408	-
Total Expenditures	287,409	73,455	117,067	147,398	19,475	970	39,408	9,199
Excess (Deficiency) of Revenues over Expenditures	(13,657)	6,641	-	7,614	-	-	3,500	(1)
Fund Balance (Deficit), Beginning of Year	13,657	(6,641)	-	(7,614)	-	-	(3,500)	1
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

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

Education Fund Accounts

For the Year Ended June 30, 2020

	Early Learning	National School Lunch Program	School Breakfast Program	Feasibility Study	State Free Lunch and Breakfast	Summer Food Service Program	NSLP Equipment Assistance	Combined Total
Revenues								
Local Sources	\$ 32,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,050
State Sources	-	-	-	-	504	40,131	25,931	735,401
Federal Sources	-	23,653	9,205	-	-	-	-	62,501
Total Revenues	32,050	23,653	9,205	-	504	40,131	25,931	829,952
Expenditures								
Instructional Services:								
Salaries and Benefits	17,218	-	-	-	-	-	-	295,478
Purchased Services	5,342	-	9,205	-	-	40,131	25,931	371,054
Supplies and Materials	-	-	-	-	-	-	-	12,813
Intergovernmental:								
Payment to Other Government Units	-	23,653	-	-	504	-	-	137,020
Total Expenditures	22,560	23,653	9,205	-	504	40,131	25,931	816,365
Excess (Deficiency) of Revenues over Expenditures	9,490	-	-	-	-	-	-	13,587
Fund Balance (Deficit), Beginning of Year	18,990	-	-	825	-	-	-	15,718
Fund Balance, End of Year	\$ 28,480	\$ -	\$ -	\$ 825	\$ -	\$ -	\$ -	\$ 29,305

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule
Education Fund Account

Early Childhood Grant

For the Year Ended June 30, 2020

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues				
State Sources	\$ 347,700	\$ 352,519	\$ 273,752	\$ (78,767)
Total Revenues	<u>347,700</u>	<u>352,519</u>	<u>273,752</u>	<u>(78,767)</u>
Expenditures				
Instructional Services:				
Salaries and Benefits	34,437	34,853	30,384	4,469
Purchased Services	312,718	317,121	256,502	60,619
Supplies and Materials	545	545	523	22
Total Expenditures	<u>347,700</u>	<u>352,519</u>	<u>287,409</u>	<u>65,110</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(13,657)	<u>\$ (13,657)</u>
Fund Balance, Beginning of Year			<u>13,657</u>	
Fund Balance, End of Year			<u>\$ -</u>	

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule
Education Fund Account

Regional Safe Schools Grant

For the Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
State Sources	\$ 73,455	\$ 73,455	\$ 80,096	\$ 6,641
Total Revenues	<u>73,455</u>	<u>73,455</u>	<u>80,096</u>	<u>6,641</u>
Expenditures				
Instructional Services:				
Payment to Other Government Units	73,455	73,455	73,455	-
Total Expenditures	<u>73,455</u>	<u>73,455</u>	<u>73,455</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6,641	<u>\$ 6,641</u>
Fund Balance, Beginning of Year			<u>(6,641)</u>	
Fund Balance, End of Year			<u>\$ -</u>	

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule
Education Fund Account

ROE/ISC Operations

For the Year Ended June 30, 2020

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues				
State Sources	\$ 118,667	\$ 118,667	\$ 117,067	\$ (1,600)
Total Revenues	<u>118,667</u>	<u>118,667</u>	<u>117,067</u>	<u>(1,600)</u>
Expenditures				
Instructional Services:				
Salaries and Benefits	97,723	95,123	93,866	1,257
Purchased Services	13,672	16,272	15,941	331
Supplies and Materials	7,272	7,272	7,260	12
Total Expenditures	<u>118,667</u>	<u>118,667</u>	<u>117,067</u>	<u>1,600</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year			<u>-</u>	
Fund Balance, End of Year			<u>\$ -</u>	

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule
Education Fund Account

Alternative Education

For the Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	165,683	165,683	155,012	(10,671)
Federal Sources	-	-	-	-
Total Revenues	<u>165,683</u>	<u>165,683</u>	<u>155,012</u>	<u>(10,671)</u>
Expenditures				
Instructional Services:				
Salaries and Benefits	149,993	142,395	129,879	12,516
Purchased Services	12,369	18,294	12,559	5,735
Supplies and Materials	3,321	4,994	4,960	34
Total Expenditures	<u>165,683</u>	<u>165,683</u>	<u>147,398</u>	<u>18,285</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	7,614	<u>\$ 7,614</u>
Fund Balance, Beginning of Year			<u>(7,614)</u>	
Fund Balance, End of Year			<u>\$ -</u>	

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule
Education Fund Account

McKinney Education for Homeless Children Grant

For the Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Federal Sources	\$ 19,475	\$ 19,475	\$ 19,475	\$ -
Total Revenues	<u>19,475</u>	<u>19,475</u>	<u>19,475</u>	<u>-</u>
Expenditures				
Instructional Services:				
Salaries and Benefits	14,591	14,562	14,932	(370)
Purchased Services	1,920	1,152	4,543	(3,391)
Supplies and Materials	2,964	3,761	-	3,761
Total Expenditures	<u>19,475</u>	<u>19,475</u>	<u>19,475</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ -</u>	

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule
Education Fund Account

Title II - Teacher Quality

For the Year Ended June 30, 2020

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

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Budgetary Comparison Schedule
Education Fund Account

Pilot Regional Safe School Cooperative Grant

For the Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
State Sources	\$ 39,408	\$ 39,408	\$ 42,908	\$ 3,500
Total Revenues	<u>39,408</u>	<u>39,408</u>	<u>42,908</u>	<u>3,500</u>
Expenditures				
Instructional Services:				
Purchased Services	2,500	2,500	-	2,500
Payment to Other Government Units	36,908	36,908	39,408	(2,500)
Total Expenditures	<u>39,408</u>	<u>39,408</u>	<u>39,408</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	3,500	<u>\$ 3,500</u>
Fund Balance, Beginning of Year			<u>(3,500)</u>	
Fund Balance, End of Year			<u>\$ -</u>	

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2020

	<u>Bus Permit</u>	<u>Total</u>
ASSETS		
Assets		
Cash and Cash Equivalents	\$ 29,655	\$ 29,655
Total Assets	<u>\$ 29,655</u>	<u>\$ 29,655</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted	29,655	29,655
Total Fund Balances	<u>29,655</u>	<u>29,655</u>
Total Liabilities and Fund Balances	<u>\$ 29,655</u>	<u>\$ 29,655</u>

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Non-Major Special Revenue Funds

For the Year Ended June 30, 2020

	Bus Permit	Total
Revenues		
Local Sources	\$ 3,859	\$ 3,859
Total Revenues	<u>3,859</u>	<u>3,859</u>
Expenditures		
Instructional Services:		
Purchased Services	<u>1,795</u>	<u>1,795</u>
Total Expenditures	<u>1,795</u>	<u>1,795</u>
Net Change in Fund Balance	2,064	2,064
Fund Balance, Beginning of Year	<u>27,591</u>	<u>27,591</u>
Fund Balance, End of Year	<u>\$ 29,655</u>	<u>\$ 29,655</u>

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2020

	<u>Distributive</u>	<u>Combined Total</u>
ASSETS		
Due from Other Governmental Agencies	\$ 54,144	\$ 54,144
Total Assets	<u>\$ 54,144</u>	<u>\$ 54,144</u>
LIABILITIES		
Liabilities:		
Due to Other Governmental Agencies	\$ 54,144	\$ 54,144
Total Liabilities	<u>\$ 54,144</u>	<u>\$ 54,144</u>

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

<u>Distributive</u>	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
ASSETS				
Due from Other Governmental Agencies	\$ 59,816	\$ 496,142	\$ 501,814	\$ 54,144
Total Assets	<u>\$ 59,816</u>	<u>\$ 496,142</u>	<u>\$ 501,814</u>	<u>\$ 54,144</u>
LIABILITIES				
Due to Other Governmental Agencies	\$ 59,816	\$ 496,142	\$ 501,814	\$ 54,144
Total Liabilities	<u>\$ 59,816</u>	<u>\$ 496,142</u>	<u>\$ 501,814</u>	<u>\$ 54,144</u>

DEKALB COUNTY
REGIONAL OFFICE OF EDUCATION NO. 16

Schedule of Disbursements to Other Entities

Distributive Fund

For the Year Ended June 30, 2020

	<u>Kishwaukee Education Consortium</u>
Career and Technical Ed Improvement	\$ 363,139
V.E. Perkins Title IIC - Secondary	<u>138,675</u>
Total	<u><u>\$ 501,814</u></u>