

**STATE OF ILLINOIS
CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
FINANCIAL AUDIT**

FOR THE YEAR ENDED JUNE 30, 2019

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

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 JUNE 30, 2019

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CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
JUNE 30, 2019

OFFICIALS

Regional Superintendent
(Current, Effective July 1, 2019)

Mr. Gary Lewis

Regional Superintendent
(During the audit period)

Dr. Jane Quinlan

Assistant Regional Superintendent
(Current and during the audit period)

Ms. Donna Kaufman

Office is located at:

3358 Big Pine Trail
Champaign, IL 61822

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
JUNE 30, 2019

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

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	11a-11b	Controls over Financial Statement Preparation	Material Weakness
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PRIOR AUDIT FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
JUNE 30, 2019

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 26, 2019. Attending were Gary Lewis, Regional Superintendent; Donna Kaufman, Assistant Regional Superintendent; Julie Duran, Bookkeeper; Amy Page, Payroll Specialist; Tami Knight, Partner, Kemper CPA Group LLP. The Regional Office did not request a formal exit conference at this time.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
JUNE 30, 2019

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Champaign/Ford Counties Regional Office of Education #9 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Champaign/Ford Counties Regional Office of Education #9'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 Champaign/Ford Counties Regional Office of Education #9, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Champaign/Ford Counties Regional Office of Education #9's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Champaign/Ford Counties Regional Office of Education #9, 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 required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Champaign/Ford Counties Regional Office of Education #9's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2020, on our consideration of the Champaign/Ford Counties Regional Office of Education #9'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 the Champaign/Ford Counties Regional Office of Education #9'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 Champaign/Ford Counties Regional Office of Education #9's internal control over financial reporting and compliance.

ORIGINAL SIGNATURE ON FILE

*Certified Public Accountants
and Consultants*

Mattoon, 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 Champaign/Ford Counties Regional Office of Education #9, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Champaign/Ford Counties Regional Office of Education #9'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 Champaign/Ford Counties Regional Office of Education #9'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 Champaign/Ford Counties Regional Office of Education #9's internal control. Accordingly, we do not express an opinion on the effectiveness of Champaign/Ford Counties Regional Office of Education #9's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Champaign/Ford Counties Regional Office of Education #9'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Champaign/Ford Counties Regional Office of Education #9's Response to Finding

Champaign/Ford Counties Regional Office of Education #9's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Champaign/Ford Counties Regional Office of Education #9's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Champaign/Ford Counties Regional Office of Education #9's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Champaign/Ford Counties Regional Office of Education #9's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ORIGINAL SIGNATURE ON FILE

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
February 11, 2020

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019

SUMMARY OF AUDITORS' RESULTS

Financial Statements in Accordance with GAAP

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

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

Criteria/Specific Requirement:

The Regional Office of Education #9 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to record and present liabilities/assets, deferred outflows of resources, deferred inflows of resources and OPEB expense along with note disclosures and RSI information. This Statement further prescribes the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Condition:

The Regional Office of Education #9 did not have sufficient internal controls over the financial reporting process in order to record and present the pension and OPEB information in accordance with GASB. The ROE maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE’s accounting personnel and Regional Superintendent, auditors noted the ROE did not have adequate controls to record and report the ROE’s net accrued pension liabilities/assets, OPEB liabilities/assets, deferred outflows of resources, deferred inflows of resources, pension expense/income, and OPEB expense/income in accordance with GAAP.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

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

Effect:

The Regional Office of Education #9's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

The Regional Office management indicated the complex requirements of GASB Statements No. 68, No. 71, and No. 75 will require additional time and training before the ROE can fully implement the requirements on its own.

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the ROE should implement comprehensive preparation and/or review procedures to ensure the financial statements, including disclosures are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

Management's Response:

The Regional Office of Education #9 has secured the services of an accounting firm that has significant experience with Regional Offices of Education to prepare a compilation of their financial statements and notes in accordance with GAAP for fiscal year 2020.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Corrective Action Plan

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

Condition:

The Regional Office of Education #9 did not have sufficient internal controls over the financial reporting process in order to record and present the pension and OPEB information in accordance with GASB. The ROE maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, OPEB liabilities/assets, deferred outflows of resources, deferred inflows of resources, pension expense/income, and OPEB expense/income in accordance with GAAP.

Plan:

The Regional Office of Education #9 has secured the services of an accounting firm that has significant experience with Regional Offices of Education to prepare a compilation of their financial statements and notes in accordance with GAAP for fiscal year 2020.

Anticipated Date of Completion:

June 30, 2020

Contact Person Responsible for Corrective Action:

Honorable Gary Lewis, Regional Superintendent of Schools

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS NOT REPEATED
JUNE 30, 2019

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
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There were no prior audit findings not repeated.

BASIC FINANCIAL STATEMENTS

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,078,661	\$ 234,394	\$ 2,313,055
Prepaid expenses	4,050	2,267	6,317
Due (to) from other funds	(27,306)	27,306	-
Due from other governments:			
Local	108,254	72,897	181,151
State	388,472	-	388,472
Federal	89,741	-	89,741
Total Current Assets	<u>2,641,872</u>	<u>336,864</u>	<u>2,978,736</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	162,400	2,811	165,211
Total Noncurrent Assets	<u>162,400</u>	<u>2,811</u>	<u>165,211</u>
TOTAL ASSETS	<u>2,804,272</u>	<u>339,675</u>	<u>3,143,947</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	995,619	-	995,619
Deferred outflows related to OPEB	105,624	-	105,624
Total deferred outflows of resources	<u>1,101,243</u>	<u>-</u>	<u>1,101,243</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	198,807	12,666	211,473
Lease payable, current	3,687	-	3,687
Unearned revenue	337,270	-	337,270
Total Current Liabilities	<u>539,764</u>	<u>12,666</u>	<u>552,430</u>
Noncurrent Liabilities:			
Lease payable, noncurrent	14,935	-	14,935
Compensated absences	16,506	-	16,506
Net pension liability	891,631	-	891,631
OPEB liabilities	1,679,703	-	1,679,703
Total Noncurrent Liabilities	<u>2,602,775</u>	<u>-</u>	<u>2,602,775</u>
TOTAL LIABILITIES	<u>3,142,539</u>	<u>12,666</u>	<u>3,155,205</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	698,302	-	698,302
Deferred inflows related to OPEB	235,132	-	235,132
Total deferred inflows of resources	<u>933,434</u>	<u>-</u>	<u>933,434</u>
NET POSITION			
Net investment in capital assets	143,778	2,811	146,589
Restricted - for educational purposes	428,905	-	428,905
Unrestricted	(743,141)	324,198	(418,943)
TOTAL NET POSITION	<u>\$ (170,458)</u>	<u>\$ 327,009</u>	<u>\$ 156,551</u>

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 2,874,564	\$ -	\$ 1,333,318	\$ (1,541,246)	\$ -	\$ (1,541,246)
Purchased services	976,019	-	520,026	(455,993)	-	(455,993)
Supplies and materials	185,237	-	83,052	(102,185)	-	(102,185)
Other objects	222,400	-	2,758	(219,642)	-	(219,642)
Depreciation expense	62,385	-	-	(62,385)	-	(62,385)
Capital outlay	-	-	93,672	93,672	-	93,672
Pension expense (income)	491,484	-	-	(491,484)	-	(491,484)
OPEB expense	365,898	-	-	(365,898)	-	(365,898)
Intergovernmental:						
Payments to other governments	83,728	-	-	(83,728)	-	(83,728)
Administrative:						
On-behalf payments - State	1,371,598	-	-	(1,371,598)	-	(1,371,598)
Total Governmental Activities	<u>6,633,313</u>	<u>-</u>	<u>2,032,826</u>	<u>(4,600,487)</u>	<u>-</u>	<u>(4,600,487)</u>
Business-Type Activities:						
Charges for services	275,402	277,530	-	-	2,128	2,128
Pension expense	2,932	-	-	-	(2,932)	(2,932)
Total Business-Type Activities	<u>278,334</u>	<u>277,530</u>	<u>-</u>	<u>-</u>	<u>(804)</u>	<u>(804)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 6,911,647</u>	<u>\$ 277,530</u>	<u>\$ 2,032,826</u>	<u>(4,600,487)</u>	<u>(804)</u>	<u>(4,601,291)</u>
GENERAL REVENUES:						
Local sources				1,656,654	-	1,656,654
State sources				347,323	-	347,323
Federal sources				238,817	-	238,817
On-behalf payments				1,371,598	-	1,371,598
Investment earnings, net				3,808	319	4,127
Loss on disposal of capital assets				(310)	-	(310)
Total General Revenues				<u>3,617,890</u>	<u>319</u>	<u>3,618,209</u>
CHANGE IN NET POSITION				(982,597)	(485)	(983,082)
NET POSITION - BEGINNING				812,139	327,494	1,139,633
NET POSITION - ENDING				<u>\$ (170,458)</u>	<u>\$ 327,009</u>	<u>\$ 156,551</u>

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Institute	Education Fund	Non-Major Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,300,120	\$ 542,829	\$ 122,212	\$ 86,136	\$ -	\$ 2,051,297
Due from other funds	402,297	-	-	-	(402,297)	-
Due from other governments:						
Local	105,392	-	-	1,990	-	107,382
State	-	-	388,472	-	-	388,472
Federal	-	-	89,741	-	-	89,741
Prepaid expenses	-	-	4,050			4,050
TOTAL ASSETS	\$ 1,807,809	\$ 542,829	\$ 604,475	\$ 88,126	\$ (402,297)	\$ 2,640,942
LIABILITIES						
Accounts payable and accrued expenses	\$ 159,155	\$ -	\$ 38,784	\$ 868	\$ -	\$ 198,807
Due to other funds	-	-	429,603	-	(402,297)	27,306
Unearned revenue	-	-	337,270	-	-	337,270
Total Liabilities	159,155	-	805,657	868	(402,297)	563,383
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	2,891	-	19,313	50	-	22,254
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	4,050	-	-	4,050
Restricted	-	542,829	133,974	87,208	-	764,011
Assigned	474,807	-	-	-	-	474,807
Unassigned	1,170,956	-	(358,519)	-	-	812,437
Total Fund Balances (Deficits)	1,645,763	542,829	(220,495)	87,208	-	2,055,305
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICITS)	\$ 1,807,809	\$ 542,829	\$ 604,475	\$ 88,126	\$ (402,297)	\$ 2,640,942

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2019

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS		\$ 2,055,305
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		162,400
Lease payable reflects capital lease payments related to capital assets that the Regional Office of Education #9 will recognize as an expense when paid in the governmental fund financial statements.		(18,622)
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.		22,254
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows:		
Deferred outflows of resources	\$ 1,101,243	
Deferred inflows of resources	<u>(933,434)</u>	167,809
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated absences	\$ (16,506)	
TRS net pension liability	(153,798)	
IMRF net pension liability	(737,833)	
OPEB Liability	<u>(1,679,703)</u>	(2,587,840)
The Internal Service Fund is used by management to charge the costs of general accounting services of the Regional Office of Education #9 to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		
Net Position - Internal Service Fund	\$ 28,612	
Less capital assets of Internal Service Fund included in the total above	<u>(376)</u>	<u>28,236</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (170,458)</u>

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Institute	Education Fund	Non-Major Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES						
Local sources	\$ 1,513,591	\$ 60,440	\$ 2,126	\$ 17,011	\$ -	\$ 1,593,168
State sources	603,840	-	1,882,274	1,375	-	2,487,489
Federal sources	35,556	-	441,784	-	-	477,340
State sources- on-behalf payments	272,619	-	-	-	-	272,619
Investment income	1,518	524	153	90	-	2,285
Total Revenues	<u>2,427,124</u>	<u>60,964</u>	<u>2,326,337</u>	<u>18,476</u>	<u>-</u>	<u>4,832,901</u>
EXPENDITURES						
Instructional Services:						
Salaries and benefits	1,376,052	20,783	1,401,339	5,000	-	2,803,174
Pension expense	41,394	1,796	52,781	172	-	96,143
OPEB expense	19,128	-	-	-	-	19,128
Purchased services	234,440	58,031	655,823	6,798	-	955,092
Supplies and materials	90,889	1,087	86,201	167	-	178,344
Other objects	209,630	-	12,720	-	-	222,350
On-behalf payments	272,619	-	-	-	-	272,619
Intergovernmental:						
Payments to other governments	-	-	83,728	-	-	83,728
Capital outlay	34,952	-	58,720	-	-	93,672
Total Expenditures	<u>2,279,104</u>	<u>81,697</u>	<u>2,351,312</u>	<u>12,137</u>	<u>-</u>	<u>4,724,250</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>148,020</u>	<u>(20,733)</u>	<u>(24,975)</u>	<u>6,339</u>	<u>-</u>	<u>108,651</u>
OTHER FINANCING SOURCES (USES):						
Repayment of long-term lease payable	(2,030)	-	-	-	-	(2,030)
Interest expense	(154)	-	-	-	-	(154)
Total Other Financing Sources (Uses)	<u>(2,184)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,184)</u>
NET CHANGE IN FUND BALANCES	145,836	(20,733)	(24,975)	6,339	-	106,467
FUND BALANCES (DEFICIT) - BEGINNING - Restated (See Note 15)	<u>1,499,927</u>	<u>563,562</u>	<u>(195,520)</u>	<u>80,869</u>	<u>-</u>	<u>1,948,838</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 1,645,763</u>	<u>\$ 542,829</u>	<u>\$ (220,495)</u>	<u>\$ 87,208</u>	<u>\$ -</u>	<u>\$ 2,055,305</u>

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 106,467

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

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

Repayment of capital lease payable	2,030
------------------------------------	-------

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

Capital outlay	\$ 93,672	
Depreciation expense	<u>(62,385)</u>	31,287

Governmental funds report capital outlays as expenditures at the time of purchase, therefore, when an asset is disposed of in a noncash transaction it is not reflected in the governmental activities financial statements at the time of disposal. However, in the Statement of Activities the difference between the asset's original cost and its related accumulated depreciation is reported as a loss on the disposal of capital assets.

(310)

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

Current year unavailable revenue	\$ 22,254	
Prior year unavailable revenue	<u>(408,134)</u>	(385,880)

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

Current year decrease in compensated absences		3,122
Pension (expense) income		(390,516)
OPEB (expense) income		(346,770)

The Internal Service Fund is used by management to charge the costs of general accounting services of Regional Office of Education #9 to individual funds. The net expense of the internal service fund is reported with governmental activities - excluding the related depreciation expense of \$188, loss on disposal, and pension expense, which is included items above.

(2,027)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (982,597)

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	Local Workshops	Nonmajor Enterprise Fund	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 228,183	\$ 6,211	\$ 234,394	\$ 27,364
Prepaid expenses	2,267	-	2,267	-
Due from other funds	27,306	-	27,306	-
Due from other governments:				
Local	72,672	225	72,897	872
Total Current Assets	<u>330,428</u>	<u>6,436</u>	<u>336,864</u>	<u>28,236</u>
Noncurrent Assets				
Capital assets, being depreciated, net	2,811	-	2,811	376
Total Noncurrent Assets	<u>2,811</u>	<u>-</u>	<u>2,811</u>	<u>376</u>
TOTAL ASSETS	<u>333,239</u>	<u>6,436</u>	<u>339,675</u>	<u>28,612</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	12,666	-	12,666	-
Total Current Liabilities	<u>12,666</u>	<u>-</u>	<u>12,666</u>	<u>-</u>
TOTAL LIABILITIES	<u>12,666</u>	<u>-</u>	<u>12,666</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,811	-	2,811	376
Restricted	-	-	-	-
Unrestricted	<u>317,762</u>	<u>6,436</u>	<u>324,198</u>	<u>28,236</u>
TOTAL NET POSITION	<u>\$ 320,573</u>	<u>\$ 6,436</u>	<u>\$ 327,009</u>	<u>\$ 28,612</u>

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Fund		Total	Governmental Activities- Internal Service Fund
	Local Workshops	Nonmajor Enterprise Fund		
OPERATING REVENUES				
Charges for services	\$ 269,578	\$ 7,952	\$ 277,530	\$ 98,596
Total Operating Revenues	<u>269,578</u>	<u>7,952</u>	<u>277,530</u>	<u>98,596</u>
OPERATING EXPENSES				
Salaries and benefits	69,435	-	69,435	74,512
Pension expense	2,932	-	2,932	4,825
Purchased services	190,098	9,338	199,436	20,927
Supplies and materials	4,299	-	4,299	6,893
Other objects	1,358	-	1,358	50
Depreciation	874	-	874	188
Total Operating Expenses	<u>268,996</u>	<u>9,338</u>	<u>278,334</u>	<u>107,395</u>
OPERATING INCOME (LOSS)	<u>582</u>	<u>(1,386)</u>	<u>(804)</u>	<u>(8,799)</u>
NONOPERATING REVENUE (EXPENSE)				
Loss on disposal of assets	-	-	-	(310)
Interest income	315	4	319	1,677
Total Nonoperating Revenue	<u>315</u>	<u>4</u>	<u>319</u>	<u>1,367</u>
CHANGE IN NET POSITION	897	(1,382)	(485)	(7,432)
TOTAL NET POSITION - BEGINNING	<u>319,676</u>	<u>7,818</u>	<u>327,494</u>	<u>36,044</u>
TOTAL NET POSITION - ENDING	<u>\$ 320,573</u>	<u>\$ 6,436</u>	<u>\$ 327,009</u>	<u>\$ 28,612</u>

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Fund		Totals	Governmental Activities - Internal Service Fund
	Local Workshops	Nonmajor Enterprise Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 214,959	\$ 7,727	\$ 222,686	\$ 98,504
Payments to suppliers and providers of goods and services	(192,722)	(9,338)	(202,060)	(27,870)
Payments to employees	(61,403)	-	(61,403)	(56,233)
Net Cash Provided by (Used for) Operating Activities	<u>(39,166)</u>	<u>(1,611)</u>	<u>(40,777)</u>	<u>14,401</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash loan payments to other funds	69,590	-	69,590	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>69,590</u>	<u>-</u>	<u>69,590</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(1,699)	-	(1,699)	-
Proceeds from disposal of capital assets	-	-	-	85
Net Cash Provided by (Used) for Capital and Related Financing Activities	<u>(1,699)</u>	<u>-</u>	<u>(1,699)</u>	<u>85</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned	315	4	319	1,677
Net Cash Provided by Investing Activities	<u>315</u>	<u>4</u>	<u>319</u>	<u>1,677</u>
Net Increase (Decrease) in Cash and Cash Equivalents	29,040	(1,607)	27,433	16,163
CASH AND CASH EQUIVALENTS, BEGINNING	<u>199,143</u>	<u>7,818</u>	<u>206,961</u>	<u>11,201</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 228,183</u>	<u>\$ 6,211</u>	<u>\$ 234,394</u>	<u>\$ 27,364</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 582	\$ (1,386)	\$ (804)	\$ (8,799)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	874	-	874	188
Effects of changes in assets and liabilities:				
Prepaid expenses	3,033	-	3,033	-
Due from other governments	(54,619)	(225)	(54,844)	(92)
Accounts payable and accrued expenses	10,964	-	10,964	-
Effects of changes in deferred inflows, outflows, and net pension liability/asset	-	-	-	23,104
Net Cash Provided by (Used for) Operating Activities	<u>\$ (39,166)</u>	<u>\$ (1,611)</u>	<u>\$ (40,777)</u>	<u>\$ 14,401</u>

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

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 87,239
Due from other governments	275,435
TOTAL ASSETS	\$ 362,674
 LIABILITIES	
Accounts payable and accrued expenses	\$ 362,512
Due to other governments	162
TOTAL LIABILITIES	\$ 362,674

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Champaign/Ford Counties Regional Office of Education #9 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2019, the Regional Office 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*. The Implementation of GASB Statement No. 83, and GASB Statement No. 88 had no significant impact on the financial statements of the Regional Office.

A. DATE OF MANAGEMENT’S REVIEW

Management 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 teachers institutes as well as to aid and encourage the formation of other teachers’ meetings and assist in their management; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent’s office; and to file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #9’s districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
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 responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2019, the Regional Office of Education #9 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #9. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #9's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #9 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #9 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #9 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #9 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #9 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #9's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education has one business-type activity that relies on fees and charges for support.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Regional Office of Education #9's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #9 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #9's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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

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

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on a specific purpose or project before any amounts will be paid to the Regional Office of Education #9; 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.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Regional Office of Education #9 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #9's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

G. FUND ACCOUNTING

The Regional Office of Education #9 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #9 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #9 has presented all major funds that met the above qualifications.

The Regional Office of Education #9 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #9. It is used to account for the expenditures that benefit all school districts in the Region except those required to be accounted for and reported in other funds. General Funds include the following:

General Operations - Accounts for monies received for, and payment of, expenditures for the general administration of the Regional Office of Education #9 operations.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

IL Learning Technology Purchase Program - Accounts for monies received for, and payment of, expenditures for a fund created as a consortium of Learning Technology Centers, Regional Offices of Educations and school districts to purchase software, hardware and peripherals at competitive pricing from accredited suppliers.

Regional Education Alternative for Developing Youth (READY) - Accounts for grant monies and local fees received for, and payment of, expenditures to administer an alternative school program for at-risk students in grades 6-12. The READY fund also includes the School Breakfast Program and National School Lunch Program. In addition, the READY program is funded by the General State Aid.

School Family Liaison Local - Accounts for monies received for, and payment of, expenditures for a program that assists with the treatment of child abuse victims and helps prevent child abuse situations.

Summer Freedom School - Accounts for monies received for, and payment of, expenditures for summer literacy program designed by the Children’s Defense Fund to promote cultural and social pride, and to motivate youth to read. Youth read and engage in literacy activities on a daily basis and participate in afternoon rotation activities and field trips both in and out of the community and State.

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

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

Area IV Learning Technology Hub - Accounts for the grant monies received for, and payment of, expenditures for programs that provide assistance to local districts and schools for the implementation and support of a comprehensive system that effectively uses technology in schools to improve student academic achievement.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Foundational Services - This program is a collaborative, statewide initiative between the ISBE and the Illinois Association of Regional Superintendent of Schools. The purpose is for each Regional Office of Education to provide consistent information and regional trainings to district participants in the following five areas: Continuous Improvement Planning, Balanced Assessment, Teacher Evaluation, New Illinois Learning Standards (Common Core) English Language Arts, and New Illinois Learning Standards (Common Core) Mathematics. The Regional Offices send each designated regional trainer to an area-wide training, and then a regional training is scheduled for the districts to attend. Each of the five areas has at least three modules of training with some areas having as many as seven. Foundational Services has been developed as a “Training of Trainers” model with the desired outcome being sustainability of initiatives at the district level.

Juvenile Detention Center - Accounts for monies received from the Urbana School District #116 to provide an educational program for the students serving time at the Juvenile Detention Center.

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

McKinney-Vento Homeless Children & Youth Program - Accounts for grant monies received for, and payment of, expenditures for federal Statewide grant under McKinney-Vento Homeless Children and Youth Program. This program provides assistance to schools who work with the homeless youth.

Other State Programs - This program accounts for grant monies that provide work cooperative education to students who are at risk of dropping out of school by offering the students a work-based experience.

Regional Safe Schools – To work with students in grades 6-12 who have been suspended multiple times or expelled from school, allowing them to continue their education. It accounts for aid provided by the State based on students that attend the Regional Educational Alternative for Developing Youth and Alternative School programs.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

RtI Network - The Illinois RtI Network provides standardized professional development, technical assistance, and coaching to educators and parents throughout the State. These services focus on improving student performance in grades K-12 through the implementation of a multi-tiered system of instruction, intervention, and assessment, including RtI, with an emphasis on administrative leadership; scientific, research-based reading and math curricula and instruction at grades K-12; data-based decision making; universal screening and progress monitoring; and parent involvement. A standardized curriculum and a systematic professional development, technical assistance, and coaching structure are used to improve the consistency of project services.

Schoolworks Operations - Accounts for a grant that provides professional development and training for teachers and administrators in Champaign, Ford and Vermilion Counties in the areas of gifted education, school improvement, staff development, and technology through workshops, study groups, on-site training, phone assistance, and consultation.

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

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

Workforce Investment – This program accounts for grant monies received from the Department of Labor to promote youth employment programs for eligible youth, ages 14-24, who face barriers to education, training and employment.

Institute Fund - Accounts for teacher license registrations, issuance and evaluation fees for processing certificates, and expenses for meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - Nonmajor special revenue funds include the following:

General Education Development (GED) - Accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds (Concluded)

School Bus Driver Training - Accounts for State and local receipts and expenses as a result of training school district bus drivers.

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenues and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #9 reports the following proprietary fund:

Local Workshops - Accounts for monies received from registration fees for trainings and workshops conducted by the Regional Office of Education #9 for the school district administrators and professionals. This fund also includes LTC Workshop which was previously reported in the prior year under the Area IV Learning Technology Hub.

Nonmajor Enterprise Fund - Nonmajor enterprise fund consists of:

HR Solutions (Tomlinson) - Accounts for monies received from participating school districts which are used to provide technical assistance and training on human resources issues.

The Regional Office of Education #9 reports the following internal service fund:

Internal Service Fund - Accounts for the general accounting services and other expenses provided to other operating areas and programs of the Regional Office of Education #9 on a cost-reimbursement basis.

FIDUCIARY FUNDS

Agency Funds – Agency funds are used to account for assets held by the Regional Office of Education #9 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #9 reports the following agency funds:

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Agency Funds (Concluded)

County School Facility Sales Tax - This fund accounts for monies received from the Champaign County representing 1% of the county's sales tax revenues. In accordance with the School Code 105 ILCS 5/3-14.31, proceeds from the sales tax revenues are distributed to the school districts in Champaign County based on student enrollment.

Payroll Clearing - This fund receives money from other funds to pay for the payroll expenses of the Regional Office of Education #9 and the Rural Champaign Co. Special Education Coop.

Regional Board of Trustees - This fund accounts for the monies received from, and disbursed for, the activities of the Regional Board of Trustees.

H. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – The portion of a governmental fund's net position that is not available to be spent, either short term or long term, due to either their form or legal restrictions. The Education Fund Area IV Learning Technology Hub Program account has a nonspendable fund balance.

Restricted Fund Balance – The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following fund balances are restricted by Illinois Statute: Institute, General Education Development and Bus Driver Training. The following Education Funds are restricted by grantor or donor restrictions: Juvenile Detention Center and McKinney-Vento Homeless Children & Youth Program.

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 Champaign/Ford Counties Regional Office of Education has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The General Fund IL Learning Technology Purchase Program account has an assigned fund balance.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are comprised of unassigned fund balances: General Operations and Regional Education Alternative for Developing Youth. The following Education Fund accounts are comprised of unassigned fund balance deficits: Area IV Learning Technology Hub, Other State Programs, Regional Safe Schools and TAOEP.

I. NET POSITION

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

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

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

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

J. CASH AND CASH EQUIVALENTS

The Champaign/Ford Counties Regional Office of Education #9’s cash and cash equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund’s Statement of Revenues, Expenditures, and Changes in Fund Balances.

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than three years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 3-20 years.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

M. COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Any accruals as of June 30th are reported as a liability for compensated absences in the basic financial statements.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and 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.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

For purposes of measuring the Regional Office of Education #9's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education #9's OPEB Plan and additions to/deductions from the Regional Office of Education #9's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education #9's Plan. For this purpose, the Regional Office of Education #9's Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

O. BUDGET INFORMATION

The Regional Office of Education #9 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Area IV Learning Technology Hub, Math & Science Resources – 7B, McKinney-Vento Homeless Children & Youth Program, Other State Programs, Regional Safe School, Schoolworks Operations (19-3730), Title II Teacher Quality – Leadership, and TAOEP.

NOTE 2 – CASH

A. DEPOSITS

At June 30, 2019, the carrying amounts of the Regional Office of Education #9's government-wide fund and agency fund deposits were \$2,313,055 and \$87,239, respectively, and the bank balances were \$2,531,367 and \$95,473, respectively. Of the total bank balances as of June 30, 2019, \$371,472 was secured by federal depository insurance, \$2,255,030 was collateralized by pledged securities, and \$338 was invested in the Illinois Funds Money Market Fund.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #9's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #9's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #9.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – CASH (Concluded)

B. INVESTMENTS

The Regional Office of Education #9's investment policy requires that funds should be invested solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As of June 30, 2019, the Regional Office of Education #9 had no investments in the Illinois Funds Money Market Fund.

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 provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

The Regional Office of Education #9 contributes to the Illinois Municipal Retirement Fund (IMRF) for both Regional Office of Education #9 and Facilitating Coordination in Agricultural Education (FCAE) employees reported under Regional Office of Education #9's IMRF employer number. IMRF is an agent multiple-employer public employee retirement system; however, the Regional Office of Education #9's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Regional Office of Education #9 and FCAE combined.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

IMRF Plan Description

The Regional Office of Education #9's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #9's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Contributions

As set by statute, the Regional Office of Education #9's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #9's annual contribution rate for calendar year 2018 was 11.73%. For the fiscal year ended June 30, 2019, the Regional Office of Education #9 contributed \$81,983 to the plan. The Regional Office of Education #9 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

At June 30, 2019, the Regional Office of Education #9 reported a liability of \$737,833 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Regional Office of Education #9's proportion of the net pension liability was based on the Regional Office of Education #9's actual contribution to the plan for the year ended June 30, 2019, relative to the actual contributions of the Regional Office of Education #9 and the FCAE as a whole. At June 30, 2019, the Regional Office of Education #9's proportion was 90.37% of the total contributions.

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%.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Concluded)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37.00%	7.15%
International Equities	18.00%	7.25%
Fixed Income	28.00%	3.75%
Real Estate	9.00%	6.25%
Alternative	7.00%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash Equivalents	1.00%	2.50%
	<u>100.00%</u>	

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

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%.

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

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

	1% Lower 6.25	Current Discount 7.25	1% Higher 8.25
Net Pension Liability/(Asset)	\$ 1,767,026	\$ 737,833	\$ (84,235)

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2017	\$ 7,582,568	\$ 8,115,494	\$ (532,926)
Changes for the year:			
Service cost	63,730	-	63,730
Interest on the total pension liability	558,844	-	558,844
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	113,025	-	113,025
Changes in assumptions	222,961	-	222,961
Contributions - employer	-	96,543	(96,543)
Contributions - employees	-	37,037	(37,037)
Net investment income	-	(438,613)	438,613
Benefit payments, including refunds of employee contributions	(337,464)	(337,464)	-
Other (net transfer)	-	(7,166)	7,166
Net changes	<u>621,096</u>	<u>(649,663)</u>	<u>1,270,759</u>
Balances at December 31, 2018	<u>\$ 8,203,664</u>	<u>\$ 7,465,831</u>	<u>\$ 737,833</u>

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

For the year ending June 30, 2019, the Regional Office of Education #9 recognized pension expense of \$645,799. At June 30, 2019, the Regional Office of Education #9 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	875,366	418,046
Total Deferred Amounts to be recognized in pension expense in future periods	875,366	418,046
Pension Contributions made subsequent to the Measurement Date	31,050	-
Total Deferred Amounts Related to Pensions	\$ 906,416	\$ 418,046

\$31,050 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. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 175,836
2020	50,939
2021	45,598
2022	184,947
2023	-
Thereafter	-
Total	\$ 457,320

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

Plan Description

The Regional Office of Education #9 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 I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

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

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

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 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 Regional Office of Education #9.

On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #9. For the year ended June 30, 2019, State of Illinois contributions recognized by the Regional Office of Education #9 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #9, and the Regional Office of Education #9 recognized revenue and expenditures of \$989,484 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 \$9,053, 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 Regional Office of Education #9, there is a statutory requirement for the Regional Office of Education #9 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018. Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$80,532 were paid from federal and special trust funds that required employer contributions of \$7,932. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

In previous years, federal contributions were used, in conjunction with the 2.2 formula contributions, to allocate the employer share of the net pension liability. Beginning with the year ended June 30, 2018, this is no longer the case. The change occurred because beginning in the year ended June 30, 2018, federal contributions are based on the employer’s total normal cost alone and no longer include a component related to past State underfunding.

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

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

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the Regional Office of Education #9 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent, for salary increases in excess of 3 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2019, the Regional Office of Education #9 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer follows below:

Employer’s proportionate share of the net pension liability	\$ 153,798
State’s proportionate share of the net pension liability associated with the employer	<u>10,535,782</u>
Total	<u>\$10,689,580</u>

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 Regional Office of Education #9’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 Regional Office of Education #9’s proportion was .0001973160 percent, which was a decrease of .0002153292 percent from its proportion measured as of June 30, 2017.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
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JUNE 30, 2019

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

For the year ended June 30, 2019, the Regional Office of Education #9 recognized pension expense of \$989,484 and revenue of \$989,484 for support provided by the State. For the year ended June 30, 2019, the Regional Office of Education #9 recognized pension income of \$207,389. At June 30, 2019, the Regional Office of Education #9 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,092	\$ 34
Net difference between projected and actual earnings on pension plan investments	-	471
Change of assumptions	6,745	4,358
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,381	275,393
Employer contributions subsequent to the measurement date	16,985	-
Total	\$ 89,203	\$ 280,256

\$16,985 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (131,114)
2021	(14,448)
2022	(15,811)
2023	(31,204)
2024	(15,461)
Thereafter	-
	\$ (208,038)

Actuarial Assumptions

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

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

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REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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:

Asset Class	<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
Emerging market equities	3.4	9.4
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.40
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 %</u>	

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was a blended rate of 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.

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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 of current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Regional Office of Education #9’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education #9’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 188,618	\$ 153,798	\$ 125,757

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 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

THIS Plan Description

The Champaign/Ford Counties Regional Office of Education #9 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).

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

Benefits Provided

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

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

On-behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #9. For the year ended June 30, 2019, State of Illinois contributions recognized by the Regional Office of Education #9 were based on the State’s proportionate share of the collective net OPEB liability associated with the Regional Office of Education #9, and recognized revenue and expenditures of \$109,495 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund

Champaign/Ford Counties Regional Office of Education #9 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2019, and 0.88 and 0.84 percent during the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2019, the Champaign/Ford Counties Regional Office of Education #9 paid \$15,997 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and 2017, the Champaign/Ford Counties Regional Office of Education #9 paid \$10,398 and \$12,770 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

Actuarial Assumptions

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

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

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

Actuarial Assumptions (Concluded)

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.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

The following presents the Regional Office of Education #9’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	\$ 1,888,512	\$ 1,570,714	\$ 1,319,703

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

The following table shows the Regional Office of Education #9’s collective 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^a</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase^b</u>
Employer’s proportionate share of the collective net OPEB liability	\$ 1,273,533	\$ 1,570,714	\$ 1,970,910

^a 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.

^b 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.

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

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

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

At June 30, 2019, the Regional Office of Education #9 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education #9. The amount recognized by the Regional Office of Education #9 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 Regional Office of Education #9 were as follow:

Employer’s proportionate share of the collective net OPEB liability	\$ 1,570,714
State’s proportionate share of the collective net OPEB liability associated with the employer	<u>2,109,143</u>
Total	<u>\$ 3,679,856</u>

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 Regional Office of Education #9’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education #9’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education #9, actuarially determined. At June 30, 2018, the Regional Office of Education #9’s proportion was 0.005962 percent, which was an increase of 0.001272 from its proportion measured as of June 30, 2017 (0.00469 percent).The State’s support and total are for disclosure purposes only.

For the year ending June 30, 2019, the Regional Office of Education #9 recognized OPEB expense of \$109,495 and revenue of \$109,495 for support provided by the State. For the year ending June 30, 2019, the Regional Office of Education #9 recognized OPEB expense of \$356,234. At June 30, 2019, the Regional Office of Education #9 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
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JUNE 30, 2019

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,635
Changes of assumptions	-	228,723
Net difference between projected and actual earning on OPEB plan investments	-	48
Change in proportion and differences between employer contributions and proportionate share of contributions	85,948	726
Employer contributions subsequent to the measurement date	15,997	-
Total Deferred Amounts Related to OPEB	\$ 101,945	\$ 235,132

\$15,997 reported as deferred outflows of resources related to OPEB resulting from Champaign/Ford Counties Regional Office of Education #9 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 Champaign/Ford Counties Regional Office of Education #9’s OPEB expense as follows:

For Year Ending June 30,	Net Deferred Inflows of Resources
2020	\$ (23,153)
2021	(23,153)
2022	(23,153)
2023	(23,153)
2024	(23,141)
Thereafter	(33,431)
Total	\$ (149,184)

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.

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE

Plan Description

The Regional Office of Education #9 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Eligibility Provisions

Full-Time Employees – IMRF

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

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

Full-Time Employees – TRS

TRS employees are not eligible to stay on ROE insurance coverage upon retirement.

Benefits Provided

The Regional Office of Education # 9 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education #9 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education #9 offers the Medical POS Plan to full-time IMRF employees. Retirees pay the full cost of coverage. Coverage continues until Medicare eligibility is reached. Dependent coverage ends at the same time as that for the retiree. If the retiree attains age 65 (eligible for Medicare) prior to their spouse, the spouse may continue to elect coverage through the ROE until the spouse attains age 65.

Membership

At June 30, 2019 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	0
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0
Active Employees	21
TOTAL	<u>21</u>

Funding Policy and Contributions

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

CHAMPAIGN/FORD COUNTIES
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Funding Policy and Contributions (Concluded)

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

The contributions of \$3,151 from Other ROE Resources and Benefit Payments of \$3,151 from Other ROE Resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Total OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 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	Premiums charged for coverage of retiree and spouse under age 65 are \$6,239 and \$5,423, respectively. This is not applicable to retiree and spouse once they reach age 65.
Healthcare Trend Rates	Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. 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%.
Retiree Contribution Rates	Same as Healthcare Trend Rates.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Actuarial Assumptions (Concluded)

Retirement Rates	Age 60 for Tier I IMRF Employees. Age 62 for Tier II IMRF Employees.
Termination Rates	IMRF 2017 for IMRF Employees.
Disability Rates	IMRF 2017 for IMRF Employees.
Mortality Rates	IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

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

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

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

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

ASSUMPTION CHANGES

The assumptions were changed from the prior year.

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 underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year-End based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

CHAMPAIGN/FORD COUNTIES
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

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%.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, Beginning	\$ 102,337
Changes for the year:	
Service Cost	2,022
Interest	3,899
Actuarial Experience	-
Assumptions Changes	3,882
Plan Changes	-
Contributions - Employer	-
Contributions - Employee	-
Contributions - Other	-
Benefit Payments	(3,151)
Administrative expense	-
Net changes	6,652
Balance, Ending	\$ 108,989

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 Champaign/Ford Counties Regional Office of Education #9, then only the municipal bond rate is used in determining the total OPEB liability.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Discount Rate (Concluded)

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.

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 #9’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:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Employer’s Total OPEB Liability/(Asset)	\$ 120,909	\$ 108,989	\$ 99,046

The sensitivity of the Total OPEB Liability to the discount rate is based primarily on two factors:

1. The duration of the plan’s expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the Net Position to the Total OPEB Liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education #9’s total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 7.40% in 2019 decreasing to an ultimate trend rate of 5.00% in 2027 for both non-Medicare coverage and post-Medicare coverage.

	<u>1% Decrease (Varies)</u>	<u>Healthcare Cost Trend Rates (Varies)</u>	<u>1% Increase (Varies)</u>
Employer’s Total OPEB Liability/(Asset)	\$ 96,154	\$ 108,989	\$ 124,372

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

For the year ending June 30, 2019, the Regional Office of Education #9 recognized OPEB expense of \$6,124. At June 30, 2019 the Regional Office of Education #9 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	3,679	-
Net difference between projected and actual earning on OPEB plan investments	-	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	-	-
Total Deferred Amounts Related to OPEB	<u>\$ 3,679</u>	<u>\$ -</u>

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

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

For Year Ending June 30,	Net Deferred Outflows of Resources
2020	\$ 203
2021	203
2022	203
2023	203
2024	203
Thereafter	2,664
Total	\$ 3,679

Due to the nature of limited-year reporting, the only change in the Net OPEB Liability related to changes in assumptions is based on the change in the assumed discount rate.

NOTE 7 – LEASES

A. CAPITAL LEASES

The Regional Office of Education #9 has entered into a lease agreement as lessee for financing the acquisition of an office copier in the amount of \$20,832. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

The future minimum capital lease obligation and the net present value of this lease payment as of June 30, 2019, is as follows:

2020	\$ 4,530
2021	4,166
2022	4,166
2023	4,166
2024	4,168
Thereafter	-
Total minimum lease payment	21,196
Less: amount representing interest:	(2,574)
Present value of minimum lease payments	\$ 18,622
Current Portion	\$ 3,687

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – LEASES (Concluded)

B. OPERATING LEASES

The Regional Office of Education #9 leases classroom and office space from Champaign-Urbana Mass Transit District. The lease runs from November 1, 2009 to October 31, 2019. Rent increased by 1.5% on November 1, 2012, and will increase on November 1 of each year thereafter, monthly rent for fiscal year 2019 was 13,340.

The Regional Office of Education #9 leases office space from TAG Along Associates, LP for \$3,500 and \$3,558 per month for eight months and four months, respectively. The lease runs from March 1, 2017 to February 28, 2027. Rent is increased by 1.65% on March 1, 2019, and will increase on March 1 of each year thereafter.

Rent expense for the year ended June 30, 2019, was \$203,913. Future minimum rentals are as follows for the years ending June 30:

2020	\$	97,092
2021		43,636
2022		44,400
2023		45,332
2024		46,364
Thereafter		<u>129,104</u>
		<u>\$ 405,928</u>

NOTE 8 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #9 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets by business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2019:

	Balance <u>7/1/2018</u>	Additions	Disposals	Balance <u>6/30/2019</u>
Governmental Activities				
Capital assets being depreciated:				
Equipment and office furniture	\$ 430,016	\$ 93,672	\$ (16,398)	\$ 507,290
Less: Accumulated Depreciation	<u>(298,593)</u>	<u>(62,385)</u>	<u>16,088</u>	<u>(344,890)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 131,423</u>	<u>\$ 31,287</u>	<u>\$ (310)</u>	<u>\$ 162,400</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – CAPITAL ASSETS (Concluded)

Business-Type Activities

Capital assets being depreciated:

Equipment and office furniture	\$ 11,658	\$ 1,699	\$ -	\$ 13,357
Less: Accumulated Depreciation	<u>(9,672)</u>	<u>(874)</u>	<u>-</u>	<u>(10,546)</u>

Business-Type Activities

Investment in Capital Assets, Net	<u>\$ 1,986</u>	<u>\$ 825</u>	<u>\$ -</u>	<u>\$ 2,811</u>
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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, of \$62,385 and \$874 was charged to governmental activities instructional services function and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

As of June 30, 2019, the capital assets balance of equipment recorded as capital lease totaled \$20,832. Total accumulated depreciation under the capital lease totaled \$8,773 as of June 30, 2019.

NOTE 9 – RISK MANAGEMENT

The Regional Office of Education #9 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #9 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 10 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 402,297	\$ -
Education Fund	-	429,603
Proprietary Fund	27,306	-
Totals	<u>\$ 429,603</u>	<u>\$ 429,603</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #9:

Regional Superintendent Salary	\$ 117,600
Assistant Regional Superintendent Salary	105,840
Regional Superintendent Benefits (Includes State-paid insurance)	28,820
Assistant Regional Superintendent Benefits (Includes State-paid insurance)	<u>20,359</u>
Total	<u>\$ 272,619</u>

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

Regional Office of Education #9 also recorded \$989,484 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. The Regional Office of Education #9 recorded \$109,495 in revenue and expenses as on-behalf payments from the State for the Regional Office’s share of the State’s Teachers’ Health Insurance Security (THIS) OPEB expense in the Statement of Activities. In addition, the Regional Office of Education #9 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	\$ 272,619
ROE #9’s share of TRS pension expense	989,484
ROE #9’s share of THIS OPEB expense	<u>109,495</u>
Total	<u>\$ 1,371,598</u>

NOTE 12 – 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 fund had a fund deficit as of June 30, 2019:

Education Fund	
Area IV Learning Technology Hub	\$ 335,156
Other State Programs	3,707
Regional Safe Schools	8,094
TAOEP	7,512

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #9’s General Fund, Education Fund, Nonmajor Special Revenue Funds, Proprietary Fund, Internal Service Fund, and Agency Fund have funds due to/from various other governmental units which consist of the following:

Due from Other Governments:	
General Fund	
Local Governments	\$ 105,392
Nonmajor Special Revenue Funds	
Local Governments	1,990
Education Fund	
Regional Planning Commission - WIA	36,973
Illinois State Board of Education	441,240
Proprietary Fund	
Local Governments	72,897
Internal Service Fund	
Local Governments	872
Agency Fund	
Local Governments	275,435
Total	<u>\$ 934,799</u>
Due to Other Governments:	
Agency Fund	
Local Governments	\$ 162
Total	<u>\$ 162</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2019 are summarized as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
Governmental Activities:					
Net pension liability	\$ 315,252	\$ -	\$ (576,379)	\$ 891,631	\$ -
Net pension asset	517,240	(517,240)	-	-	-
Net OPEB liability	1,354,233	325,470	-	1,679,703	-
Compensated absences	19,628	-	3,122	16,506	-
Total	<u>\$ 2,206,353</u>	<u>\$ (191,770)</u>	<u>\$ (573,257)</u>	<u>\$ 2,587,840</u>	<u>\$ -</u>

NOTE 15 - RESTATEMENT

During the fiscal year the Regional Office reclassified the grant programs Regional Safe Schools, Workforce Investment, and Other State Programs from the Regional Education Alternative for Developing Youth fund, which was a general fund, to programs in the Education Fund. See below for the effect on fund balances:

General Fund:

Balance at July 1, 2018	\$ 1,444,200
Effect of reclassification	55,727
Balance at July 1, 2018, Restated	<u>\$ 1,499,927</u>

Education Fund:

Balance at July 1, 2018	\$ (139,793)
Effect of reclassification	(55,727)
Balance at July 1, 2018, Restated	<u>\$ (195,520)</u>

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

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
FOR THE YEAR ENDED JUNE 30, 2019 †
UNAUDITED

Calendar Year Ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ROE #9's proportion of the net pension liability	90.37%	87.71%	87.40%	87.71%	87.55%
ROE #9's proportionate share of the net pension liability/(asset)	\$ 737,833	\$ 517,240	\$ 288,646	\$ 214,262	\$ (603,478)
FCAE's proportionate share of the net pension liability/(asset) associated with ROE #9	<u>78,385</u>	<u>72,476</u>	<u>41,630</u>	<u>30,024</u>	<u>(85,817)</u>
Total	<u>\$ 816,218</u>	<u>\$ 589,716</u>	<u>\$ 330,276</u>	<u>\$ 244,286</u>	<u>\$ (689,295)</u>
Employer's covered payroll	\$ 823,046	\$ 658,603	\$ 640,525	\$ 661,333	\$ 1,183,755
Employer's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	89.65%	78.54%	45.06%	32.40%	-50.98%
Plan fiduciary net position as a percentage of the total pension liability	91.01%	107.03%	95.94%	96.84%	109.65%

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.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
FOR THE YEAR ENDED JUNE 30, 2019 †
UNAUDITED

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 130,450	\$ 137,789	\$ (7,339)	\$ 1,183,755	11.64%
2015	71,027	71,028	(1)	661,333	10.74%
2016	28,247	28,247	-	640,525	4.41%
2017	75,739	75,739	-	658,603	11.50%
2018	89,984 *	89,984	-	823,046	10.93%

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 are 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>	3.5%
<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.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2019 †
UNAUDITED

	FY18*	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0001973160%	0.0004126452%	0.0003150165%	0.0003212823%	0.0013960221%
Employer's proportionate share of the net pension liability	\$ 153,798	\$ 315,252	\$ 248,674	\$ 210,472	\$ 697,576
State's proportionate share of the net pension liability associated with the employer	10,535,782	8,950,520	10,697,887	8,797,883	17,911,792
Total	\$ 10,689,580	\$ 9,265,772	\$ 10,946,561	\$ 9,008,355	\$ 18,609,368
Employer's covered payroll	\$ 1,287,896	\$ 1,460,477	\$ 1,414,233	\$ 1,368,779	\$ 2,978,097
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	11.9%	21.6%	17.6%	15.4%	23.4%
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.

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

REGIONAL OFFICE OF EDUCATION #9
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2019 †
UNAUDITED

	FY19	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 16,985	\$ 10,479	\$ 19,257	\$ 11,500	\$ 11,500	\$ 10,887
Contributions in relation to the statutorily-required contribution	16,985	10,479	19,257	11,500	11,500	10,887
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,660,520	\$ 1,287,896	\$ 1,460,477	\$ 1,414,233	\$ 1,368,779	\$ 2,978,097
Contributions as a percentage of covered payroll	1.02%	0.81%	1.32%	0.81%	0.84%	0.37%

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

Notes to This Required Supplementary Information

Changes of assumptions

For the 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.

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE COLLECTIVE NET OPEB LIABILITY
TEACHER HEALTH INSURANCE SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2019 †
UNAUDITED

	2018*	2017*	2016*
Employer's proportion of the collective net OPEB liability (asset)	0.005962%	0.006609%	.006425%
Employer's proportionate share of the collective net OPEB liability (asset)	\$ 1,570,714	\$ 1,574,731	\$ 1,756,139
State's proportionate share of the collective net OPEB liability (asset) associated with employer	2,109,143	1,644,110	2,066,046
Total	<u>\$ 3,679,857</u>	<u>\$ 3,218,841</u>	<u>\$ 3,822,185</u>
Employer's covered payroll	\$ 1,287,896	\$ 1,460,477	\$ 1,414,233
Employer's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered payroll	121.96%	107.82%	124.18%
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.

SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
TEACHER'S HEALTH INSURANCE SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2019 †
UNAUDITED

	2019	2018	2017	2016
Statutorily required contribution	\$ 15,997	\$ 10,398	\$ 12,770	\$ 11,971
Contributions in relation to the statutorily required contribution	15,997	10,398	12,770	11,971
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 1,660,520	\$ 1,287,896	\$ 1,460,477	\$ 1,414,233
Contributions as a percentage of covered payroll	0.96%	0.81%	0.87%	0.85%

Notes to Schedule

Change of Benefit Term

In the June 30, 2017 actuarial valuation, there have been no changes of benefit terms from the prior period.

Changes of assumptions

For the purpose of developing changes in OPEB's Liability for GASB 74/75 reporting, there have been no changes in assumptions from the prior period.

† 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.

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED JUNE 30, 2019 †
UNAUDITED

	<u>FY19</u>	<u>FY18</u>
Total OPEB Liability		
Service Cost	\$ 2,022	\$ 1,947
Interest Cost	3,899	3,795
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Change in Assumptions	3,882	-
Benefit Payments	<u>(3,151)</u>	<u>(2,931)</u>
Net Change in Total OPEB Liability	6,652	2,811
Total OPEB Liability - Beginning	<u>102,337</u>	<u>99,526</u>
Total OPEB Liability - Ending	<u>\$ 108,989</u>	<u>\$ 102,337</u>
Covered Payroll	\$ 915,314	\$ 820,058
Total OPEB Liability as a Percentage of Covered Payroll	11.91%	12.48%

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2019 †
UNAUDITED

Notes to Schedule:

Changes of Benefit Terms

In the June 30, 2019 actuarial valuation, there have been no changes of benefit terms from the prior period.

Assumption Changes

The assumptions were changed from the prior year.

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 underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year-End based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

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%.

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

OTHER SUPPLEMENTARY INFORMATION

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2019

	General Operations	IL Learning Technology Purchase Program	Regional Education Alternative for Developing Youth	School Family Liaison Local	Summer Freedom School	TOTALS
ASSETS						
Cash and cash equivalents	\$ 152,355	\$ 44,024	\$ 1,103,741	\$ -	\$ -	\$ 1,300,120
Due from other funds	-	339,205	63,092	-	-	402,297
Due from other governments						
Local	2,589	94,387	8,416	-	-	105,392
TOTAL ASSETS	\$ 154,944	\$ 477,616	\$ 1,175,249	\$ -	\$ -	\$ 1,807,809
LIABILITIES						
Accounts payable and accrued expenses	\$ 33,451	\$ -	\$ 125,704	\$ -	\$ -	\$ 159,155
Total Liabilities	33,451	-	125,704	-	-	159,155
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	2,809	82	-	-	2,891
FUND BALANCE						
Assigned	-	474,807	-	-	-	474,807
Unassigned	121,493	-	1,049,463	-	-	1,170,956
Total Fund Balances	121,493	474,807	1,049,463	-	-	1,645,763
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 154,944	\$ 477,616	\$ 1,175,249	\$ -	\$ -	\$ 1,807,809

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019

	General Operations	IL Learning Technology Purchase Program	Regional Education Alternative for Developing Youth	School Family Liaison Local	Summer Freedom School	TOTALS
REVENUES						
Local sources	\$ 475,807	\$ 253,629	\$ 784,155	\$ -	\$ -	\$ 1,513,591
State sources	-	-	603,840	-	-	603,840
Federal sources	-	-	35,556	-	-	35,556
State sources - on behalf payments	272,619	-	-	-	-	272,619
Investment income	144	258	1,116	-	-	1,518
Total Revenues	<u>748,570</u>	<u>253,887</u>	<u>1,424,667</u>	<u>-</u>	<u>-</u>	<u>2,427,124</u>
EXPENDITURES						
Instructional services:						
Salaries and benefits	185,946	87,819	1,102,287	-	-	1,376,052
Pension expense	12,363	7,178	21,853	-	-	41,394
OPEB expense	-	-	19,128	-	-	19,128
Purchased services	55,654	37,706	141,080	-	-	234,440
Supplies and materials	7,243	2,242	81,404	-	-	90,889
Other objects	201,003	2,025	4,449	336	1,817	209,630
On-behalf payments	272,619	-	-	-	-	272,619
Capital outlay	10,973	-	23,979	-	-	34,952
Total Expenditures	<u>745,801</u>	<u>136,970</u>	<u>1,394,180</u>	<u>336</u>	<u>1,817</u>	<u>2,279,104</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,769</u>	<u>116,917</u>	<u>30,487</u>	<u>(336)</u>	<u>(1,817)</u>	<u>148,020</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Repayment of long-term lease payable	-	-	(2,030)	-	-	(2,030)
Interest expense	-	-	(154)	-	-	(154)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,184)</u>	<u>-</u>	<u>-</u>	<u>(2,184)</u>
NET CHANGE IN FUND BALANCE	2,769	116,917	28,303	(336)	(1,817)	145,836
FUND BALANCE - BEGINNING	<u>118,724</u>	<u>357,890</u>	<u>1,021,160</u>	<u>336</u>	<u>1,817</u>	<u>1,499,927</u>
Restated (See Note 15)						
FUND BALANCE - ENDING	<u>\$ 121,493</u>	<u>\$ 474,807</u>	<u>\$ 1,049,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,645,763</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2019

	Area IV Learning Technology Hub	Foundational Services	Juvenile Detention Center	Math & Science Resources - 7B	McKinney-Vento Homeless Children & Youth Program	Other State Programs	Regional Safe Schools
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 113,465	\$ -	\$ 4,708	\$ 4,039	\$ -
Due from other governments:							
State	335,156	-	32,063	-	-	3,707	8,094
Federal	-	-	-	-	25,289	-	-
Prepaid expenses	4,050	-	-	-	-	-	-
TOTAL ASSETS	\$ 339,206	\$ -	\$ 145,528	\$ -	\$ 29,997	\$ 7,746	\$ 8,094
LIABILITIES							
Accounts payable and accrued expenses	\$ -	\$ -	\$ 16,262	\$ -	\$ 134	\$ 7,746	\$ -
Due to other funds	339,206	-	-	-	25,155	-	8,094
Unearned revenue	335,156	-	-	-	-	-	-
Total Liabilities	674,362	-	16,262	-	25,289	7,746	8,094
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	3,707	8,094
FUND BALANCE (DEFICIT)							
Nonspendable	4,050	-	-	-	-	-	-
Restricted	-	-	129,266	-	4,708	-	-
Unassigned	(339,206)	-	-	-	-	(3,707)	(8,094)
Total Fund Balance (Deficit)	(335,156)	-	129,266	-	4,708	(3,707)	(8,094)
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	\$ 339,206	\$ -	\$ 145,528	\$ -	\$ 29,997	\$ 7,746	\$ 8,094

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2019

	RtI Network	Schoolworks Operations	Title II Teacher Quality - Leadership	TAOEP	Workforce Investment	TOTAL
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,212
Due from other governments:						
State	-	9,452	-	-	-	388,472
Federal	19,967	-	-	7,512	36,973	89,741
Prepaid expenses	-	-	-	-	-	4,050
TOTAL ASSETS	<u>\$ 19,967</u>	<u>\$ 9,452</u>	<u>\$ -</u>	<u>\$ 7,512</u>	<u>\$ 36,973</u>	<u>\$ 604,475</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 624	\$ 14,018	\$ 38,784
Due to other funds	19,967	7,338	-	6,888	22,955	429,603
Unearned revenue	-	2,114	-	-	-	337,270
Total Liabilities	<u>19,967</u>	<u>9,452</u>	<u>-</u>	<u>7,512</u>	<u>36,973</u>	<u>805,657</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	7,512	-	19,313
FUND BALANCE (DEFICIT)						
Nonspendable	-	-	-	-	-	4,050
Restricted	-	-	-	-	-	133,974
Unassigned	-	-	-	(7,512)	-	(358,519)
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,512)</u>	<u>-</u>	<u>(220,495)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)	<u>\$ 19,967</u>	<u>\$ 9,452</u>	<u>\$ -</u>	<u>\$ 7,512</u>	<u>\$ 36,973</u>	<u>\$ 604,475</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES	Area IV Learning Technology Hub	Foundational Services	Juvenile Detention Center	Math & Science Resources - 7B	McKinney-Vento Homeless Children & Youth Program	Other State Programs	Regional Safe Schools
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,126	\$ -	\$ -
State sources	1,223,809	-	165,082	-	-	42,294	97,936
Federal sources	-	56,991	-	36,178	50,156	-	-
Investment income	-	-	121	-	32	-	-
Total Revenues	1,223,809	56,991	165,203	36,178	52,314	42,294	97,936
EXPENDITURES							
Instructional services:							
Salaries and benefits	720,558	1,590	178,677	3,801	19,500	34,565	-
Pension expense	18,499	372	3,852	-	1,082	3,948	-
Purchased services	379,726	15,356	24,468	30,488	6,974	1,924	97,194
Supplies and materials	41,303	-	1,249	1,889	22,600	346	-
Other objects	9,413	-	157	-	-	-	-
Intergovernmental:							
Payments to other governments	79,248	-	-	-	-	-	-
Capital outlay	30,886	-	4,196	-	-	-	-
Total Expenditures	1,279,633	17,318	212,599	36,178	50,156	40,783	97,194
NET CHANGE IN FUND BALANCE	(55,824)	39,673	(47,396)	-	2,158	1,511	742
FUND BALANCE (DEFICIT) - BEGINNING Restated (See Note 15)	(279,332)	(39,673)	176,662	-	2,550	(5,218)	(8,836)
FUND BALANCE (DEFICIT) - ENDING	\$ (335,156)	\$ -	\$ 129,266	\$ -	\$ 4,708	\$ (3,707)	\$ (8,094)

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES	Rtl Network	Schoolworks Operations	Title II Teacher Quality - Leadership	TAOEP	Workforce Investment	TOTAL
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,126
State sources	-	270,433	-	82,720	-	1,882,274
Federal sources	170,826	-	2,660	-	124,973	441,784
Investment income	-	-	-	-	-	153
Total Revenues	170,826	270,433	2,660	82,720	124,973	2,326,337
EXPENDITURES						
Instructional services:						
Salaries and benefits	148,467	150,633	-	75,834	67,714	1,401,339
Pension expense	1,355	14,672	-	5,084	3,917	52,781
Purchased services	17,367	63,026	2,660	7,539	9,101	655,823
Supplies and materials	3,637	11,383	-	1,226	2,568	86,201
Other objects	-	2,601	-	549	-	12,720
Intergovernmental:						
Payments to other governments	-	4,480	-	-	-	83,728
Capital outlay	-	23,638	-	-	-	58,720
Total Expenditures	170,826	270,433	2,660	90,232	83,300	2,351,312
NET CHANGE IN FUND BALANCE	-	-	-	(7,512)	41,673	(24,975)
FUND BALANCE (DEFICIT) - BEGINNING	-	-	-	-	(41,673)	(195,520)
Restated (See Note 15)						
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ -	\$ (7,512)	\$ -	\$ (220,495)

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
AREA IV LEARNING TECHNOLOGY HUB
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 1,400,000	\$ 1,400,000	\$ 1,223,809
Total Revenue	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,223,809</u>
EXPENDITURES			
Salaries and benefits	793,575	746,588	720,558
Pension expense	-	-	18,499
Purchased services	482,310	484,836	379,726
Supplies and materials	18,205	43,000	41,303
Other objects	8,605	9,409	9,413
Payments to other governments	96,300	78,667	79,248
Capital outlay	1,005	37,500	30,886
Total Expenditures	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,279,633</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (55,824)
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>(279,332)</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ (335,156)</u></u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATH & SCIENCE RESOURCES - 7B
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal	\$ 250,000	\$ 250,000	\$ 36,178
Total Revenue	<u>250,000</u>	<u>250,000</u>	<u>36,178</u>
EXPENDITURES			
Salaries and benefits	24,933	24,933	3,801
Pension expense	-	-	-
Purchased services	72,944	72,944	30,488
Supplies and materials	14,172	14,172	1,889
Intergovernmental:			
Payments to other governments	<u>137,951</u>	<u>137,951</u>	<u>-</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>36,178</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Note: The program period for this grant was September 1, 2017 through August 31, 2018. The actual amounts above reflect the activity for July and August 2018.

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 MCKINNEY-VENTO HOMELESS CHILDREN & YOUTH PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local	\$ -	\$ -	\$ 2,126
Federal	50,229	54,843	50,156
Investment income	-	-	32
Total Revenue	<u>50,229</u>	<u>54,843</u>	<u>52,314</u>
EXPENDITURES			
Salaries and benefits	37,764	22,167	19,500
Pension expense	-	-	1,082
Purchased services	7,585	10,085	6,974
Supplies and materials	4,880	22,591	22,600
Total Expenditures	<u>50,229</u>	<u>54,843</u>	<u>50,156</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 2,158
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>2,550</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,708</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
OTHER STATE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 40,783	\$ 40,783	\$ 42,294
Total Revenue	<u>40,783</u>	<u>40,783</u>	<u>42,294</u>
EXPENDITURES			
Salaries and benefits	38,108	38,108	34,565
Pension expense	-	-	3,948
Purchased services	2,075	2,075	1,924
Supplies and materials	600	600	346
Total Expenditures	<u>40,783</u>	<u>40,783</u>	<u>40,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>1,511</u>
NET CHANGE IN FUND BALANCE			
	-	-	1,511
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>(5,218)</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,707)</u>

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 97,194	\$ 97,194	\$ 97,936
Total Revenue	<u>97,194</u>	<u>97,194</u>	<u>97,936</u>
EXPENDITURES			
Purchased services	97,194	97,194	97,194
Total Expenditures	<u>97,194</u>	<u>97,194</u>	<u>97,194</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>742</u>
NET CHANGE IN FUND BALANCE	-	-	742
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(8,836)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,094)</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SCHOOLWORKS OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 136,957	\$ 136,957	\$ 270,433
Total Revenue	<u>136,957</u>	<u>136,957</u>	<u>270,433</u>
EXPENDITURES			
Salaries and benefits	78,691	76,064	150,633
Pension expense	-	-	14,672
Purchased services	39,000	32,109	63,026
Supplies and materials	11,466	6,648	11,383
Other objects	2,000	2,000	2,601
Intergovernmental:			
Payments to other governments	2,000	1,572	4,480
Capital outlay	3,800	18,564	23,638
Total Expenditures	<u>136,957</u>	<u>136,957</u>	<u>270,433</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE II TEACHER QUALITY - LEADERSHIP
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal	\$ 2,660	\$ 2,660	\$ 2,660
Total Revenue	<u>2,660</u>	<u>2,660</u>	<u>2,660</u>
EXPENDITURES			
Purchased services	<u>2,660</u>	<u>2,660</u>	<u>2,660</u>
Total Expenditures	<u>2,660</u>	<u>2,660</u>	<u>2,660</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHAMPAIGN/FORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #9
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TAOEP
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 90,232	\$ 90,232	\$ 82,720
Total Revenue	<u>90,232</u>	<u>90,232</u>	<u>82,720</u>
EXPENDITURES			
Salaries and benefits	82,025	82,025	75,834
Pension expense	-	-	5,084
Purchased services	7,485	7,485	7,539
Supplies and materials	722	722	1,226
Other objects	-	-	549
Total Expenditures	<u>90,232</u>	<u>90,232</u>	<u>90,232</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (7,512)
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (7,512)</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	General Education Development	Bus Driver Training	TOTALS
ASSETS			
Cash and cash equivalents	\$ 64,869	\$ 21,267	\$ 86,136
Due from other governments			
Local	1,390	600	1,990
TOTAL ASSETS	\$ 66,259	\$ 21,867	\$ 88,126
LIABILITIES			
Accounts payable and accrued expenses	\$ -	\$ 868	\$ 868
Total Liabilities	-	868	868
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	50	50
FUND BALANCE			
Restricted	66,259	20,949	87,208
Total Fund Balances	66,259	20,949	87,208
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 66,259	\$ 21,867	\$ 88,126

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Education Development	Bus Driver Training	TOTALS
REVENUES			
Local sources	\$ 14,011	\$ 3,000	\$ 17,011
State sources	-	1,375	1,375
Investment income	66	24	90
 Total Revenues	 14,077	 4,399	 18,476
EXPENDITURES			
Salaries and benefits	353	4,647	5,000
Pension expense	39	133	172
Purchased services	5,696	1,102	6,798
Supplies and materials	167	-	167
 Total Expenditures	 6,255	 5,882	 12,137
 NET CHANGE IN FUND BALANCE	 7,822	 (1,483)	 6,339
 FUND BALANCE - BEGINNING	 58,437	 22,432	 80,869
 FUND BALANCE - ENDING	 \$ 66,259	 \$ 20,949	 \$ 87,208

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2019

	County School Facility Sales Tax	Payroll Clearing	Regional Board Of Trustees	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 87,077	\$ 162	\$ 87,239
Due from other governments	-	275,435	-	275,435
TOTAL ASSETS	\$ -	\$ 362,512	\$ 162	\$ 362,674
LIABILITIES				
Accounts payable and accrued expenses	\$ -	\$ 362,512	\$ -	\$ 362,512
Due to other governments	-	-	162	162
TOTAL LIABILITIES	\$ -	\$ 362,512	\$ 162	\$ 362,674

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>COUNTY SCHOOL FACILITY SALES TAX</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 19,358,800	\$ 19,358,800	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 19,358,800</u>	<u>\$ 19,358,800</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	\$ -	\$ 19,358,800	\$ 19,358,800	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 19,358,800</u>	<u>\$ 19,358,800</u>	<u>\$ -</u>
<u>PAYROLL CLEARING</u>				
ASSETS				
Cash and cash equivalents	\$ 111,872	3,719,880	\$ 3,744,675	\$ 87,077
Due from other governments	250,627	275,435	250,627	275,435
Total Assets	<u>\$ 362,499</u>	<u>\$ 3,995,315</u>	<u>\$ 3,995,302</u>	<u>\$ 362,512</u>
LIABILITIES				
Accounts payable and accrued expense	\$ 362,499	\$ 3,995,315	\$ 3,995,302	\$ 362,512
Total Liabilities	<u>\$ 362,499</u>	<u>\$ 3,995,315</u>	<u>\$ 3,995,302</u>	<u>\$ 362,512</u>

CHAMPAIGN/FORD COUNTIES
REGIONAL OFFICE OF EDUCATION #9
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ 162	\$ -	\$ -	\$ 162
Total Assets	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>
LIABILITIES				
Due to other governments	\$ 162	\$ -	\$ -	\$ 162
Total Liabilities	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 112,034	\$ 23,078,680	\$ 23,103,475	\$ 87,239
Due from other governments	250,627	275,435	250,627	275,435
Total Assets	<u>\$ 362,661</u>	<u>\$ 23,354,115</u>	<u>\$ 23,354,102</u>	<u>\$ 362,674</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 362,499	\$ 3,995,315	\$ 3,995,302	\$ 362,512
Due to other governments	162	19,358,800	19,358,800	162
Total Liabilities	<u>\$ 362,661</u>	<u>\$ 23,354,115</u>	<u>\$ 23,354,102</u>	<u>\$ 362,674</u>