

**State of Illinois  
WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

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

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

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56

TABLE OF CONTENTS  
JUNE 30, 2019

	PAGE
<b>OFFICIALS</b> .....	1
<b>FINANCIAL REPORT SUMMARY</b> .....	2-3
<b>FINANCIAL STATEMENT REPORT SUMMARY</b> .....	4
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	5-7
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	8-9
Schedule of Findings and Responses	
Section I - Summary of Auditors' Results .....	10
Section II - Financial Statement Findings.....	11-13
Corrective Action Plan for Current Year Audit Findings .....	14-15
Summary Schedule of Prior Audit Findings Not Repeated .....	16
Management's Discussion and Analysis.....	18-25

**EXHIBIT**

**BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements		
Statement of Net Position.....	A	27
Statement of Activities.....	B	28

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56

TABLE OF CONTENTS  
JUNE 30, 2019

	<b>PAGE</b>
	<b>EXHIBIT</b>
Fund Financial Statements	
Governmental Funds - Balance Sheet.....	C..... 29
Governmental Funds - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	D..... 30
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances.....	E..... 31
Governmental Funds - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	F..... 32
Proprietary Funds - Statement of Net Position.....	G..... 33
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Fund Net Position.....	H..... 34
Proprietary Funds - Statement of Cash Flows.....	I..... 35
Notes to the Financial Statements.....	36-79

**REQUIRED SUPPLEMENTARY INFORMATION**

Illinois Municipal Retirement Fund -	
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios.....	81
Schedule of Employer Contributions.....	82
Teachers' Retirement System of the State of Illinois -	
Schedule of Employer's Proportionate Share of the Net Pension Liability.....	83
Schedule of Employer Contributions.....	83
Teachers' Health Insurance Security Fund -	
Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability.....	84
Schedule of Employer Contributions.....	84
Health Insurance Plan -	
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	85

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56

TABLE OF CONTENTS  
JUNE 30, 2019

	PAGE
SCHEDULE	
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
General Fund:	
Combining Schedule of Accounts.....	1 87
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	2 88
Special Revenue Funds:	
Education Fund	
Combining Schedule of Accounts.....	3 89
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	4 90
Budgetary Comparison Schedules.....	5 91-93
Professional Development Alliance Fund:	
Combining Schedule of Accounts.....	6 94
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	7 95
Budgetary Comparison Schedules.....	8 96-97
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	9 98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	10 99

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

**OFFICIALS**

Regional Superintendent  
(Current and During the Audit Period)

Dr. Shawn T. Walsh

Assistant Regional Superintendent  
(Current and During the Audit Period)

Dr. Peter Sullivan

Office is located at:

116 North Chicago Street, Suite 400  
Joliet, Illinois 60432

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

**FINANCIAL REPORT SUMMARY**

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

**AUDITORS' REPORTS**

The auditors' reports do not contain scope limitations, disclaimers, or other significant nonstandard language.

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND RESPONSES**

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

2019-001	11	Recording Obligations	Significant Deficiency
2019-002	12	Delay of Audit	Noncompliance

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

2018-001	16	Failure to Fully Insure and Collateralize Cash Balances
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**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

**FINANCIAL REPORT SUMMARY (Concluded)**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel in an informal exit conference call on December 17, 2019. Present were Dr. Shawn Walsh, Regional Superintendent; Kate Schwab, Will County Regional Office of Education; Michael Morrissey, McGreal & Company; and Colleen Porter, McGreal & Company. The Regional Office's responses to the recommendations and corrective action plans were provided by Dr. Shawn Walsh, Regional Superintendent, on December 30, 2019.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Will County Regional Office of Education No. 56 was performed by McGreal & Company, PC.

Based on their audit, the auditors expressed an unmodified opinion on the Will County Regional Office of Education No. 56's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education No. 56, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Will County Regional Office of Education No. 56's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education No. 56, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability (Asset) 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, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions, Teachers' Health Insurance Security Fund Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability, Teachers' Health Insurance Security Fund Schedule of the Employer Contributions and Health Insurance Plan Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 18 through 25 and 81 through 85 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 Will County Regional Office of Education No. 56's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules and the combining fund financial statements 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 February 11, 2020 on our consideration of the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's internal control over financial reporting and compliance.

**Signed Original On File**

Oak Lawn, Illinois  
February 11, 2020

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Will County Regional Office of Education No. 56, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Will County Regional Office of Education No. 56's basic financial statements, and have issued our report thereon dated February 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Will County Regional Office of Education No. 56's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Will County Regional Office of Education No. 56's internal control. Accordingly, we do not express an opinion on the effectiveness of Will County Regional Office of Education No. 56's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Will County Regional Office of Education No. 56's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-002.

## **Regional Office of Education No. 56's Responses to Findings**

The Regional Office of Education No 56's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Regional Office of Education No 56'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 Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

# Signed Original On File

Oak Lawn, Illinois  
February 11, 2020

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

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

**Financial Statements in accordance with GAAP**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
● Material weaknesses identified?	No
● Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

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

**Finding No. 2019-001 – Recording Obligations (Partially Repeated from Finding No. 18-002)**

**CRITERIA / SPECIFIC REQUIREMENT:**

Generally Accepted Accounting Principles (GAAP) require obligations at year end to be recorded in the proper period. Additionally, the Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over the disbursement process to prevent errors and fraud.

**CONDITION:**

The Will County Regional Office of Education No. 56 (ROE) prepared and released funds for their July 15, 2019 and July 31, 2019 pay periods prior to June 30, 2019. The funds were transferred from the ROE's financial institution to the recipient's bank prior to June 30, 2019, where they were held in a holding account, and then disbursed to the employees on the appropriate pay dates.

**EFFECT:**

The ROE's cash balance was overstated and the prepaid expense balance was understated due to the payroll funds being released prematurely and an improper journal entry made by the ROE. The ROE subsequently corrected the cash and prepaid expense balances. Improper internal controls over the disbursement process could result in unintentional or intentional errors or fraud, which could be material to the financial statements and may not be detected and corrected in a timely manner by employees in the normal course of performing their assigned duties.

**CAUSE:**

ROE officials indicated they were not aware that they had reported and released the payroll funds early.

**AUDITOR'S RECOMMENDATION:**

ROE management should establish and implement internal controls over the payroll process to ensure the release of actual payroll disbursements corresponds with the appropriate pay period.

**MANAGEMENT'S RESPONSE:**

The ROE did not receive the FY 18 preliminary audit findings until June 25, 2019, and the draft report was not issued until August 8, 2019. The July 2019 payroll had already been released because the ROE staff was unaware of this finding at that time. The contracted auditing firm provided guidance on rectifying this audit finding and the August payroll was released appropriately. The Will County ROE will report obligated salaries at year end as a liability and record the actual disbursements at the end of the appropriate pay period. The ROE staff will continue to work with the contracted auditing firm to ensure journal entries are properly completed.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

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

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

**CRITERIA / SPECIFIC REQUIREMENT:**

Regional Office of Education No. 56 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

**CONDITION:**

The Regional Office of Education did not provide completed financial statements in an auditable form by the August 31 deadline. An outside accounting firm was hired by the ROE to assist in the preparation of financial statements and related disclosures. Financial statements were not submitted to the Special Assistant Auditors until October 4, 2019.

**EFFECT:**

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

**CAUSE:**

Regional Office management indicated that due to the payroll finding from FY 18, the staff was late in finalizing the accounts for FY 19.



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

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

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

**AUDITOR’S RECOMMENDATION:**

The Regional Office of Education No. 56 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:**

ROE staff will finalize the fiscal year accounts as soon as possible to ensure that the contracted auditing firm will have financial statements completed and submitted to the Special Assistant Auditors prior to August 31.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

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

**CORRECTIVE ACTION PLAN**

**Finding No. 2019-001 – Recording Obligations (Partially Repeated from Finding No. 18-002)**

**CONDITION:**

The Will County Regional Office of Education No. 56 (ROE) prepared and released funds for their July 15, 2019 and July 31, 2019 pay periods prior to June 30, 2019. The funds were transferred from the ROE's financial institution to the recipient's bank prior to June 30, 2019, where they were held in a holding account, and then disbursed to the employees on the appropriate pay dates.

**PLAN:**

The ROE did not receive the FY 18 preliminary audit findings until June 25, 2019, and the draft report was not issued until August 8, 2019. The July 2019 payroll had already been released because the ROE staff was unaware of this finding at that time. The contracted auditing firm provided guidance on rectifying this audit finding and the August payroll was released appropriately. The Will County ROE will report obligated salaries at year end as a liability and record the actual disbursements at the end of the appropriate pay period. The ROE staff will continue to work with the contracted auditing firm to ensure journal entries are properly completed.

**ANTICIPATED DATE OF COMPLETION:**

July 16, 2020

**CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:**

Dr. Shawn Walsh, Regional Superintendent

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

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

**CORRECTIVE ACTION PLAN**

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

**CONDITION:**

The Regional Office of Education did not provide completed financial statements in an auditable form by the August 31 deadline. An outside accounting firm was hired by the ROE to assist in the preparation of financial statements and related disclosures. Financial statements were not submitted to the Special Assistant Auditors until October 4, 2019.

**PLAN:**

ROE staff will finalize the fiscal year accounts as soon as possible to ensure that the contracted auditing firm will have financial statements completed and submitted to the Special Assistant Auditors prior to August 31.

**ANTICIPATED DATE OF COMPLETION:**

July 24, 2020

**CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:**

Dr. Shawn Walsh, Regional Superintendent

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

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

2018-001	Failure to Fully Insure and Collateralize Cash Balances	Not repeated
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During the current audit, the Regional Office of Education No. 56 fully insured and collateralized their cash balances.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The Will County Regional Office of Education No. 56 (ROE No. 56) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2019, with comparative information for the year ended June 30, 2018. Readers are encouraged to consider the information in conjunction with the ROE No. 56's financial statements that follow.

**2019 Financial Highlights**

- The General Fund revenues decreased by \$316,035 (14%) from \$2,214,306 in fiscal year 2018 to \$1,898,271 in fiscal year 2019. Revenue decreased mainly due to the delayed receipt of Forest Service grant. The General Fund expenditures decreased by \$263,876 (12%) from \$2,128,014 in fiscal year 2018 to \$1,864,138 in fiscal year 2019. The decrease in expenditures was primarily due to decreased payments to governments in relation to the Forest Service grant.
- The Special Revenue Fund revenues decreased by \$785,935 (29%) from \$2,670,444 in fiscal year 2018 to \$1,884,509 in fiscal year 2019. Revenue decreased mainly because of the decrease in grants awarded in fiscal year 2019. The Special Revenue Fund expenditures decreased by \$497,966 (21%) from \$2,351,008 in fiscal year 2018 to \$1,853,042 in fiscal year 2019, due to decreased expenditures in Title I - School Improvement and Accountability grant.
- The Enterprise Fund revenues increased by \$53,654 (6%) from \$958,245 in fiscal year 2018 to \$1,011,899 in fiscal year 2019. Revenue increased due to an increase in Local PDA fund revenues. The Enterprise Fund expenditures increased by \$305,279 (39%) from \$790,913 in fiscal year 2018 to \$1,096,192 in fiscal year 2019, due relatively to an increase in Local PDA fund expenses.

**Using This Report**

This report consists of a series of financial statements and other information, as follows:

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 56'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 ROE No. 56 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 56'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 needed for a full understanding of the data provided in the basic financial statements.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

- *Required supplementary information* further explains and supports the financial statements and supplementary information provides detailed information about the nonmajor funds.

**Reporting the Will County Regional Office as a Whole**

It is important to note that many grants are a cooperative effort of the ROE No. 56 and the Grundy/Kendall Counties Regional Office of Education No. 24. Therefore, these figures may reflect grants that are intended to serve Will County only and grants that serve Will, Grundy, and Kendall Counties.

**The Statement of Net Position and the Statement of Activities**

**Government-wide Financial Statements**

The Government-wide financial statements report information about the ROE No. 56 as a whole. The Statement of Net Position includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using generally accepted accounting principles and GASB Statement No. 34.

The Government-wide financial statements report the Office's net position and how they have changed. Net Position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the Office's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

**Fund Financial Statements**

The fund financial statements provide detailed information about the ROE No. 56's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE No. 56 established other funds to control and manage money for particular purposes.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The Office has three kinds of funds:

- (1) Governmental funds account for those funds through which most governmental functions of the Office are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The required governmental funds financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The required proprietary funds financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the ROE's own programs. ROE No. 56 does not have any fiduciary funds.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the ROE No. 56. The net position at the end of fiscal year 2019 and fiscal year 2018 totaled \$4,727,019 and \$4,775,983, respectively. The analysis that follows provides a summary of the Will County Regional Office of Education No. 56's net position as of June 30, 2019 and 2018.



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>						
Current assets	\$ 4,881,746	\$ 4,837,843	\$ 852,621	\$ 904,678	\$5,734,367	\$5,742,521
Noncurrent assets	-	55,496	13,436	42,914	13,436	98,410
<b>TOTAL ASSETS</b>	<u>4,881,746</u>	<u>4,893,339</u>	<u>866,057</u>	<u>947,592</u>	<u>5,747,803</u>	<u>5,840,931</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	136,340	80,760	190,927	86,424	327,267	167,184
Deferred outflows related to OPEB	12,986	5,083	-	-	12,986	5,083
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>149,326</u>	<u>85,843</u>	<u>190,927</u>	<u>86,424</u>	<u>340,253</u>	<u>172,267</u>
<b>LIABILITIES</b>						
Current liabilities	84,283	128,479	3,811	10,782	88,094	139,261
Noncurrent liabilities	860,045	805,683	141,511	-	1,001,556	805,683
<b>TOTAL LIABILITIES</b>	<u>944,328</u>	<u>934,162</u>	<u>145,322</u>	<u>10,782</u>	<u>1,089,650</u>	<u>944,944</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	83,925	104,692	59,057	90,470	142,982	195,162
Deferred inflows related to OPEB	129,035	97,109	-	-	129,035	97,109
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>212,960</u>	<u>201,801</u>	<u>59,057</u>	<u>90,470</u>	<u>272,017</u>	<u>292,271</u>
<b>NET POSITION</b>						
Net investment in capital assets	-	-	13,436	-	13,436	-
Restricted – for educational purposes	1,288,389	1,264,487	-	42,914	1,288,389	1,307,401
Unrestricted	2,586,025	2,578,732	839,169	889,850	3,425,194	3,468,582
<b>TOTAL NET POSITION</b>	<u>\$ 3,874,414</u>	<u>\$ 3,843,219</u>	<u>\$ 852,605</u>	<u>\$ 932,764</u>	<u>\$4,727,019</u>	<u>\$4,775,983</u>

The Will County Regional Office of Education No. 56's net position decreased by \$48,964 (1.0%) from fiscal year 2018. The decrease was mainly due to the decrease in grants awarded in fiscal year 2019.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

CHANGES IN NET POSITION

The following analysis shows the changes in net position for the years ended June 30, 2019 and 2018.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 1,678,096	\$ 2,412,513	\$ -	\$ -	\$ 1,678,096	\$ 2,412,513
General revenues:						
Local sources	299,093	393,964	-	-	299,093	393,964
State sources	885,596	969,509	-	-	885,596	969,509
On-behalf payments - local	617,716	605,095	-	-	617,716	605,095
On-behalf payments -state	740,375	771,303	-	-	740,375	771,303
Fees for services	-	-	1,011,899	958,245	1,011,899	958,245
Interest	26,824	11,075	5,833	1,166	32,657	12,241
Total revenues	<u>4,247,700</u>	<u>5,163,459</u>	<u>1,017,732</u>	<u>959,411</u>	<u>5,265,432</u>	<u>6,122,870</u>
Expenses:						
Education:						
Salaries and benefits	1,284,962	1,393,070	532,868	455,765	1,817,830	1,848,835
Purchased services	953,142	1,146,245	446,152	277,015	1,399,294	1,423,260
Supplies and materials	95,709	39,813	35,251	19,572	130,960	59,385
Other objects	105	26	-	-	105	26
Capital outlay	414	2,079	-	-	414	2,079
Pension expense	42,663	34,080	78,562	38,561	121,225	72,641
OPEB expense	38,641	53,750	-	-	38,641	53,750
Depreciation	-	-	3,359	-	3,359	-
Intergovernmental:						
Payments to other governments	444,477	966,205	-	-	444,477	966,205
Administrative:						
On-behalf payments - local	617,716	605,095	-	-	617,716	605,095
On-behalf payments - State	740,375	771,303	-	-	740,375	771,303
Total expenses	<u>4,218,204</u>	<u>5,011,666</u>	<u>1,096,192</u>	<u>790,913</u>	<u>5,314,396</u>	<u>5,802,579</u>
Excess (deficiency) of revenue over expenses before transfers	29,496	151,793	(78,460)	168,498	(48,964)	320,291
Other financing sources (uses):						
Transfers in (out)	1,699	70,283	(1,699)	(70,283)	-	-
Change in net position	<u>31,195</u>	<u>222,076</u>	<u>(80,159)</u>	<u>98,215</u>	<u>(48,964)</u>	<u>320,291</u>
Net position, beginning of year	<u>3,843,219</u>	<u>3,621,143</u>	<u>932,764</u>	<u>834,549</u>	<u>4,775,983</u>	<u>4,455,692</u>
Net position, end of year	<u>\$ 3,874,414</u>	<u>\$ 3,843,219</u>	<u>\$ 852,605</u>	<u>\$ 932,764</u>	<u>\$ 4,727,019</u>	<u>\$ 4,775,983</u>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Governmental Activities**

Revenues for governmental activities were \$4,247,700 and expenditures were \$4,218,204. The decrease in revenues was due to the decrease in grants awarded during fiscal year 2019 and delayed receipt of the Forest Service grant. The decrease in expenditures was due to decreased payments to governments in relation to the Forest Service and Title I grants.

**Business-Type Activities**

Revenues for business-type activities were \$1,017,732 and expenses were \$1,096,192. The increase in revenues is due an increase in Local PDA fund revenue and the increase in expenses was due to proportionate increase in Local PDA fund expenses.

**Financial Analysis of the ROE No. 56 Funds**

As previously noted, the Will County Regional Office of Education No. 56 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Will County Regional Office of Education No. 56's Governmental Funds reported combined fund balances amounting to \$ 4,753,765.

**Governmental Fund Highlights**

- Federal funding of Regional Offices of Education has declined compared to the previous year, due to the decrease in grants awarded during fiscal year 2019 and delayed receipt of Forest Service grant.
- County support for the ROE No. 56 decreased from the previous year's total funding level.

**Proprietary Fund Highlights**

Total proprietary fund net position decreased by \$80,159 due primarily to an increase in expenses on Local PDA funds.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Budgetary Highlights**

The Will County Regional Office of Education No. 56 annually adopts budgets for several funds. The Professional Development Alliance (PDA) Budget is prepared by the Executive Directors of the PDA and approved by a joint Governing Board representing Will, Grundy, & Kendall Counties. The Regional Safe Schools Budget is approved by a similar board. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education No. 56 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets**

As of June 30, 2019, the Will County Regional Office of Education No. 56 capital assets include office equipment, computers, audio-visual equipment, and building improvements. The Will County Regional Office of Education No. 56 maintains an inventory of capital assets which have been accumulated over time. For fiscal year 2019, there were additions of capital assets totaling \$16,795. There was depreciation expense for fiscal years 2019 and 2018 of \$3,359 and \$0, respectively.

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the Will County Regional Office of Education No. 56 was aware of several existing circumstances that could affect its financial condition in the future:

- County board support for ROE No. 56 is expected to maintain level funding from the fiscal year 2019 funding level.
- State funding is expected to have no significant changes from fiscal year 2019.
- Federal funding is expected to have no significant changes from fiscal year 2019.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the Will County Regional Office of Education No. 56's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of Schools, Will County Regional Office of Education No. 56, 116 North Chicago Street, Suite 400, Joliet, Illinois 60432.

## BASIC FINANCIAL STATEMENTS

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

**EXHIBIT A**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,652,623	\$ 839,791	\$ 5,492,414
Accounts receivable	2,982	12,625	15,607
Due (to) from other funds	-	-	-
Due from other governments	131,814	-	131,814
Prepaid expenses	94,327	205	94,532
Total current assets	<u>4,881,746</u>	<u>852,621</u>	<u>5,734,367</u>
Noncurrent assets:			
Capital assets, being depreciated, net	-	13,436	13,436
<b>TOTAL ASSETS</b>	<u>4,881,746</u>	<u>866,057</u>	<u>5,747,803</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	136,970	190,927	327,897
Deferred outflows related to OPEB	12,986	-	12,986
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>149,956</u>	<u>190,927</u>	<u>340,883</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	84,283	2,251	86,534
Unearned revenue	-	1,560	1,560
Total current liabilities	<u>84,283</u>	<u>3,811</u>	<u>88,094</u>
Noncurrent liabilities:			
Net pension liability	106,735	141,511	248,246
OPEB liabilities	753,310	-	753,310
Total noncurrent liabilities	<u>860,045</u>	<u>141,511</u>	<u>1,001,556</u>
<b>TOTAL LIABILITIES</b>	<u>944,328</u>	<u>145,322</u>	<u>1,089,650</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	83,925	59,057	142,982
Deferred inflows related to OPEB	129,035	-	129,035
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>212,960</u>	<u>59,057</u>	<u>272,017</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	13,436	13,436
Restricted - for educational purposes	1,288,389	-	1,288,389
Unrestricted	2,586,025	839,169	3,425,194
<b>TOTAL NET POSITION</b>	<u>\$ 3,874,414</u>	<u>\$ 852,605</u>	<u>\$ 4,727,019</u>

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Primary government:</b>						
<b>Governmental activities:</b>						
Instructional services:						
Salaries and benefits	\$ 1,284,962	\$ -	\$ 753,918	\$ (531,044)	\$ -	\$ (531,044)
Purchased services	953,142	-	559,231	(393,911)	-	(393,911)
Supplies and materials	95,709	-	56,155	(39,554)	-	(39,554)
Miscellaneous	105	-	61	(44)	-	(44)
Capital outlay	414	-	243	(171)	-	(171)
Pension expense	42,663	-	25,031	(17,632)	-	(17,632)
OPEB expense	38,641	-	22,672	(15,969)	-	(15,969)
Intergovernmental:						
Payments to other governments	444,477	-	260,785	(183,692)	-	(183,692)
Administrative:						
On-behalf payments - local	617,716	-	-	(617,716)	-	(617,716)
On-behalf payments - State	740,375	-	-	(740,375)	-	(740,375)
Total Governmental Activities	<u>4,218,204</u>	<u>-</u>	<u>1,678,096</u>	<u>(2,540,108)</u>	<u>-</u>	<u>(2,540,108)</u>
<b>Business-type activities:</b>						
Fees for services	1,017,630	1,011,899	-	-	(5,731)	(5,731)
Pension expense	78,562	-	-	-	(78,562)	(78,562)
Total business-type activities	<u>1,096,192</u>	<u>1,011,899</u>	<u>-</u>	<u>-</u>	<u>(84,293)</u>	<u>(84,293)</u>
<b>Total primary government</b>	<u>\$ 5,314,396</u>	<u>\$ 1,011,899</u>	<u>\$ 1,678,096</u>	<u>(2,540,108)</u>	<u>(84,293)</u>	<u>(2,624,401)</u>
<b>General revenues:</b>						
Local sources				299,093	-	299,093
State sources				885,596	-	885,596
On-behalf payments - local				617,716	-	617,716
On-behalf payments - State				740,375	-	740,375
Transfer in (out)				1,699	(1,699)	-
Interest				26,824	5,833	32,657
<b>Total general revenues</b>				<u>2,571,303</u>	<u>4,134</u>	<u>2,575,437</u>
<b>Change in net position</b>				31,195	(80,159)	(48,964)
<b>Net position, beginning of year</b>				3,843,219	932,764	4,775,983
<b>Net position, end of year</b>				<u>\$ 3,874,414</u>	<u>\$ 852,605</u>	<u>\$ 4,727,019</u>

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



WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019

EXHIBIT C

	General Fund	Institute Fund	Education Fund	Professional Development Alliance	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,379,568	\$ 997,891	\$ -	\$ -	\$ 275,164	\$ -	\$ 4,652,623
Accounts receivable	12	-	-	-	2,970	-	2,982
Due from other funds	663,496	-	-	-	-	(663,496)	-
Due from other governments	-	-	131,814	-	-	-	131,814
Prepaid expenses	79,349	-	14,978	-	-	-	94,327
<b>TOTAL ASSETS</b>	<u>4,122,425</u>	<u>997,891</u>	<u>146,792</u>	<u>-</u>	<u>278,134</u>	<u>(663,496)</u>	<u>4,881,746</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	22,993	-	58,676	-	2,614	-	84,283
Due to other funds	575,380	-	88,116	-	-	(663,496)	-
<b>TOTAL LIABILITIES</b>	<u>598,373</u>	<u>-</u>	<u>146,792</u>	<u>-</u>	<u>2,614</u>	<u>(663,496)</u>	<u>84,283</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	43,698	-	-	-	43,698
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable	79,349	-	14,978	-	-	-	94,327
Restricted	-	997,891	-	-	275,520	-	1,273,411
Unassigned	3,444,703	-	(58,676)	-	-	-	3,386,027
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>3,524,052</u>	<u>997,891</u>	<u>(43,698)</u>	<u>-</u>	<u>275,520</u>	<u>-</u>	<u>4,753,765</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 4,122,425</u>	<u>\$ 997,891</u>	<u>\$ 146,792</u>	<u>\$ -</u>	<u>\$ 278,134</u>	<u>\$ (663,496)</u>	<u>\$ 4,881,746</u>

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

**EXHIBIT D**

Total fund balances - governmental funds		\$ 4,753,765
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are considered "unavailable" and are deferred inflows of resources in the governmental funds.		43,698
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	\$ 136,970	
Deferred outflows related to OPEB	12,986	
Deferred inflows related to pensions	(83,925)	
Deferred inflows related to OPEB	<u>(129,035)</u>	(63,004)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
IMRF net pension liability		(44,660)
TRS net pension liability		(62,075)
OPEB liabilities		<u>(753,310)</u>
Net position of governmental activities		<u><u>\$ 3,874,414</u></u>

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT E**

	<b>General Fund</b>	<b>Institute Fund</b>	<b>Education Fund</b>	<b>Professional Development Alliance</b>	<b>Nonmajor Special Revenue Funds</b>	<b>Eliminations</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>							
Local sources	\$ 98,704	\$ 169,874	\$ -	\$ -	\$ 30,675	\$ -	\$ 299,253
State sources	885,596	-	524,359	443,764	3,110	-	1,856,829
Federal sources	-	-	620,848	91,879	-	-	712,727
On-behalf payments - local	617,716	-	-	-	-	-	617,716
On-behalf payments - State	296,255	-	-	-	-	-	296,255
Total revenues	<u>1,898,271</u>	<u>169,874</u>	<u>1,145,207</u>	<u>535,643</u>	<u>33,785</u>	<u>-</u>	<u>3,782,780</u>
<b>EXPENDITURES:</b>							
Instructional services:							
Salaries and benefits	367,242	-	632,239	285,481	-	-	1,284,962
Pension expense	-	-	3,025	16,321	-	-	19,346
OPEB expense	-	-	5,054	-	-	-	5,054
Purchased services	558,220	148,704	66,329	163,516	16,373	-	953,142
Supplies and materials	24,705	315	60,614	9,669	406	-	95,709
Miscellaneous	-	-	-	-	105	-	105
On-behalf payments - local	617,716	-	-	-	-	-	617,716
On-behalf payments - State	296,255	-	-	-	-	-	296,255
Intergovernmental:							
Payments to other governments	-	-	387,989	56,488	-	-	444,477
Capital outlay	-	-	414	-	-	-	414
Total expenditures	<u>1,864,138</u>	<u>149,019</u>	<u>1,155,664</u>	<u>531,475</u>	<u>16,884</u>	<u>-</u>	<u>3,717,180</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>34,133</u>	<u>20,855</u>	<u>(10,457)</u>	<u>4,168</u>	<u>16,901</u>	<u>-</u>	<u>65,600</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	-	-	10,454	1,699	-	(10,454)	1,699
Transfers out	(10,454)	-	-	-	-	10,454	-
Interest	-	26,824	-	-	-	-	26,824
Total other financing sources (uses)	<u>(10,454)</u>	<u>26,824</u>	<u>10,454</u>	<u>1,699</u>	<u>-</u>	<u>-</u>	<u>28,523</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>23,679</u>	<u>47,679</u>	<u>(3)</u>	<u>5,867</u>	<u>16,901</u>	<u>-</u>	<u>94,123</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>3,500,373</u>	<u>950,212</u>	<u>(43,695)</u>	<u>(5,867)</u>	<u>258,619</u>	<u>-</u>	<u>4,659,642</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 3,524,052</u>	<u>\$ 997,891</u>	<u>\$ (43,698)</u>	<u>\$ -</u>	<u>\$ 275,520</u>	<u>\$ -</u>	<u>\$ 4,753,765</u>

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT F**

Net change in fund balance - governmental funds \$ 94,123

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

Some receivables will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are however, recorded as revenues in the Statement of Activities.

Current year unavailable revenue	\$ 43,698	
Prior year unavailable revenue	<u>(49,722)</u>	(6,024)

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	19,346	
Cost of benefits, earned	<u>(42,663)</u>	(23,317)
OPEB:		
Employer contributions	5,054	
Cost of benefits, earned	<u>(38,641)</u>	<u>(33,587)</u>

Change in net position of governmental activities \$ 31,195

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

**EXHIBIT G**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Local PDA Funds</b>	<b>(Nonmajor) Criminal Background Investigation</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 693,488	\$ 146,303	\$ 839,791
Accounts receivable	8,362	4,263	12,625
Prepaid expenses	205	-	205
Total current assets	<u>702,055</u>	<u>150,566</u>	<u>852,621</u>
Noncurrent assets:			
Capital assets, being depreciated, net	<u>13,436</u>	<u>-</u>	<u>13,436</u>
<b>TOTAL ASSETS</b>	<u>715,491</u>	<u>150,566</u>	<u>866,057</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>190,927</u>	<u>-</u>	<u>190,927</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	2,251	-	2,251
Unearned revenues	1,560	-	1,560
Total current liabilities	<u>3,811</u>	<u>-</u>	<u>3,811</u>
Noncurrent liabilities:			
Net pension liability	<u>141,511</u>	<u>-</u>	<u>141,511</u>
<b>TOTAL LIABILITIES</b>	<u>145,322</u>	<u>-</u>	<u>145,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>59,057</u>	<u>-</u>	<u>59,057</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,436	-	13,436
Unrestricted	<u>688,603</u>	<u>150,566</u>	<u>839,169</u>
<b>TOTAL NET POSITION</b>	<u>\$ 702,039</u>	<u>\$ 150,566</u>	<u>\$ 852,605</u>

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
PROPRIETARY FUNDS**

**EXHIBIT H**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>		<b>Total</b>
	<b>Local PDA Funds</b>	<b>(Nonmajor) Criminal Background Investigation</b>	
<b>OPERATING REVENUES:</b>			
Fees for services	\$ 947,547	\$ 64,352	\$ 1,011,899
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	532,868	-	532,868
Pension expense	78,562	-	78,562
Purchased services	386,861	59,291	446,152
Supplies and materials	34,169	1,082	35,251
Depreciation	3,359	-	3,359
Total operating expenses	<u>1,035,819</u>	<u>60,373</u>	<u>1,096,192</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(88,272)</u>	<u>3,979</u>	<u>(84,293)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Transfers out	(1,699)	-	(1,699)
Interest	5,833	-	5,833
Total nonoperating revenues	<u>4,134</u>	<u>-</u>	<u>4,134</u>
<b>CHANGE IN NET POSITION</b>	(84,138)	3,979	(80,159)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>786,177</u>	<u>146,587</u>	<u>932,764</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 702,039</u>	<u>\$ 150,566</u>	<u>\$ 852,605</u>

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT I**

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Local PDA Funds</b>	<b>(Nonmajor) Criminal Background Investigation</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 1,050,050	\$ 67,703	\$ 1,117,753
Payments to suppliers and providers of goods and services	(424,857)	(65,282)	(490,139)
Payments to employees	(562,921)	-	(562,921)
Net cash provided by operating activities	<u>62,272</u>	<u>2,421</u>	<u>64,693</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers to other funds	(1,699)	-	(1,699)
Payments for interfund borrowing, net	58,526	-	58,526
Net cash provided by noncapital financing activities	<u>56,827</u>	<u>-</u>	<u>56,827</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITY:</b>			
Purchase of capital assets	(16,795)	-	(16,795)
Net cash used in capital financing activity	<u>(16,795)</u>	<u>-</u>	<u>(16,795)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>			
Interest earned	5,833	-	5,833
Net cash provided by investing activity	<u>5,833</u>	<u>-</u>	<u>5,833</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	108,137	2,421	110,558
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>585,351</u>	<u>143,882</u>	<u>729,233</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 693,488</u>	<u>\$ 146,303</u>	<u>\$ 839,791</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (88,272)	\$ 3,979	\$ (84,293)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,359	-	3,359
Effects of changes in assets and liabilities:			
Accounts receivable	100,943	3,351	104,294
Prepaid expenses	(205)	-	(205)
Net pension asset	42,914	-	42,914
Deferred outflows related to pensions	(104,503)	-	(104,503)
Accounts payable and accrued expenses	(3,622)	(4,909)	(8,531)
Unearned revenues	1,560	-	1,560
Net pension liability	141,511	-	141,511
Deferred inflows related to pensions	(31,413)	-	(31,413)
<b>Net cash provided by operating activities</b>	<u>\$ 62,272</u>	<u>\$ 2,421</u>	<u>\$ 64,693</u>

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Will County Regional Office of Education No. 56 was created by Illinois Public Act 76-735, as amended effective August 8, 1995, to develop and maintain education service for the school districts in Will County. The Will County Regional Office of Education No. 56 services 176 public schools and 46 private schools in the 30 districts within the county.

In 2019, the Will County Regional Office of Education No. 56 implemented Governmental Accounting Standards Board (GASB) Statement No. 83 – *Certain Asset Retirement Obligations* and GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations. GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements and also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement Nos. 83 and 88 had no impact on the Will County Regional Office of Education No. 56’s financial statements.

**A. DATE OF MANAGEMENT’S REVIEW**

Regional Office of Education No. 56 has evaluated subsequent events through February 11, 2020, the date when the financial statements were available to be issued.

**B. FINANCIAL REPORTING ENTITY**

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



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. FINANCIAL REPORTING ENTITY (CONCLUDED)**

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Will County Regional Office of Education No. 56's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions; and, to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the Illinois State Board of Education (ISBE) with an affidavit showing that the treasurers of school districts under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Will County Regional Office of Education No. 56, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2019, the Will County Regional Office of Education No. 56 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Will County Regional Office of Education No. 56. Such activities are reported as a single special revenue fund (Education Fund).

**C. SCOPE OF THE REPORTING ENTITY**

The Will County Regional Office of Education No. 56 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Will County Regional Office of Education No. 56 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Will County Regional Office of Education No. 56, 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 Will County Regional Office of Education No. 56 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.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. SCOPE OF THE REPORTING ENTITY (CONCLUDED)**

Effective August 7, 1995, the Regional Office of Education No. 56 entered into an intergovernmental agreement with Grundy/Kendall Regional Office of Education No. 24 to establish the ROE Professional Development Alliance (PDA), the purpose of which is to provide professional development services to the local school districts of Will, Grundy, and Kendall Counties. The governing board consists of the Regional Superintendents of the Regional Offices of Education Nos. 56 and 24. The Regional Office of Education No. 56 was designated as the administrative agent and has reported the activity of this agreement in their financial statements.

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Will County Regional Office of Education No. 56 does not control their assets, operations, or management. In addition, the Regional Office of Education No. 56 is not aware of any entity which would exercise such oversight as to result in the Regional Office of Education No. 56 being considered a component unit of the entity.

**D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Will County Regional Office of Education No. 56's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Will County Regional Office of Education No. 56 has two business-type activities; Local PDA Funds and the Criminal Background Investigation. The Local PDA Fund accounts for the revenues and expenditures associated with workshops put on by the Regional Office. The Criminal Background Investigation accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

The Will County Regional Office of Education No. 56's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Will County Regional Office of Education No. 56 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Will County Regional Office of Education No. 56's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONCLUDED)**

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

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

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities.

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

**E. PROPRIETARY FUND FINANCIAL STATEMENTS**

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

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements and the net position and changes in net position presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

Revenue received after the Regional Office's availability period are reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

**G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONCLUDED)**

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Will County Regional Office of Education No. 56; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Will County Regional Office of Education No. 56 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 the Will County Regional Office of Education No. 56's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

**H. FUND ACCOUNTING**

The Will County Regional Office of Education No. 56 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Will County Regional Office of Education No. 56 uses governmental and proprietary funds.

**Governmental Funds**

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. FUND ACCOUNTING (CONTINUED)**

**Governmental Funds (Continued)**

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, (including deferred outflows), liabilities, (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, (including deferred outflows), liabilities, (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Will County Regional Office of Education No. 56 has presented all major funds that met the above qualifications. The Will County Regional Office of Education No. 56 reports the following major governmental funds:

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 Operations - This fund accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

General State Aid - This fund accounts for grant monies received for, and payment of, expenditures for regional learning academy supplements.

Lincoln School - This fund accounts for all local funding expenditures and the general operations of the Lincoln School.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. FUND ACCOUNTING (CONTINUED)**

**Governmental Funds (Continued)**

Major Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. Major special revenue funds include the following:

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

Title II - Teacher Quality - This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

McKinney Education for Homeless Children - This program accounts for grant monies received for and payment of, expenditures associated with a Federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through the Illinois State Board of Education.

Regional Safe Schools - This program accounts for the administration of monies to be used for the Regional Safe Schools Program Fund received from the Illinois State Board of Education.

Truants Alternative/Optional Education - Accounts for grant monies received for, and payment of, expenses of the Truants Alternative and Optional Education Program.

Institute Fund - This fund accounts for registration and renewal fees related to the teachers' licenses. Funds collected from registration and renewal fees are expended to defray costs incidental to the teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. FUND ACCOUNTING (CONTINUED)**

**Governmental Funds (Continued)**

Major Special Revenue Funds (Continued)

Professional Development Alliance (PDA) - This fund accounts for State, and federal funded programs designed to meet the indentified needs of the school districts within Will, Grundy, and Kendall Counties. These services are designed to improve the educational opportunities provided to students within these counties. Professional Development Alliance Funds include:

ROE/ISC Operations - This program accounts for grant monies received for, and payment of, expenditures of the ROE/ISC Operations Fund.

Title I - School Improvement and Accountability - This program accounts for monies received for, and payment of, expenditures of the Title I - School Improvement and Accountability Fund. This grant provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116 (c) of Title I while offering students in schools identified for improvement and corrective action the opportunity to transfer to another higher performing school, including a public charter within the district.

Grundy/Kendall County ROE/ISC Operations - These funds are provided by the Illinois State Board of Education through a budget application process, to the Regional Office to provide professional development to district schools and teachers in Grundy and Kendall county school districts.

The Will County Regional Office of Education No. 56 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education Fund or Professional Development Alliance are grouped under this fund for financial statement presentation.

General Education Development (GED) - This fund accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas, and materials.

Bus Driver Training - This fund accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. FUND ACCOUNTING (CONCLUDED)**

**Proprietary Funds**

Proprietary Fund - The Proprietary Fund accounts for revenue and expenses related to services provided to organizations inside the Regional Office of Education No. 56 on a cost-reimbursement basis. The Regional Office of Education No. 56 reports the following major proprietary fund:

Local Professional Development Alliance (PDA) Funds - This fund accounts for the revenues and expenditures associated with workshops put on by the Will County Regional Office of Education No. 56.

The Regional Office of Education No. 56 reports the following nonmajor proprietary fund:

Criminal Background Investigation - Accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

**I. GOVERNMENTAL FUND BALANCES**

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

Nonspendable Fund Balance - The portion of a governmental fund's net position that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Will County Regional Office of Education No. 56 has a nonspendable fund balance in the General Fund's General State Aid fund and the Education Fund's Regional Safe Schools and Truants Alternative/Optional Education fund.

Restricted Fund Balance - The portion of a governmental fund's net position that are subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development and Bus Driver Training.

Committed Fund Balance - The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Will County Regional Office of Education No. 56 has no committed fund balances.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. GOVERNMENTAL FUND BALANCES (CONCLUDED)**

Assigned Fund Balance - The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Will County Regional Office of Education No. 56 has no assigned fund balances.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Will County Regional Office of Education No. 56 has unassigned fund balances in the General Fund's General State Aid and Lincoln School funds. Additionally, the Will County Regional Office of Education No. 56 has an unassigned fund deficit in the following funds: General Fund's General Operation and Education Fund's Regional Safe Schools, and Truants Alternative/Optional Education fund.

**J. NET POSITION**

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

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

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

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

**K. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consists of cash on deposit. The Will County Regional Office of Education No. 56 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives (three to five years) of the respective assets.

**M. COMPENSATED ABSENCES**

The employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed 5 years or less; 15 days for full-time staff employed between 5 and 10 years; 20 days for full-time staff employed more than 15 years. Vacation days cannot be accumulated and carried forward to the next fiscal year; therefore, no liability is accrued.

The Executive Directors and all other eligible employees of PDA receive up to 15 sick days annually. There is no limit on the amount of sick days carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

**N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (CONCLUDED)**

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

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

**O. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)**

For purposes of measuring the Will County Regional Office of Education No. 56's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Will County Regional Office of Education No. 56 OPEB Plan and additions to/deductions from the Will County Regional Office of Education No. 56's fiduciary net position have been determined on the same basis as they are reported by the Will County Regional Office of Education No. 56's Plan. For this purpose, the Will County Regional Office of Education No. 56's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 56's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method

**P. ESTIMATES**

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

**Q. BUDGET INFORMATION**

The Will County Regional Office of Education No. 56 acts as the administrative agent for certain grant programs that are accounted for in the General, Education and Professional Development Alliance Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**Q. BUDGET INFORMATION (CONCLUDED)**

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Title II - Teacher Quality, McKinney Education for Homeless Children, Regional Safe Schools, Truants Alternative/Optional Education, ROE/ISC Operations, Title I - School Improvement and Accountability, and Grundy/Kendall County ROE/ISC Operations.

**R. CHANGE IN TRS ACCOUNTING ESTIMATE**

Public Act 100-0340 set the employer contribution rate on salaries paid from federal funds to be the employer normal cost rate effective for fiscal year 2018. Previously, the employer contribution rate on salaries paid from federal funds was equal to the State's contribution rate and were much higher. Since these contributions are normal cost contributions, which are considered employer specific liability contributions under GASB 68, the "federal funds" contributions are no longer includable for purposes of allocating collective pension amounts. Any change in proportionate share resulting from this statutory change for individual employers will be recognized and amortized over the remaining services lives of all members beginning in fiscal year 2018. For fiscal year 2019, Regional Office of Education No. 56 had no federal contributions.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The *Illinois Compiled Statutes* authorize the Will County Regional Office of Education No. 56 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

Deposits

At June 30, 2019, the carrying amount of the Will County Regional Office of Education No. 56's government-wide fund deposits were \$5,492,414 and the bank balance was \$5,617,516. Of the total bank balances as of June 30, 2019, \$750,000 was secured by Federal Depository Insurance Corporation (FDIC), \$1,532,308 was invested in the Illinois Funds Money Market Fund, and \$3,335,208 was collateralized by securities pledged by the Regional Office of Education No. 56's financial institution in the name of the Regional Office.

Investments

The Will County Regional Office of Education No. 56 requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. As noted above, as of June 30, 2019, the Will County Regional Office of Education No. 56 had investments with a

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONCLUDED)**

carrying and fair value of \$1,532,308 invested in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

Credit Risk

At June 30, 2019, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235. All investments are fully collateralized.

The PNC Municipal Investment Fund had a Standard and Poor's AAAM rating. This fund is authorized for public entities and political subdivisions of the State of Illinois. It invests in U.S. Treasury securities, commercial paper rated A2 or above, certificates of deposit and interest-bearing savings accounts, and any other investments permissible under 30 ILCS 235/2.

Interest Rate Risk

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

Concentration of Credit Risk

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

**NOTE 3 - DUE FROM OTHER GOVERNMENTS**

The Will County Regional Office of Education No. 56's Education Fund has funds due from various other governmental units which consist of the following:

Due from Other Governments:	
Education Fund:	
Illinois State Board of Education	\$ 123,028
Local School Districts	8,786
Total	\$ 131,814

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 - CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the Will County Regional Office of Education No. 56 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office's assets are composed of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<b>Governmental activities:</b>				
Furniture and equipment	\$ 51,259	\$ -	\$ -	\$ 51,259
Building improvements	90,439	-	-	90,439
Total	141,698	-	-	141,698
Less: Accumulated depreciation	(141,698)	-	-	(141,698)
Capital assets, net	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
<b>Business-type activities:</b>				
Furniture and equipment	\$ 33,621	\$ 16,795	\$ 9,950	\$ 40,466
Less: Accumulated depreciation	(33,621)	(3,359)	(9,950)	(27,030)
Capital assets, net	<u>\$ -</u>	<u>\$ 13,436</u>	<u>-</u>	<u>\$ 13,436</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2019 amounting to \$3,359 was charged to the Local PDA activity on the government-wide Statement of Activities. Net investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation and related debt.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

**Illinois Municipal Retirement Fund**

**IMRF Plan Description**

The Will County Regional Office of Education No. 56's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Will County Regional Office of Education No. 56's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

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

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



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (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.

**Employees Covered by Benefit Terms**

As of December 31, 2018, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	11
Inactive Plan Member entitled to but not yet receiving benefits	8
Active Plan Members	11
Total	30

**Contributions**

As set by statute, the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's annual contribution rate for calendar year 2018 was 8.57%. For the fiscal year ended 2019, the Will County Regional Office of Education No. 56 contributed \$46,374 to the plan. The Will County Regional Office of Education No. 56 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.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Net Pension Liability**

The Will County Regional Office of Education No. 56's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37%	7.15%
International Equities	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternatives	7%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash Equivalents	1%	2.50%
Total	<u>100%</u>	

**Single Discount Rate**

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) – (B)</b>
<b>Balances as of December 31, 2017</b>	\$ 1,829,774	\$ 1,928,184	\$ (98,410)
<b>Changes for the year:</b>			
Service Cost	60,691	–	60,691
Interest on the Total Pension Liability	137,070	–	137,070
Changes of Benefit Terms	–	–	–
Differences Between Expected and Actual Experience of the Total Pension Liability	18,912	–	18,912
Changes of Assumptions	68,415	–	68,415
Contributions - Employer	–	52,569	(52,569)
Contributions - Employees	–	27,604	(27,604)
Net Investment Income	–	(78,133)	78,133
Benefit Payment, including Refunds of Employee Contributions	(95,128)	(95,128)	–
Other (Net Transfer)	–	(1,533)	1,533
Net Changes	<u>189,960</u>	<u>(94,621)</u>	<u>284,581</u>
<b>Balances as of December 31, 2018</b>	<u><u>\$ 2,019,734</u></u>	<u><u>\$ 1,833,563</u></u>	<u><u>\$ 186,171</u></u>

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

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

	<b>1% Lower 6.25%</b>	<b>Current Discount 7.25%</b>	<b>1% Higher 8.25%</b>
<b>Net Pension Liability (Asset)</b>	\$ 517,448	\$ 186,171	\$ (51,626)

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

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

For the year ending June 30, 2019, the Will County Regional Office of Education No. 56 recognized pension expense of \$121,028. At June 30, 2019, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Difference between expected and actual experience	\$ 48,953	\$ 2,114
Changes in assumptions	52,486	38,412
Net difference between projected and actual earnings on pension plan investments	<u>199,333</u>	<u>94,034</u>
Total deferred amounts to be recognized in pension expense in future periods	300,772	134,560
Pension contributions made subsequent to the measurement date	<u>19,241</u>	<u>—</u>
Total Deferred Amounts Related to Pension	<u><u>\$ 320,013</u></u>	<u><u>\$ 134,560</u></u>

\$19,241 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>
2019	\$ 49,686
2020	33,383
2021	32,634
2022	50,509
Thereafter	<u>—</u>
Total	<u><u>\$ 166,212</u></u>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Teachers' Retirement System of the State of Illinois**

**Plan description**

The Will County Regional Office of Education No. 56 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/financial/cafrs/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

**Benefits provided**

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

Tier 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 three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

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

**Contributions**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Will County Regional Office of Education No. 56.

***On behalf contributions to TRS.*** The State of Illinois makes employer pension contributions on behalf of the Will County Regional Office of Education No. 56. For the year ended June 30, 2019, State of Illinois contributions recognized by the Will County Regional Office of Education No. 56 were based on the State's proportionate share of the collective net pension liability associated with the Will County Regional Office of Education No. 56, and the Will County Regional Office of Education No. 56 recognized revenue and expenditures of \$399,370 in pension contributions from the State of Illinois.

***2.2 formula contributions.*** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019 were \$3,186, and are deferred because they were paid after the June 30, 2018 measurement date.

***Federal and special trust fund contributions.*** When TRS members are paid from federal and special trust funds administered by the Will County Regional Office of Education No. 56, there is a statutory requirement for the Will County Regional Office of Education No. 56 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.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

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

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019 no contributions were required for salaries made from federal and special trust funds.

**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 Will County Regional Office of Education No. 56 is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the Will County Regional Office of Education No. 56 made no payments to TRS for employer contributions due on salary increases in excess of 3 percent and no payments for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2019, the Will County Regional Office of Education No. 56 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer’s proportionate share of the net pension liability	\$ 62,075
State’s proportionate share of the net pension liability associated with the employer	<u>4,252,396</u>
Total	<u><u>\$ 4,314,471</u></u>



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The Will County Regional Office of Education No. 56's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the Will County Regional Office of Education No. 56's proportion was .0000796396 percent, which was a decrease of .0000014322 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Will County Regional Office of Education No. 56 recognized pension expense of \$399,370 and revenue of \$399,370 for support provided by the State. For the year ended June 30, 2019, the Will County Regional Office of Education No. 56 recognized pension expense of \$723. At June 30, 2019, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,248	\$ 14
Net difference between projected and actual earnings on pension plan investments	-	190
Changes of assumptions	2,723	1,759
Changes in proportion and differences between employer contributions and proportionate share of contributions	97	6,459
Employer contributions subsequent to the measurement date	<u>3,816</u>	<u>-</u>
Total	<u>\$ 7,884</u>	<u>\$ 8,422</u>

\$3,816 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

<b>Year Ended June 30:</b>	
2020	\$ (799)
2021	(968)
2022	(2,089)
2023	(446)
2024	(52)
	<u>\$ (4,354)</u>

**Actuarial assumptions**

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

<b>Inflation</b>	2.50 percent
<b>Salary increases</b>	varies by amount of service credit
<b>Investment rate of return</b>	7.00 percent, net of pension plan investment expense, including inflation

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

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:

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)**

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

**Discount Rate**

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN (Concluded)**

**Sensitivity of the Will County Regional Office of Education No. 56's proportionate share of the net pension liability to changes in the discount rate**

The following presents the Will County Regional Office of Education No. 56's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Will County Regional Office of Education No. 56'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.

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Employer's proportionate share of the net pension liability	\$ 76,129	\$ 62,075	\$ 50,757

**TRS Fiduciary Net Position**

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

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS**

**Teachers' Health Insurance Security Fund**

**THIS Plan Description**

Will County Regional Office of Education No. 56 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).

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (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 make a contribution to the THIS Fund.

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

**On-behalf contributions to the THIS Fund**

The State of Illinois makes employer retiree health insurance contributions on behalf of the Will County Regional Office of Education No. 56. For the year ended June 30, 2019, State of Illinois contributions recognized by the Will County Regional Office of Education No. 56 were based on the State's proportionate share of the collective net OPEB liability associated with the Will County Regional Office of Education No. 56, and recognized revenue and expenditures of \$44,750 in OPEB contributions from the State of Illinois.

**Employer contributions to the THIS Fund**

The Will County Regional Office of Education No. 56 also makes contributions to the THIS Fund. The Will County Regional Office of Education No. 56 THIS Fund contribution was 0.92 percent during the year ended June 30, 2019 and 0.88, 0.84 and 0.80 percent during the years ended June 30, 2018, June 30, 2017 and June 30, 2016, respectively. For the year ended June 30, 2019, the Will County Regional Office of Education No. 56 paid \$5,054 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018, June 30, 2017 and June 30, 2016, the Will County Regional Office of Education No. 56 paid \$5,083, \$4,814 and \$4,360, respectively, which was 100 percent, 99 percent and 91 percent, respectively of the required contributions.

**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."

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Assumptions**

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

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs 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 annuitants mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

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

**Single Discount Rate**

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

The following presents the Will County Regional Office of Education No. 56's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	<u>1% Decrease (2.62%)</u>	<u>Current Discount Rate (3.62%)</u>	<u>1% Increase (4.62%)</u>
Employer's proportionate share of the collective net OPEB liability	\$ 771,990	\$ 641,964	\$ 539,471

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

The following table shows the Will County Regional Office of Education No. 56's net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	<u>1% Decrease<sup>a</sup></u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase<sup>b</sup></u>
Employer's proportionate share of the collective net OPEB liability	\$ 520,598	\$ 641,964	\$ 805,673

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

At June 30, 2019, the Will County Regional Office of Education No. 56 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Will County Regional Office of Education No. 56. The amount recognized by the Will County Regional Office of Education No. 56 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Will County Regional Office of Education No. 56 were as follows:

Employer's proportionate share of the collective net OPEB liability	\$	641,964
State's proportionate share of the collective net OPEB liability associated with the employer		861,988
Total		\$ 1,503,952

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and was rolled forward to the June 30, 2018 measurement date. The Will County Regional Office of Education No. 56's proportion of the collective net OPEB liability was based on a projection of the Will County Regional Office of Education No. 56's long-term share of contributions to the OPEB plan relative to the projected contributions of the Will County Regional Office of Education No. 56, actuarially determined. At June 30, 2018, the Will County Regional Office of Education No. 56 proportion was 0.002437 percent, which was a decrease of 0.000067 from its proportion measured as of June 30, 2017 (0.002504 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2019, the Will County Regional Office of Education No. 56 recognized OPEB expense of \$44,750 and revenue of \$44,750 for support provided by the State. For the year ending June 30, 2019, the Will County Regional Office of Education No. 56 recognized OPEB expense of \$28,954. At June 30, 2019, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ 2,303
Changes of assumptions	—	93,481
Net difference between projected and actual earnings on OPEB plan investments	—	20
Changes in proportion and differences between employer contributions and proportionate share of contributions	1	33,231
Employer contributions subsequent to the measurement date	5,054	—
Total	\$ 5,055	\$ 129,035

\$5,054 reported as deferred outflows of resources related to OPEB resulting from Will County Regional Office of Education No. 56 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Will County Regional Office of Education No. 56's OPEB expense as follows:

<b>Year Ending June 30,</b>	<b>Net Deferred Outflows of Resources</b>
2020	\$ 19,976
2021	19,976
2022	19,976
2023	19,976
2024	19,971
Thereafter	29,159
Total	\$ 129,034

**THIS Fiduciary Net Position**

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Health Insurance Plan**

**Plan Description**

The Regional Office of Education No. 56 employees are covered by the Professional Development Alliance (PDA) health insurance plan. PDA provides postemployment health care for eligible retired employees and their dependents through a self-insured individual plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Lincolnway Area Affiliation of Participating Schools Districts (the Cooperative) Employee Benefit Plan, which PDA is a member of, and can be amended by the Cooperative's Board of Trustees. The plan does not issue a separate report. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. There are no assets accumulated in a trust that meets the criteria in GASB No. 75.

**Eligibility Provisions**

*Full-Time Employees – IMRF*

Tier I IMRF Full-Time employees age 55 with at least 8 years of service are covered.

Tier II IMRF Full-Time employees age 62 with at least 10 years of service are covered.

**Benefits Provided**

The Regional Office of Education No. 56 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Will County Regional Office of Education No. 56 offers Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) (New Plan Offered as of 7/1/17) to full-time IMRF employees. Retirees pay the same rate as an active employee. PDA pays the difference in coverage. Coverage continues until Medicare eligibility is reached. Dependent coverage ends at the same time as that for the retiree. After age 65 coverage is secondary to Medicare and the retiree pays the full cost. Additionally, dental and vision coverage are offered to all full-time employees. For dental coverage, PDA pays the full cost of coverage until age 65. For vision coverage, the retiree pays the full cost of coverage. Coverage ends when the retiree stops paying for it.

**Participant Data**

At June 30, 2019, participant data consisted of:

	<b>Participants</b>
Total active employees	11
Inactive employees currently receiving benefit payments	–
Inactive employees entitled to but not yet receiving benefit payments	–
Total	11

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Funding Policy and Contributions**

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

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

Contributions from Other ROE Resources and Benefit Payments from Other ROE Resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust. There were no Contributions or Benefit Payments from Other ROE Resources.

**Total OPEB Liability**

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2017 actuarial valuation date and adjusted to the June 30, 2019 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

**Actuarial Assumptions**

Discount Rate used for the Total OPEB Liability	3.50%
Long-Term Expected Rate of Return on Plan Assets	N/A. OPEB obligation is unfunded.
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.50%
Salary Increases	2.25%
Annual Blended Premiums	<p>PPO: Premiums charged for coverage of retiree and spouse, regardless of age, are \$13,812 and \$11,476, respectively.</p> <p>HMO: Premiums charged for coverage of retiree and spouse, regardless of age, are \$6,735 and \$2,855, respectively.</p> <p>Dental: Premiums charged for coverage of retiree and spouse, regardless of age, are \$498 and \$485, respectively.</p>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Healthcare Trend Rates	<p>Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey.</p> <p>PPO: For fiscal years on and after 2019, trend starts at 7.40% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.</p> <p>HMO: For fiscal years on and after 2019, trend starts at 6.69% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.</p> <p>Dental: For fiscal years on and after 2019, trend are 4.10% for both non-Medicare costs and post-Medicare.</p>
Retiree Contribution Rates	Same as Healthcare Trend Rates

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

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

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there is 1 participant impacted by this assumption.

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Changes in Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balances as of July 1, 2018</b>	\$ 94,095
<b>Changes for the period:</b>	
Service Cost	5,322
Interest	3,641
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	-
Changes of Assumptions	8,288
Contributions – Employer	-
Contributions – Employees	-
Net Investment Income	-
Benefit Payments	-
Administrative expense	-
Net Changes	<u>17,251</u>
<b>Balances as of June 30, 2019</b>	<u>\$ 111,346</u>

**Discount Rate**

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Will County Regional Office of Education No. 56, then only the municipal bond rate is used in determining the total OPEB liability.

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate is the June 27, 2019 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

**Sensitivity of the Discount Rate**

The following presents the Regional Office of Education No. 56's total OPEB liability calculated using a discount rate of 3.50%, as well as what the ROE's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.50%) or 1-percentage-point lower (2.50%) than the current discount rate:

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Employer's Total OPEB Liability	\$ 137,702	\$ 111,346	\$ 90,346

**Sensitivity of the Healthcare Trend Rate**

The following presents the Will County Regional Office of Education No. 56's total OPEB liability, calculated using the healthcare cost trend rates as well as what the Will County Regional Office of Education No. 56's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates of both non-Medicare coverage and post-Medicare coverage for PPO, HMO and Dental plans are 7.40% in 2019 decreasing to an ultimate trend rate of 5.00% in 2027, 6.69% in 2019 decreasing to an ultimate trend rate of 5.00% in 2027 and 4.10% in 2019 and level through the ultimate trend rate in 2027, respectively.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Concluded)**

	<b>1% Decrease (Varies)</b>	<b>Healthcare Cost Trend Rates (Varies)</b>	<b>1% Increase (Varies)</b>
Employer's Total OPEB Liability	\$ 87,116	\$ 111,346	\$ 142,354

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

For the year ended June 30, 2019, the Will County Regional Office of Education No. 56 recognized OPEB expense of \$9,320. At June 30, 2019, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	7,931	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Earnings on postretirement plan investments	-	-
Employer contributions subsequent to the measurement date	-	-
<b>Total Deferred Amounts Related to OPEB</b>	<b>\$ 7,931</b>	<b>\$ -</b>

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

<b>Year Ending June 30,</b>	<b>Net Deferred Outflows of Resources</b>
2020	\$ 357
2021	357
2022	357
2023	357
2024	357
Thereafter	6,146
Total	\$ 7,931

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

Education Fund:	
Regional Safe Schools	\$ (26,369)
Truants Alternative/Optional Education	(17,329)
General Fund:	
General Operations	(575,368)
Total	\$ (619,066)

**NOTE 8 - INTERFUND ACTIVITY**

Due to/from Other Funds

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

	<b>Due From</b>	<b>Due To</b>
General Fund:		
General State Aid	\$ 663,496	\$ -
General Operations	-	575,380
Education Fund:		
McKinney Education for Homeless Children	-	88,116
Total	\$ 663,496	\$ 663,496



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 - INTERFUND ACTIVITY (Concluded)**

Transfers In/Out

Interfund transfers in/out to other fund balances at June 30, 2019, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
General State Aid	\$           –	\$       10,454
Education Fund:		
Regional Safe Schools	6,065	–
Truants Alternative / Optional Education	4,389	–
Professional Development Alliance Fund:		
Title I - School Improvement and Accountability	1,699	–
Proprietary Fund:		
Local PDA Funds	–	1,699
Total	<u>\$ 12,153</u>	<u>\$ 12,153</u>

**NOTE 9 - RISK MANAGEMENT**

The Will County Regional Office of Education No. 56 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Will County Regional Office of Education No. 56 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

**NOTE 10 - LONG-TERM LIABILITIES**

Changes in long-term liabilities during the fiscal year were as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Governmental activities				
Net pension liability - IMRF	\$           –	\$ 186,171	\$           –	\$ 186,171
Net pension liability - TRS	61,937	138	–	62,075
Net OPEB liability - THIS	649,651	–	(7,687)	641,964
Total OPEB liability - Health insurance plan	94,095	17,251	–	111,346
	<u>\$ 805,683</u>	<u>\$ 203,560</u>	<u>\$ (7,687)</u>	<u>\$ 1,001,556</u>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 11 - OPERATING LEASE**

Will County Regional Office of Education No. 56 rents office space from Professional Development Alliance Fund operations. The lease agreement, which originally commenced on June 1, 2012, expired on May 31, 2017. However, the lease was renewed as of June 1, 2017 and again as of June 1, 2019 and will expire on May 31, 2022. Rental expense for the year ended June 30, 2019 was \$96,000.

The future minimum lease payment under this agreement follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 96,000
2021	96,000
2022	88,000

**NOTE 12 - ON-BEHALF PAYMENTS**

Will County pays certain expenditures on behalf of the Regional Office of Education No. 56. The expenditures paid by Will County for the year ended June 30, 2019, were as follows:

Salaries and benefits	\$ 586,184
Purchased services	28,690
Supplies and materials	2,842
Total	<u>\$ 617,716</u>

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Will County Regional Office of Education No. 56:

Regional Superintendent Salary	\$ 117,600
Assistant Regional Superintendent Salary	105,840
Regional Superintendent Benefits (Includes State paid insurance)	38,009
Assistant Regional Superintendent Benefits (Includes State paid insurance)	34,806
Total	<u>\$ 296,255</u>

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 12 - ON-BEHALF PAYMENTS (Concluded)**

The Will County Regional Office of Education No. 56 also recorded \$399,370 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's TRS pension expense in the Statement of Activities. In addition, the Will County Regional Office of Education No. 56 recorded \$44,750 in revenue and expenses as on-behalf payments from CMS for the Regional Office's share of the State's THIS contributions in the Statement of Activities. Further, the Regional Office of Education No. 56 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 296,255
ROE No. 56's share of TRS pension expense	399,370
ROE No. 56's share of THIS OPEB expense	<u>44,750</u>
Total	<u>\$ 740,375</u>

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios  
Illinois Municipal Retirement Fund  
Last Five Calendar Years**

Calendar Year Ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>					
Service cost	\$ 60,691	\$ 45,618	\$ 39,771	\$ 42,078	\$ 49,868
Interest on the total pension liability	137,070	130,745	124,987	109,141	100,073
Differences between expected and actual experience of the total pension (asset) liability	18,912	61,400	(8,408)	139,396	(19,639)
Changes of assumptions	68,415	(68,472)	-	-	58,670
Benefit payments, including refunds of employee contributions	(95,128)	(89,837)	(75,188)	(95,802)	(47,571)
<b>Net change in total pension liability</b>	<u>189,960</u>	<u>79,454</u>	<u>81,162</u>	<u>194,813</u>	<u>141,401</u>
<b>Total pension liability - beginning</b>	1,829,774	1,750,320	1,669,158	1,474,345	1,332,944
<b>Total pension liability - ending (A)</b>	<u>\$ 2,019,734</u>	<u>\$ 1,829,774</u>	<u>\$ 1,750,320</u>	<u>\$ 1,669,158</u>	<u>\$ 1,474,345</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 52,569	\$ 46,963	\$ 22,335	\$ 20,165	\$ 39,390
Contributions - employees	27,604	22,153	16,949	15,354	22,331
Net investment income (loss)	(78,133)	279,866	109,931	27,654	68,005
Benefit payments, including refunds of employee contributions	(95,128)	(89,837)	(75,188)	(95,802)	(47,571)
Other (net transfer)	(1,533)	(1,507)	(1,725)	(3,892)	(897)
<b>Net change in plan fiduciary net position</b>	<u>(94,621)</u>	<u>257,638</u>	<u>72,302</u>	<u>(36,521)</u>	<u>81,258</u>
<b>Plan fiduciary net position - beginning</b>	1,928,184	1,670,546	1,598,244	1,634,765	1,553,507
<b>Plan fiduciary net position - ending (B)</b>	<u>\$ 1,833,563</u>	<u>\$ 1,928,184</u>	<u>\$ 1,670,546</u>	<u>\$ 1,598,244</u>	<u>\$ 1,634,765</u>
<b>Net pension (asset) liability - ending (A) - (B)</b>	<u>\$ 186,171</u>	<u>\$ (98,410)</u>	<u>\$ 79,774</u>	<u>\$ 70,914</u>	<u>\$ (160,420)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.78%	105.38%	95.44%	95.75%	110.88%
<b>Covered payroll</b>	\$ 613,414	\$ 492,279	\$ 376,645	\$ 341,197	\$ 373,016
<b>Net pension (asset) liability as a percentage of covered payroll</b>	30.35%	(19.99%)	21.18%	20.78%	(43.01%)

**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.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**Schedule of Employer Contributions  
Illinois Municipal Retirement Fund  
Last Five Calendar Years**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2018	\$ 52,570 *	\$ 52,569	\$ 1	\$ 613,414	8.57%
2017	46,963 *	46,963	-	492,279	9.54%
2016	22,335 *	22,334	1	376,645	5.93%
2015	20,165 *	20,164	1	341,197	5.91%
2014	37,077 *	39,390	(2,313)	373,016	10.56%

**Notes to Schedule:**

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

**Valuation Date:**

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

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

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

***Other Information:***

Notes: There were no benefit changes during the year.

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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

	<b>FY2018*</b>	<b>FY2017*</b>	<b>FY2016*</b>	<b>FY2015*</b>	<b>FY2014*</b>
Employer's proportion of the net pension liability	0.0000796396%	0.0000810718%	0.0000906495%	0.0000949716%	0.0000941630%
Employer's proportionate share of the net pension liability	\$ 62,075	\$ 61,937	\$ 71,555	\$ 62,216	\$ 57,306
State's proportionate share of the net pension liability associated with the employer	4,252,396	4,263,895	4,804,340	3,715,110	3,573,659
<b>Total</b>	<b>\$ 4,314,471</b>	<b>\$ 4,325,832</b>	<b>\$ 4,875,895</b>	<b>\$ 3,777,326</b>	<b>\$ 3,630,965</b>
Employer's covered payroll	\$ 577,614	\$ 618,297	\$ 601,808	\$ 573,653	\$ 677,630
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.7%	10.0%	11.9%	10.8%	8.5%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	39.3%	36.4%	41.5%	43.0%

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

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

	<b>FY2019**</b>	<b>FY2018**</b>	<b>FY2017**</b>	<b>FY2016**</b>	<b>FY2015**</b>	<b>FY2014**</b>
Statutorily-required contribution	\$ 3,186	\$ 3,350	\$ 3,324	\$ 3,490	\$ 3,327	\$ 3,370
Contributions in relation to the statutorily-required contribution	3,811	3,471	3,284	3,490	3,327	3,375
Contribution deficiency (excess)	\$ (625)	\$ (121)	\$ 40	\$ -	\$ -	\$ (5)
Employer's covered payroll	\$ 549,373	\$ 577,614	\$ 618,297	\$ 601,808	\$ 573,653	\$ 677,630
Contributions as a percentage of covered payroll	0.69%	0.60%	0.53%	0.58%	0.58%	0.50%

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

**Notes to Required Supplementary Information**

**Changes of assumptions**

For the 2018, 2017 and 2016 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.

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

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

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability  
Teachers' Health Insurance Security Fund  
Last Three Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's proportion of the collective net OPEB liability	0.0024370000%	0.0025040000%	0.0025840000%
Employer's proportionate share of the collective net OPEB liability	\$ 641,964	\$ 649,651	\$ 706,827
State's proportionate share of the collective net OPEB liability associated with the employer	861,988	853,196	979,263
Total	<u>\$ 1,503,952</u>	<u>\$ 1,502,847</u>	<u>\$ 1,686,090</u>
Employer's covered payroll	\$ 577,614	\$ 618,297	\$ 601,808
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	111.1%	105.1%	117.5%
Plan fiduciary net position as a percentage of the total OPEB liability	(0.07%)	(0.17%)	(0.22%)

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

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

**Schedule of Employer Contributions  
Teachers' Health Insurance Security Fund  
Last Four Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 5,054	\$ 5,083	\$ 4,814	\$ 4,814
Contributions in relation to the statutorily-required contribution	5,054	5,083	4,814	4,360
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454</u>
Employer's covered payroll	\$ 549,373	\$ 577,614	\$ 618,297	\$ 601,808
Contributions as a percentage of covered payroll	0.92%	0.88%	0.78%	0.72%

Changes of Benefit Term

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

Changes of assumptions

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

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



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**Schedule of Changes in the Total OPEB Liability and Related Ratios  
Health Insurance Plan**

Measurement Date June 30,	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>		
Service cost	\$ 5,322	\$ 5,124
Interest	3,641	3,315
Differences between expected and actual experience	-	-
Changes of assumptions	8,288	-
Benefit payments	-	-
<b>Net change in total OPEB liability</b>	17,251	8,439
<b>Total OPEB liability - beginning</b>	94,095	85,656
<b>Total OPEB liability - ending</b>	\$ 111,346	\$ 94,095
 <b>Covered payroll</b>	 \$ 609,895	 \$ 672,373
 <b>Total OPEB liability as a percentage of covered payroll</b>	 18.26%	 13.99%

**Notes to Schedule:**

Changes of Benefit Terms

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

Changes of Assumptions

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.87% to 3.50% for the current year. The rate has been updated to the current Fiscal Year-End based on changes in market conditions as reflected in the Index. Since the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the total OPEB Liability was also changed from 3.87% to 3.50%.

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.

OTHER SUPPLEMENTAL INFORMATION

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
GENERAL FUND  
COMBINING SCHEDULE OF ACCOUNTS  
JUNE 30, 2019**

**SCHEDULE 1**

	<u>General Operations</u>	<u>General State Aid</u>	<u>Lincoln School</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 3,369,375	\$ 10,193	\$ 3,379,568
Accounts receivable	12	-	-	12
Due from other funds	-	663,496	-	663,496
Prepaid expenses	-	79,349	-	79,349
<b>TOTAL ASSETS</b>	<u>12</u>	<u>4,112,220</u>	<u>10,193</u>	<u>4,122,425</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	22,993	-	22,993
Due to other funds	575,380	-	-	575,380
Total liabilities	<u>575,380</u>	<u>22,993</u>	<u>-</u>	<u>598,373</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	79,349	-	79,349
Unassigned	(575,368)	4,009,878	10,193	3,444,703
Total fund balances (deficit)	<u>(575,368)</u>	<u>4,089,227</u>	<u>10,193</u>	<u>3,524,052</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 12</u>	<u>\$ 4,112,220</u>	<u>\$ 10,193</u>	<u>\$ 4,122,425</u>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
GENERAL FUND**

**SCHEDULE 2**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>General Operations</b>	<b>General State Aid</b>	<b>Lincoln School</b>	<b>Totals</b>
<b>REVENUES</b>				
Local sources	\$ 14,869	\$ 78,295	\$ 5,540	\$ 98,704
State sources	-	885,596	-	885,596
Federal sources	-	-	-	-
On-behalf payments - local	617,716	-	-	617,716
On-behalf payments - State	296,255	-	-	296,255
Total revenues	<u>928,840</u>	<u>963,891</u>	<u>5,540</u>	<u>1,898,271</u>
<b>EXPENDITURES</b>				
Instructional services:				
Salaries and benefits	-	367,242	-	367,242
Purchased services	16,882	541,338	-	558,220
Supplies and materials	1,700	17,624	5,381	24,705
On-behalf payments - local	617,716	-	-	617,716
On-behalf payments - State	296,255	-	-	296,255
Intergovernmental:				
Payments to governments	-	-	-	-
Total expenditures	<u>932,553</u>	<u>926,204</u>	<u>5,381</u>	<u>1,864,138</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,713)</u>	<u>37,687</u>	<u>159</u>	<u>34,133</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(10,454)	-	(10,454)
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	(3,713)	27,233	159	23,679
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>(571,655)</u>	<u>4,061,994</u>	<u>10,034</u>	<u>3,500,373</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ (575,368)</u>	<u>\$ 4,089,227</u>	<u>\$ 10,193</u>	<u>\$ 3,524,052</u>

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
EDUCATION FUND  
COMBINING SCHEDULE OF ACCOUNTS  
JUNE 30, 2019

SCHEDULE 3

	Title II - Teacher Quality	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative/ Optional Education	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	88,116	26,369	17,329	131,814
Prepaid expenses	-	-	9,440	5,538	14,978
<b>TOTAL ASSETS</b>	<b>-</b>	<b>88,116</b>	<b>35,809</b>	<b>22,867</b>	<b>146,792</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	-	-	35,809	22,867	58,676
Due to other funds	-	88,116	-	-	88,116
Total liabilities	-	88,116	35,809	22,867	146,792
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	26,369	17,329	43,698
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	9,440	5,538	14,978
Unassigned	-	-	(35,809)	(22,867)	(58,676)
Total fund balances (deficit)	-	-	(26,369)	(17,329)	(43,698)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 88,116</b>	<b>\$ 35,809</b>	<b>\$ 22,867</b>	<b>\$ 146,792</b>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
EDUCATION FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 4**

	<u>Title II - Teacher Quality</u>	<u>McKinney Education for Homeless Children</u>	<u>Regional Safe Schools</u>	<u>Truants Alternative/ Optional Education</u>	<u>Totals</u>
<b>REVENUES</b>					
State sources	\$ -	\$ -	\$ 316,433	\$ 207,926	\$ 524,359
Federal sources	8,100	612,748	-	-	620,848
Total revenues	<u>8,100</u>	<u>612,748</u>	<u>316,433</u>	<u>207,926</u>	<u>1,145,207</u>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	-	127,923	295,727	208,589	632,239
Pension expense	-	-	3,025	-	3,025
OPEB expense	-	-	5,054	-	5,054
Purchased services	8,100	40,151	15,352	2,726	66,329
Supplies and materials	-	56,271	3,343	1,000	60,614
Intergovernmental:					
Payments to other governments	-	387,989	-	-	387,989
Capital outlay	-	414	-	-	414
Total expenditures	<u>8,100</u>	<u>612,748</u>	<u>322,501</u>	<u>212,315</u>	<u>1,155,664</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(6,068)</u>	<u>(4,389)</u>	<u>(10,457)</u>
<b>OTHER FINANCING SOURCE</b>					
Transfer in	<u>-</u>	<u>-</u>	<u>6,065</u>	<u>4,389</u>	<u>10,454</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>(3)</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>(26,366)</u>	<u>(17,329)</u>	<u>(43,695)</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,369)</u>	<u>\$ (17,329)</u>	<u>\$ (43,698)</u>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
EDUCATION FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 5**

	<b>Title II - Teacher Quality</b>				<b>McKinney Education for Homeless Children</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Favorable (Unfavorable)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	8,120	8,100	8,100	-	550,687	623,661	612,748	(10,913)
Total revenues	8,120	8,100	8,100	-	550,687	623,661	612,748	(10,913)
<b>EXPENDITURES</b>								
Salaries and benefits	-	-	-	-	128,197	128,197	127,923	274
Pension expense	-	-	-	-	-	-	-	-
OPEB expense	-	-	-	-	-	-	-	-
Purchased services	8,120	8,100	8,100	-	53,965	40,539	40,151	388
Supplies and materials	-	-	-	-	10,725	55,175	56,271	(1,096)
Capital outlay	-	-	-	-	700	850	414	436
Payments to other governments	-	-	-	-	357,100	398,900	387,989	10,911
Total expenditures	8,120	8,100	8,100	-	550,687	623,661	612,748	10,913
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>OTHER FINANCING SOURCE</b>								
Transfer in			-				-	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			-				-	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>			<b>\$ -</b>				<b>\$ -</b>	

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
EDUCATION FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 5  
(CONTINUED)**

	<b>Regional Safe Schools</b>				<b>Truants Alternative/Optional Education</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Favorable (Unfavorable)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>								
State sources	\$ 316,436	\$ 316,436	\$ 316,433	\$ (3)	\$ 207,926	\$ 207,926	\$ 207,926	\$ -
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>316,436</u>	<u>316,436</u>	<u>316,433</u>	<u>(3)</u>	<u>207,926</u>	<u>207,926</u>	<u>207,926</u>	<u>-</u>
<b>EXPENDITURES</b>								
Salaries and benefits	296,840	296,840	295,727	1,113	204,198	204,198	208,589	(4,391)
Pension expense	-	-	3,025	(3,025)	-	-	-	-
OPEB expense	-	-	5,054	(5,054)	-	-	-	-
Purchased services	18,033	16,253	15,352	901	2,728	2,728	2,726	2
Supplies and materials	1,563	3,343	3,343	-	1,000	1,000	1,000	-
Capital outlay	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Total expenditures	<u>316,436</u>	<u>316,436</u>	<u>322,501</u>	<u>(6,065)</u>	<u>207,926</u>	<u>207,926</u>	<u>212,315</u>	<u>(4,389)</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,068)</u>	<u>\$ (6,068)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,389)</u>	<u>\$ (4,389)</u>
<b>OTHER FINANCING SOURCE</b>								
Transfer in			<u>6,065</u>				<u>4,389</u>	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			<u>(26,366)</u>				<u>(17,329)</u>	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>			<u>\$ (26,369)</u>				<u>\$ (17,329)</u>	



**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
EDUCATION FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 5  
(CONTINUED)**

	<b>Totals</b>			Variance with Final Budget - Favorable (Unfavorable)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
State sources	\$ 524,362	\$ 524,362	\$ 524,359	\$ (3)
Federal sources	558,807	631,761	620,848	(10,913)
Total revenues	<u>1,083,169</u>	<u>1,156,123</u>	<u>1,145,207</u>	<u>(10,916)</u>
<b>EXPENDITURES</b>				
Salaries and benefits	629,235	629,235	632,239	(3,004)
Pension expense	-	-	3,025	(3,025)
OPEB expense	-	-	5,054	(5,054)
Purchased services	82,846	67,620	66,329	1,291
Supplies and materials	13,288	59,518	60,614	(1,096)
Capital outlay	700	850	414	436
Payments to other governments	357,100	398,900	387,989	10,911
Total expenditures	<u>1,083,169</u>	<u>1,156,123</u>	<u>1,155,664</u>	<u>459</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(10,457)</u>	<u>\$ (10,457)</u>
<b>OTHER FINANCING SOURCE</b>				
Transfer in			<u>10,454</u>	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			<u>(43,695)</u>	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>			<u>\$ (43,698)</u>	

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
COMBINING SCHEDULE OF ACCOUNTS  
JUNE 30, 2019**

**SCHEDULE 6**

	<b>ROE/ISC Operations</b>	<b>Title I - School Improvement and Accountability</b>	<b>Grundy/Kendall County ROE/ISC Operations</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
<b>FUND BALANCES</b>				
Assigned	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 7**

	<b>ROE/ISC Operations</b>	<b>Title I - School Improvement and Accountability</b>	<b>Grundy/Kendall County ROE/ISC Operations</b>	<b>Totals</b>
<b>REVENUES</b>				
State sources	\$ 283,413	\$ -	\$ 160,351	\$ 443,764
Federal sources	-	91,879	-	91,879
Total revenues	<u>283,413</u>	<u>91,879</u>	<u>160,351</u>	<u>535,643</u>
<b>EXPENDITURES</b>				
Instructional services:				
Salaries and benefits	181,915	5,167	98,399	285,481
Pension expense	9,762	1,218	5,341	16,321
Purchased services	89,657	19,914	53,945	163,516
Supplies and materials	2,079	4,924	2,666	9,669
Intergovernmental:				
Payments to other governments	-	56,488	-	56,488
Total expenditures	<u>283,413</u>	<u>87,711</u>	<u>160,351</u>	<u>531,475</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>4,168</u>	<u>-</u>	<u>4,168</u>
<b>OTHER FINANCING SOURCE</b>				
Transfers in	<u>-</u>	<u>1,699</u>	<u>-</u>	<u>1,699</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>5,867</u>	<u>-</u>	<u>5,867</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>(5,867)</u>	<u>-</u>	<u>(5,867)</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 8**

	ROE/ISC Operations				Title I - School Improvement and Accountability			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts*		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
<b>REVENUES</b>								
State sources	\$ 283,413	\$ 283,413	\$ 283,413	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-	91,879	91,879
Total revenues	283,413	283,413	283,413	-	-	-	91,879	91,879
<b>EXPENDITURES</b>								
Salaries and benefits	191,418	191,418	181,915	9,503	-	-	5,167	(5,167)
Pension expense	-	-	9,762	(9,762)	-	-	1,218	(1,218)
Purchased services	89,916	89,916	89,657	259	-	-	19,914	(19,914)
Supplies and materials	2,079	2,079	2,079	-	-	-	4,924	(4,924)
Payments to other governments	-	-	-	-	-	-	56,488	(56,488)
Total expenditures	283,413	283,413	283,413	-	-	-	87,711	(87,711)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,168</u>	<u>\$ 4,168</u>
<b>OTHER FINANCING SOURCE</b>								
Transfers in			-				1,699	
<b>NET CHANGE IN FUND BALANCES</b>			-				5,867	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			-				(5,867)	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ -</u>				<u>\$ -</u>	

\* There were no budget amounts for Title I - School Improvement and Accountability since the grant ended in fiscal year 2018. The grant in fiscal year 2018 ran from July 1, 2017 through September 30, 2018.

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 8  
(CONTINUED)**

	<b>Grundy/Kendall County ROE/ISC Operations</b>				<b>Totals</b>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>								
State sources	\$ 160,351	\$ 160,351	\$ 160,351	\$ -	\$ 443,764	\$ 443,764	\$ 443,764	\$ -
Federal sources	-	-	-	-	-	-	91,879	91,879
Total revenues	<u>160,351</u>	<u>160,351</u>	<u>160,351</u>	<u>-</u>	<u>443,764</u>	<u>443,764</u>	<u>535,643</u>	<u>91,879</u>
<b>EXPENDITURES</b>								
Salaries and benefits	103,465	103,465	98,399	5,066	294,883	294,883	285,481	9,402
Pension expense	-	-	5,341	(5,341)	-	-	16,321	(16,321)
Purchased services	54,086	54,086	53,945	141	144,002	144,002	163,516	(19,514)
Supplies and materials	2,800	2,800	2,666	134	4,879	4,879	9,669	(4,790)
Payments to other governments	-	-	-	-	-	-	56,488	(56,488)
Total expenditures	<u>160,351</u>	<u>160,351</u>	<u>160,351</u>	<u>-</u>	<u>443,764</u>	<u>443,764</u>	<u>531,475</u>	<u>(87,711)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,168</u>	<u>\$ 4,168</u>
<b>OTHER FINANCING SOURCE</b>								
Transfers in			-				1,699	
<b>NET CHANGE IN FUND BALANCES</b>			-				5,867	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			-				(5,867)	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$ -</u>				<u>\$ -</u>	

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

**SCHEDULE 9**

	<b>General Education Development</b>	<b>Bus Driver Training</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 152,537	\$ 122,627	\$ 275,164
Accounts receivable	40	2,930	2,970
<b>TOTAL ASSETS</b>	<u>152,577</u>	<u>125,557</u>	<u>278,134</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	<u>184</u>	<u>2,430</u>	<u>2,614</u>
<b>FUND BALANCES</b>			
Restricted	<u>152,393</u>	<u>123,127</u>	<u>275,520</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 152,577</u>	<u>\$ 125,557</u>	<u>\$ 278,134</u>

**WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 10**

	<b>General Education Development</b>	<b>Bus Driver Training</b>	<b>Totals</b>
<b>REVENUES</b>			
Local sources	\$ 11,145	\$ 19,530	\$ 30,675
State sources	-	3,110	3,110
Total revenues	<u>11,145</u>	<u>22,640</u>	<u>33,785</u>
<b>EXPENDITURES</b>			
Purchased services	2,760	13,613	16,373
Supplies and materials	406	-	406
Miscellaneous	105	-	105
Total expenditures	<u>3,271</u>	<u>13,613</u>	<u>16,884</u>
<b>NET CHANGE IN FUND BALANCES</b>	7,874	9,027	16,901
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>144,519</u>	<u>114,100</u>	<u>258,619</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 152,393</u>	<u>\$ 123,127</u>	<u>\$ 275,520</u>