



**STATE OF ILLINOIS
LAKE COUNTY REGIONAL
OFFICE OF EDUCATION NO. 34**

FINANCIAL AUDIT

For the Year Ended June 30, 2020

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



SIKICH.COM

**STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
TABLE OF CONTENTS**

	<u>Page(s)</u>
Officials	1
Compliance Report Summary	2
Financial Statement Report Summary	3

FINANCIAL SECTION

Independent Auditor’s Report	4-6
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7-8
Schedule of Findings and Responses	9
Financial Statement Findings	10-11
Corrective Action Plan for Current Year Findings	12
Summary Schedule of Prior Audit Findings Not Repeated	13

BASIC FINANCIAL STATEMENTS

EXHIBIT

Government-wide Financial Statements			
Statement of Net Position	A		14
Statement of Activities	B		15
Fund Financial Statements			
Governmental Funds – Balance Sheet	C		16
Governmental Funds – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D		17
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	E		18
Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F		19
Proprietary Funds – Statement of Net Position	G		20
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Position	H		21
Proprietary Funds – Statement of Cash Flows	I		22
Notes to the Financial Statements			23-68

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
TABLE OF CONTENTS (Continued)

Page(s)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Employer’s Proportionate Share of the Net Pension Liability (Asset) and Related Ratios – Illinois Municipal Retirement Fund.....	69
Schedule of Employer Contributions – Illinois Municipal Retirement Fund.....	70
Schedule of the Employer’s Proportionate Share of the Net Pension Liability – Teachers’ Retirement System of the State of Illinois	71
Schedule of Employer Contributions – Teachers’ Retirement System of the State of Illinois	72
Schedule of Employer’s Proportionate Share of the Collective Net OPEB Liability – Teachers’ Health Insurance Security Fund	73
Schedule of Employer Contributions – Teachers’ Health Insurance Security Fund	74
Schedule of Changes in the Total OPEB Liability and Related Ratios – Health Insurance Plan	75

SUPPLEMENTAL INFORMATION

SCHEDULE

General Fund:		
Combining Schedule of Accounts	1	76
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	2	77
Education Fund		
Combining Schedule of Accounts	3	78-79
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	4	80-81
Budgetary Comparison Schedule.....	5	82-84
Nonmajor Special Revenue Funds		
Combining Balance Sheet.....	6	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	7	86
Proprietary Funds:		
Nonmajor Proprietary Funds		
Combining Statement of Net Position	8	87
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	9	88
Combining Statement of Cash Flows	10	89

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
OFFICIALS
June 30, 2020

Regional Superintendent (April 27, 2021 to Current)	Dr. Michael Karner
Regional Superintendent (April 2, 2021 to April 26, 2021)	Vacant
Regional Superintendent (During the Audit Period to April 1, 2021)	Honorable Roycealee J. Wood
Assistant Regional Superintendent (February 2, 2022 to Current)	Dr. William E. Johnson
Assistant Regional Superintendent (July 1, 2021 to February 1, 2022)	Vacant
Assistant Regional Superintendent (During the Audit Period to June 30, 2021)	Mr. Mike Munda

Office is located at:

300 Center Drive
Suite 100
Vernon Hills, Illinois 60061

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
June 30, 2020

COMPLIANCE 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	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>
2020-001	10	<i>Findings (Government Auditing Standards)</i> Delay of Audit	Noncompliance
		<i>Prior Audit Findings Not Repeated (Government Auditing Standards)</i> None	

EXIT CONFERENCE

The Lake County Regional Office of Education No. 34 did not request an exit conference.

Lake County Regional Office of Education No. 34's responses to the recommendations and corrective action plan were provided by Dr. Michael Karner, Regional Superintendent, in an email dated January 31, 2024.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
June 30, 2020

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of Lake County Regional Office of Education No. 34 was performed by Sikich CPA LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Lake County Regional Office of Education No.34's basic financial statements.

FINANCIAL SECTION

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

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 Lake County Regional Office of Education No. 34 (ROE), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Lake County Regional Office of Education No. 34's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 Lake County Regional Office of Education No. 34, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information consisting of the Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Related Ratios - Illinois Municipal Retirement Fund, Schedule of Employer Contributions - Illinois Municipal Retirement Fund, Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teachers' Retirement System of the State of Illinois, Schedule of Employer Contributions - Teachers' Retirement System of the State of Illinois, Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability - Teachers' Health Insurance Security Fund, Schedule of Employer Contributions - Teachers' Health Insurance Security Fund and Schedule of Changes in the Total OPEB Liability and Related Ratios – Health Insurance Plan – on pages 69 through 75 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.

Emphasis of Matter

The Lake County Regional Office of Education No. 34 has not presented a management's discussion and analysis that governmental 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 party 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 Lake County Regional Office of Education No. 34's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2024 on our consideration of the ROE'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 ROE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ROE's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Naperville, Illinois
May 7, 2024

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

**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 the Lake County Regional Office of Education No. 34, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Lake County Regional Office of Education No. 34's basic financial statements and have issued our report thereon dated May 7, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ROE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ROE's internal control. Accordingly, we do not express an opinion on the effectiveness of the ROE'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ROE'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Responses as item 2020-001.

Regional Office of Education No. 34's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the ROE's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The ROE's response was not subjected to the other 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 the ROE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ROE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Naperville, Illinois
May 7, 2024

**STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements in accordance with GAAP

Type of auditor’s report issued:	<i>unmodified</i>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	___ <u>x</u> ___ no
Significant deficiency(ies) identified?	_____ yes	___ <u>x</u> ___ none noted
Noncompliance material to financial statements noted?	_____ yes	___ <u>x</u> ___ no

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND RESPONSES (Continued)

For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING NO. 2020-001 – Delay of Audit (Repeated from Prior Year Finding 19-001)

CRITERIA/SPECIFIC REQUIREMENT:

Regional Office of Education No. 34 (the ROE) is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards. The Regional Office of Education or Education Service Center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit.

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

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

CONDITION:

The ROE did not provide completed financial statements in an auditable format in a timely fashion. The fiscal year 2020 financial report was not completed until September 8, 2022. Additionally, the ROE did not provide sufficient requested documents required to begin fieldwork until March 28, 2023. Finally, as audit fieldwork progressed, the ROE did not provide information timely to address follow-up requests needed to complete the audit. The final requested items were not provided until August 8, 2023.

EFFECT:

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND RESPONSES (Continued)

For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FINDING NO. 2020-001 – Delay of Audit (Repeated from Prior Year Finding 19-001)
(Continued)

CAUSE:

Regional Office management indicated ongoing internal personnel issues, office turnover, vacant positions and the implementation of several new programs and initiatives caused the office to experience difficulty in providing information by the required timeline.

RECOMMENDATION:

The Regional Office of Education No. 34 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Additionally, ROE management should consider if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE statements. These financial statements need to be presented to the Auditor General’s independent auditors for audit by the August 31st deadline.

MANAGEMENT’S RESPONSE:

The Regional Office of Education No. 34 agrees with this finding and continues to implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP. Future financial statements will be available to the Auditor General by August 31 deadline.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND RESPONSES (Continued)

For the Year Ended June 30, 2020

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

Corrective Action Plan

FINDING NO. 2020-001 – Delay of Audit (Repeated from Prior Year Finding 19-001)

CONDITION:

The ROE did not provide completed financial statements in an auditable format in a timely fashion. The fiscal year 2020 financial report was not completed until September 8, 2022. Additionally, the ROE did not provide sufficient requested documents required to begin fieldwork until March 28, 2023. Finally, as audit fieldwork progressed, the ROE did not provide information timely to address follow-up requests needed to complete the audit. The final requested items were not provided until August 8, 2023.

PLAN:

The Regional Office of Education No. 34 agrees with this finding and continues to implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP. Future financial statements will be available to the Auditor General by August 31 deadline.

ANTICIPATED DATE OF COMPLETION:

June 30, 2024

CONTACT PERSON:

Dr. Michael Karner, Regional Superintendent of Schools

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND RESPONSES (Continued)

For the Year Ended June 30, 2020

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

Not applicable in the current year.

BASIC FINANCIAL STATEMENTS

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,715,036	\$ 710,450	\$ 5,425,486
Investments	71,692	-	71,692
Accounts receivable	270	44,396	44,666
Due from other governments	441,852	128,970	570,822
Prepaid expenses	3,776	36,221	39,997
Total current assets	<u>5,232,626</u>	<u>920,037</u>	<u>6,152,663</u>
Noncurrent assets			
Capital assets, net of depreciation	26,791	4,677	31,468
TOTAL ASSETS	<u>5,259,417</u>	<u>924,714</u>	<u>6,184,131</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions - IMRF	52,489	-	52,489
Deferred outflows related to pensions - TRS	50,416	-	50,416
Deferred outflows related to OPEB	70,172	-	70,172
	<u>173,077</u>	<u>-</u>	<u>173,077</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	256,244	59,554	315,798
Due to other governments	104,906	-	104,906
Unearned revenue	13,138	200	13,338
OPEB liabilities	5,555	-	5,555
Capital lease payable	6,287	-	6,287
Total current liabilities	<u>386,130</u>	<u>59,754</u>	<u>445,884</u>
Noncurrent liabilities			
Accrued compensated absences	37,412	-	37,412
Capital lease payable	14,373	-	14,373
Net pension liability - TRS	49,077	-	49,077
Net pension liability - IMRF	44,663	-	44,663
OPEB liabilities	658,352	-	658,352
Total noncurrent liabilities	<u>803,877</u>	<u>-</u>	<u>803,877</u>
TOTAL LIABILITIES	<u>1,190,007</u>	<u>59,754</u>	<u>1,249,761</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions - IMRF	91,358	-	91,358
Deferred inflows related to pensions - TRS	119,349	-	119,349
Deferred inflows related to OPEB	161,484	-	161,484
	<u>372,191</u>	<u>-</u>	<u>372,191</u>
NET POSITION			
Net investment in capital assets	6,131	4,677	10,808
Restricted for educational purposes	4,495,182	-	4,495,182
Unrestricted	(631,017)	860,283	229,266
TOTAL NET POSITION	<u>\$ 3,870,296</u>	<u>\$ 864,960</u>	<u>\$ 4,735,256</u>

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 1,668,622	\$ 54,036	\$ 20,646	\$ (1,593,940)	\$ -	\$ (1,593,940)
Employee benefits	557,169	8,313	-	(548,856)	-	(548,856)
Pension expense	9,091	191,203	6,947	189,059	-	189,059
OPEB expense	28,548	-	-	(28,548)	-	(28,548)
Purchased services	353,079	16,626	8,192	(328,261)	-	(328,261)
Supplies and materials	60,019	116,385	131	56,497	-	56,497
Miscellaneous	66,891	-	655	(66,236)	-	(66,236)
Capital expenditures	32,784	-	983	(31,801)	-	(31,801)
Depreciation	7,623	-	-	(7,623)	-	(7,623)
Intergovernmental						
Payments to other governments	3,937,980	29,096	27,985	(3,880,899)	-	(3,880,899)
Administrative						
State proportionate share -	410,774	-	410,774	-	-	-
On-behalf payments	962,453	-	962,453	-	-	-
Total governmental activities	<u>8,095,033</u>	<u>415,659</u>	<u>1,438,766</u>	<u>(6,240,608)</u>	<u>-</u>	<u>(6,240,608)</u>
Business-type activities:						
Professional development	402,513	894,566	-	-	492,053	492,053
Total business-type activities	<u>402,513</u>	<u>894,566</u>	<u>-</u>	<u>-</u>	<u>492,053</u>	<u>492,053</u>
Total primary government	<u>\$ 8,497,546</u>	<u>\$ 1,310,225</u>	<u>\$ 1,438,766</u>	<u>(6,240,608)</u>	<u>492,053</u>	<u>(5,748,555)</u>
General revenues						
Local sources:						
Intergovernmental				938,368	-	938,368
Interest income, net				65,507	-	65,507
On-behalf payments				-	-	-
Total general revenues				<u>6,457,859</u>	<u>(213,491)</u>	<u>6,244,368</u>
Change in net position				217,251	278,562	495,813
Net position, beginning of year				<u>3,653,045</u>	<u>586,398</u>	<u>4,239,443</u>
Net position, end of year				<u>\$ 3,870,296</u>	<u>\$ 864,960</u>	<u>\$ 4,735,256</u>

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2020

	Special Revenue Funds				Total Governmental Funds
	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	
ASSETS					
Cash and cash equivalents	\$ 482,609	\$ 2,636,747	\$ 1,074,239	\$ 521,441	\$ 4,715,036
Investments	-	-	71,692	-	71,692
Accounts receivable	-	-	-	270	270
Due from other funds	-	789	-	-	789
Due from other governments	800	440,741	-	311	441,852
Prepaid expenses	-	3,776	-	-	3,776
TOTAL ASSETS	\$ 483,409	\$ 3,082,053	\$ 1,145,931	\$ 522,022	\$ 5,233,415
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	107,115	82,444	16,970	49,715	256,244
Due to other funds	-	789	-	-	789
Due to other governments	-	50,743	-	54,163	104,906
Unearned revenue	13,138	-	-	-	13,138
Total liabilities	<u>120,253</u>	<u>133,976</u>	<u>16,970</u>	<u>103,878</u>	<u>375,077</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	2,948,077	1,128,961	418,144	4,495,182
Unassigned	363,156	-	-	-	363,156
Total fund balances	<u>363,156</u>	<u>2,948,077</u>	<u>1,128,961</u>	<u>418,144</u>	<u>4,858,338</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 483,409	\$ 3,082,053	\$ 1,145,931	\$ 522,022	\$ 5,233,415

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

STATE OF ILLINOIS
 LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 June 30, 2020

Total fund balances - governmental funds		\$	4,858,338
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			26,791
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.			
Deferred outflows of resources:			
IMRF	\$	52,489	
TRS		50,416	
OPEB		<u>70,172</u>	173,077
Deferred inflows of resources:			
IMRF		(91,358)	
TRS		(119,349)	
OPEB		<u>(161,484)</u>	(372,191)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Compensated absences payable		(37,412)	
Net pension liability - TRS		(49,077)	
Net pension liability - IMRF		(44,663)	
OPEB liabilities		(663,907)	
Capital lease payable		<u>(20,660)</u>	<u>(815,719)</u>
Net position of governmental activities		\$	<u><u>3,870,296</u></u>

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2020

	Special Revenue Funds				Total Governmental Funds
	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	
REVENUES					
Federal sources	\$ -	\$ 65,539	\$ -	\$ -	\$ 65,539
State sources	4,454,060	823,995	-	4,121	5,282,176
Local sources:					
Intergovernmental	160,855	777,513	-	-	938,368
Fees for services	-	32,798	265,026	117,835	415,659
Interest income	-	-	3,352	63,225	66,577
On-behalf payments	962,453	-	-	-	962,453
Total revenues	<u>5,577,368</u>	<u>1,699,845</u>	<u>268,378</u>	<u>185,181</u>	<u>7,730,772</u>
EXPENDITURES					
Instructional services:					
Salaries	299,197	1,098,987	122,742	149,455	1,670,381
Employee benefits	177,620	276,120	42,090	59,209	555,039
Pension expense (benefit)	3,674	(1,146)	1,460	5,103	9,091
OPEB expense	1,170	13,981	6,705	5,690	27,546
Purchased services	87,400	189,631	25,130	50,918	353,079
Supplies and materials	24,680	25,455	26	9,858	60,019
Miscellaneous	80	3,185	1,750	61,876	66,891
On-behalf payments	962,453	-	-	-	962,453
Intergovernmental					
Payments to other governments	3,852,674	-	42,045	43,261	3,937,980
Repayment of long-term lease payable	5,922	-	-	-	5,922
Interest expense	1,070	-	-	-	1,070
Capital expenditures	3,345	23,225	1,767	4,447	32,784
Total expenditures	<u>5,419,285</u>	<u>1,629,438</u>	<u>243,715</u>	<u>389,817</u>	<u>7,682,255</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>158,083</u>	<u>70,407</u>	<u>24,663</u>	<u>(204,636)</u>	<u>48,517</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(27,097)	21,138	-	219,450	213,491
Total other financing sources (uses)	<u>(27,097)</u>	<u>21,138</u>	<u>-</u>	<u>219,450</u>	<u>213,491</u>
NET CHANGE IN FUND BALANCES	130,986	91,545	24,663	14,814	262,008
FUND BALANCES, BEGINNING OF YEAR	<u>232,170</u>	<u>2,856,532</u>	<u>1,104,298</u>	<u>403,330</u>	<u>4,596,330</u>
FUND BALANCES, END OF YEAR	<u>\$ 363,156</u>	<u>\$ 2,948,077</u>	<u>\$ 1,128,961</u>	<u>\$ 418,144</u>	<u>\$ 4,858,338</u>

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

STATE OF ILLINOIS
 LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2020

Net change in fund balances		\$ 262,008
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Depreciation expense		(7,623)
<p>Because some revenues will not be collected for several months after the ROE No. 34 fiscal year ends, they are not considered “available” revenues and are deferred in the governmental funds.</p>		
Prior year unavailable revenue		(41,683)
<p>Deferred outflows (inflows) of resources related to the pensions or OPEB not reported in the funds.</p>		
Change in deferred items - IMRF	\$ (175,251)	
Change in deferred items - TRS	8,906	
Change in deferred items - OPEB	<u>18,954</u>	(147,391)
<p>Some expenses in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These activities consist of:</p>		
Addition to compensated absences payable	(2,130)	
Deduction to net pension liability - IMRF	189,914	
Addition to net pension liability - TRS	(3,489)	
Addition to OPEB liabilities	(38,277)	
Decrease in capital lease payable	<u>5,922</u>	<u>151,940</u>
Change in net position of governmental activities		\$ 217,251

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2020

	Business Type Activities - Enterprise Funds		
	Regional Safe School	Nonmajor Proprietary Funds	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 456,606	\$ 253,844	\$ 710,450
Accounts receivable	-	44,396	44,396
Due from other governments	128,970	-	128,970
Prepaid expenses	-	36,221	36,221
Total current assets	<u>585,576</u>	<u>334,461</u>	<u>920,037</u>
Noncurrent assets			
Capital assets, net of depreciation	-	4,677	4,677
TOTAL ASSETS	<u>585,576</u>	<u>339,138</u>	<u>924,714</u>
LIABILITIES			
Accounts payable and accrued expenses	57,796	1,758	59,554
Unearned revenue	-	200	200
TOTAL LIABILITIES	<u>57,796</u>	<u>1,958</u>	<u>59,754</u>
NET POSITION			
Net investment in capital assets	-	4,677	4,677
Unrestricted	527,780	332,503	860,283
TOTAL NET POSITION	<u>\$ 527,780</u>	<u>\$ 337,180</u>	<u>\$ 864,960</u>

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2020

	Business Type Activities - Enterprise Funds		
	Regional Safe School	Nonmajor Proprietary Funds	Total
OPERATING REVENUES			
Fees for services	\$ 523,310	\$ 371,256	\$ 894,566
OPERATING EXPENSES			
Salaries	161,113	308	161,421
Employee benefits	72,016	476	72,492
Purchased services	12,300	117,341	129,641
Supplies and materials	5,997	5,694	11,691
Miscellaneous	270	19,412	19,682
Capital expenditures	4,750	1,811	6,561
Depreciation	-	1,025	1,025
Total operating expenses	<u>256,446</u>	<u>146,067</u>	<u>402,513</u>
OPERATING INCOME	266,864	225,189	492,053
OPERATING TRANSFERS			
Transfers out	-	(213,491)	(213,491)
CHANGE IN NET POSITION	266,864	11,698	278,562
NET POSITION, BEGINNING OF YEAR	<u>260,916</u>	<u>325,482</u>	<u>586,398</u>
NET POSITION, END OF YEAR	<u>\$ 527,780</u>	<u>\$ 337,180</u>	<u>\$ 864,960</u>

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

	Business Type Activities - Enterprise Funds		
	Regional Safe School	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for workshops and services	\$ 531,320	\$ 380,145	\$ 911,465
Payments to suppliers and providers of goods and services	(43,445)	(173,783)	(217,228)
Payments to employees	(233,129)	(784)	(233,913)
Net cash provided by operating activities	<u>254,746</u>	<u>205,578</u>	<u>460,324</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash transfers from (to) other funds	-	(213,491)	(213,491)
Payments for interfund borrowing, net	151,127	-	151,127
Net cash provided by (used in) noncapital financing activities	<u>151,127</u>	<u>(213,491)</u>	<u>(62,364)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	405,873	(7,913)	397,960
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>50,733</u>	<u>261,757</u>	<u>312,490</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 456,606</u>	<u>\$ 253,844</u>	<u>\$ 710,450</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 266,864	\$ 225,189	\$ 492,053
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	1,025	1,025
Effects of changes in assets and liabilities:			
Accounts receivable	-	9,139	9,139
Prepaid expenses	-	(28,940)	(28,940)
Due from other governments	8,010	-	8,010
Accounts payable and accrued expenses	(20,128)	(585)	(20,713)
Unearned revenue	-	(250)	(250)
Net cash provided by operating activities	<u>\$ 254,746</u>	<u>\$ 205,578</u>	<u>\$ 460,324</u>

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Lake County Regional Office of Education No. 34 (ROE No. 34) is an entity that is a result of an Educational Service Region becoming a Regional Office of Education as of August 7, 1995. The ROE No. 34 operates under the School Code (105 ILCS 5/3 and 5/3A). ROE No. 34 encompasses all of Lake County, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of ROE No. 34 and is elected to the position for a four-year term pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the Illinois State Board of Education's (ISBE) Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring the safety, health, and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

The financial statements of the ROE No. 34 have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units.

B. Scope of the Reporting Entity

In determining the financial reporting entity, the ROE No. 34 complies with the provisions of Government Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34,*" and includes all component units that have a significant operational or financial relationship with the ROE No. 34. Based upon the criteria set forth in the GASB Statement No. 61 all component units that have a significant operational or financial relationship with the ROE No. 34 have been included.

The following component units are entities, which are legally separate from the ROE No. 34, but are so intertwined with the ROE No. 34 that they are, in substance, the same as the ROE No. 34. They are supported as part of the ROE No. 34 and blended into the appropriate funds.

On August 8, 1995, ROE No. 34 assumed, pursuant to State law, the authority and responsibility of Educational Services Center No. 2 (ESC No. 2) of Lake County. The former ESC No. 2 is now the Educational Services Division of ROE No. 34 located in its Vernon Hills office. The ROE No. 34's Regional Superintendent of Schools is the administrative and fiscal agent for the Educational Services Division.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

The Educational Services Division is responsible, under the School Code, for providing a variety of in-service training and staff development opportunities to improve the knowledge and skills of educators and for serving as the primary regional delivery system for State and federal grant supported programs and services in education.

The ROE No. 34 administers the Attendance and Truancy Division (ATD) from its Vernon Hills office. The ROE No. 34's Regional Superintendent of Schools is the administrative and fiscal agent for ATD. ATD, also known as the Lake County Center for Dropout Prevention, was established in 1985 to provide educational services to chronic truants and potential dropouts. The primary goals of ATD are to reduce student truancy and to prevent students from dropping out of school. It provides counseling, tutoring, mentoring, attendance incentives, and a variety of enrichment activities that draw on community resources. It also provides teacher technical support services that give emphasis to creative and instructional strategies to make learning more interesting and engaging.

The ROE No. 34 administers the Northern Illinois Reading Recovery Consortium from its Vernon Hills office. The ROE No. 34's Regional Superintendent of Schools is the administrative and fiscal agent for the Consortium. The ROE No. 34 provides site coordination via a contracted consultant.

The ROE No. 34 provides administrative support for the Regional Board of School Trustees from its Vernon Hills office. The ROE No. 34's Regional Superintendent of Schools serves as Ex-Officio Secretary of the Board.

The Regional Board of Trustees consists of seven members from different townships who are elected to six-year terms by the voters of Lake County. The Board has jurisdiction over all matters regarding school boundary changes pursuant to Article 7 of the School Code.

The ROE No. 34 Alternative Program of Lake County is administered by the Lake County Regional Superintendent per the School Code of Illinois 5/13A-6. This is cited as the Safe Schools Law.

The ROE No. 34 is not aware of any entity which would exercise such oversight as to result in it being considered a component unit of the entity.

C. Government-wide Statements

The ROE No. 34's basic financial statements include both government-wide (reporting the ROE No. 34 as a whole) and fund financial statements (reporting the ROE No. 34's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The ROE No. 34's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The ROE No. 34 first utilizes restricted resources to finance qualifying activities.

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

This government-wide focus is more on the sustainability of the ROE No. 34 as an entity and the change in the ROE No. 34's net position resulting from the current year's activities.

D. Fund Financial Statements

The financial transactions of the ROE No. 34 are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The ROE No. 34 may electively add funds, as major funds, which have a specific or community focus. The nonmajor funds are combined in a single column in the fund financial statements. A fund is considered major if it is the primary operating fund of the ROE No. 34 or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported within the financial statements. The following fund types are used by the ROE No. 34:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the ROE No. 34:

General Fund - The General Fund is the general operating fund of the ROE No. 34. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund. The following accounts (subfunds) are included in the general funds:

General State Aid - Used to account for grant monies received for, and payment of, expenditures for regional learning academy supplements.

Educational Services Division Local Operations - Used to account for monies received for, and payment of, expenditures relating to the operations of the Educational Services Division.

Attendance and Truancy Division - Used to account for monies received from interest, donations, and various miscellaneous income. These funds are used to defray staff development, training and professional membership expenses.

Regional Safe Schools - Used to account for monies received for, and payment of, expenditures relating to the operations of the Regional Safe School.

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The ROE No. 34 reports two major special revenue funds and six nonmajor special revenue funds. Major special revenue funds include the following:

Education Fund - This fund is used to account for the State and federal grants and contracts administered by the ROE No. 34. The education accounts (subfunds) are as follows:

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Title I - Reading First Part B State Education Agency (SEA) Funds - Funds provide assistance to school districts in establishing reading programs for students in kindergarten through third grade that are based on scientifically based reading research. Reading first also focuses on teacher development and ensuring that all teachers, including special education teachers, have the tools they need to effectively help their students learn to read.

Regional Safe Schools - This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Truants Alternative/Optional Education - Used to account for monies received from the ISBE to be used in the truant alternative program for Lake County students.

McKinney Education for Homeless Children - Used to account for grant monies received for, and payment of, expenditures associated with a federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a federal Stewart B. McKinney Education for Homeless Children and Youth grant administered through the ISBE.

Juvenile Detention Fund - Used to account for revenues and expenditures related to the operation of the educational program at the Lake County Juvenile Detention Center.

ROE/ISC Operations - Used to account for monies received for, and payment of, assisting schools in all areas of school improvement.

EFAST Pilot Program - Used to account for monies received from the State for expenditures in support of regional mathematics curriculum development activities.

Title II - Teacher Quality Leadership - Used to account for grant monies received for, and payment of, expenditures incurred in providing teacher and principal evaluation training to educators.

Soaring with SAVE - Used to account for grant monies received for, and payment of, expenditures incurred in the Soaring with SAVE after school program. The after school program includes academic tutoring, violence prevention, and enrichment support services to an identified population of middle school students at-risk of academic failure.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

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

Nonmajor Special Revenue Funds - The ROE No. 34 reported the following special revenue funds as nonmajor governmental funds:

General Education Development - Used to account for the revenues and expenditures associated with the processing of applications for the high school level test of general educational development and the issuance of diplomas upon successful completion of the examination. Statute requires excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

Bus Driver Training - Used to account for the revenues and expenditures incurred in conducting initial and refresher training classes for school bus drivers.

Regional Board of School Trustees - Used to account for the revenues and expenditures of the Regional Board of Trustees. This Board consists of seven members from different townships who are elected to six-year terms by the voters of Lake County. The Board has jurisdiction over all matters regarding school boundary changes pursuant to Article 7 of the School Code.

Reading Recovery Operations - Used to account for monies received for, and payment of, expenditures in connection with books and materials for the reading recovery teachers and teacher leaders, supplies, travel expenses, meeting expenses, salary and benefits for teacher leaders, and required professional development.

Distributive Interest - Used to account for monies accumulated from interest earned on the general fund's checking account.

Attendance and Truancy Division - Used to account for the revenues and expenditures of reducing student truancy and the prevention of students from dropping out of school.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Proprietary Funds

Enterprise Funds are used to account for resources from fees charged directly to those entities or individuals that use its services.

Regional Safe Schools - Used to account for the fees received and expenses incurred from school districts in providing a variety of services to the students.

Nonmajor Enterprise Funds - The ROE No. 34 reported the following funds as nonmajor enterprise funds:

Education Services Division - Used to account for the fees received and expenses incurred providing a variety of in service training workshops and conferences.

Fingerprinting Assessment - Used to account for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenses incurred for providing this service to the school districts.

E. Measurement Focus and Basis of Accounting

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

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

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

The ROE No. 34 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the ROE No. 34 funds certain programs by a combination of specific cost-reimbursement grant resources to such programs, and then general revenues. It is the ROE No. 34's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned, if any.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the ROE No. 34's enterprise funds are charges to users for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. Cash and Cash Equivalents

The cash and investment balances of the ROE No. 34 are valued at cost. For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

State regulations require that the ROE No. 34 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the ROE No. 34 to make deposits or invest in obligations of states and their political subdivisions, saving accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

G. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables balances for governmental and business-type activities include amounts due from other governments. Due from other governments represents amounts due from the ISBE, other agencies, and districts.

H. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepays are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

I. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition 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. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the ROE No. 34 as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statements. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

The ROE No. 34 reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Furniture and Equipment	3 - 7 Years
-------------------------	-------------

J. Deferred Outflows/Inflows of Resources

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

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental funds consist of receivables not collected within 60 days after year end. Deferred inflows of resources in the Statement of Net Position relate to pensions and OPEB and consist of the unamortized portion of the net difference between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

K. Unearned Revenue

The ROE No. 34 reports unearned revenue when proceeds have been received but will be earned or spent in a succeeding fiscal year.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

L. Pensions and OPEB

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Teachers' Retirement System of the State of Illinois (TRS) and Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from TRS' and IMRF's fiduciary net positions have been determined on the same basis as they are reported by TRS and IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

For the purpose of measuring the ROE No. 34'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 ROE No. 34's OPEB Plan, and additions to/deductions from the ROE No. 34's fiduciary net position have been determined on the same basis as they are reported by the ROE No. 34's Plan. For this purpose, the ROE No. 34's Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

M. Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

N. Compensated Absences

Under terms of employment, employees are granted general and sick leave in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested general and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Upon the termination of an employee eligible to use general leave, all accumulated leave credit will be paid as of the date of termination up to a maximum of 330 hours. Effective July 1, 2010 the ROE No. 34 amended their policy for general leave accrual and carryover as it applies to grant-funded employees. Any grant-funded employees hired after the effective date will be allowed to accrue general leave according to county policy during the ROE No. 34's fiscal year. These hours must be used by August 31 following that fiscal year. Any unused general leave not used by August 31 following a fiscal year will be lost and not paid out upon subsequent termination. Any grant-funded employees hired before the effective date will not lose their carryover balance as of June 30, 2010 to a maximum of 330 hours. However, at August 31 following a ROE No. 34's fiscal year the grant-funded employees' carryover balance cannot exceed their carryover balance as of the beginning of the fiscal year. Any unused general leave earned during a fiscal year starting July 1, 2010 not used by August 31 following that fiscal year end will be lost and not paid out upon subsequent termination. Employees will not be able to carryover additional general leave that they earned starting on July 1, 2010; the only carryover allowed is their balance as of June 30, 2010 that has not been used subsequent to that date. The allowed carryover will be paid as of the date of termination.

Eligible employees who terminate and are in good standing may receive payment for 50% of their accumulated sick leave bank in excess of 30 days to a maximum of 60 days. Reimbursements are paid at the employee's then-current pay rate. Under certain conditions, a retiring, vested employee can receive up to a maximum of one year of pension service credit for accumulated, unused, unpaid sick leave.

Eligible employees with at least 30 unused sick leave days in their sick bank may elect to receive cash reimbursement for sick leave days that they accrued during the current fiscal year, less any sick leave days taken that year, at 50% value. This reimbursement option is only offered to employees once a year, usually at the end of the fiscal year. The ROE No. 34 records accrued sick leave for amounts payable to employees who elected to be paid for sick days that accumulated during the current year. Accrued sick leave reimbursement amounted to \$0 as of June 30, 2020. The ROE No. 34 suspended the sick leave day reimbursement option in fiscal year 2010 as part of its cost saving programs.

O. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

P. Net Position

Net position of the ROE No. 34 is classified as follows:

Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of borrowings that are attributable to the acquisition 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 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.

Q. Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE No. 34 receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the ROE No. 34 must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the ROE No. 34 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Revenues from federal and State grant awards are recorded net of the amount due to the State for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or carried over to the following year project are recorded as liabilities.

Charges for services result from exchange or exchange-like transactions, in which customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Teacher licensure and permit revenues are recognized in the year for which the licenses and permits are issued.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

R. Budgetary Information

The ROE No. 34 did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2020; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the ISBE, a granting agent, requires budgets for certain program money. For the year ended June 30, 2020, a budgetary comparison schedule is presented for the following grant funds: Regional Safe Schools, Truants Alternative/Optional Education, McKinney Education for Homeless Children, ROE/ISC Operations and Title II - Teacher Quality Leadership.

S. Management Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

T. New Accounting Pronouncements

During the FY2020, the ROE No. 34 implemented Governmental Accounting Standards Board (GASB) Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 extends the effective dates of certain accounting and financial reporting provisions that were first effective for reporting periods beginning after June 15, 2018. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

NOTE 2 - CASH AND CASH EQUIVALENTS

Permitted Deposits and Investments - Statutes authorize the ROE No. 34 to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services are Illinois Funds.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the Securities Exchange Commission, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Deposits

At year-end, the carrying amount of the ROE No. 34's deposits totaled \$5,425,486 and the bank balances totaled \$6,473,502. Of the total bank balances, \$1,660 was invested in the Illinois Funds Money Market as of June 30, 2020. The ROE No. 34 held sufficient collateral for all bank balances as of June 30, 2020 with collateral held by the Bank of New York Mellon in the name of the ROE.

Investments

ROE No. 34's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the ROE No. 34 to purchase certain obligations of the U.S. Treasury, federal agencies, and instrumentalities; certificates of deposit and time deposits covered by federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

As of June 30, 2020, the ROE No. 34 had investments with a carrying value of \$71,692 invested in certificates of deposits, with interest rates ranging from 2.47% to 2.50% and various maturity dates.

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Treasurer has the ability to access.
- Level 2 Inputs to valuation methodology include the following:
- * Quoted prices for similar assets or liabilities in active markets;
 - * Quoted prices for identical or similar assets or liabilities in inactive markets;
 - * Inputs other than quoted market prices that are observable for the asset or liability;
 - * Inputs that are derived principally from or corroborated by observable market data by correlation or other mean.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use unobservable inputs.

Certificates of deposit were valued at cost, which approximates fair value (Level 2). There have been no changes in the methodologies used at June 30, 2020.

Credit Risk

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

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.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a financial institution, the ROE No. 34 will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party. At year-end, ROE No. 34's investments are fully collateralized.

For an investment, this is the risk that in the event of the failure of the counterparty, the ROE No. 34 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the ROE No. 34's investment in the Illinois Fund is not subject to custodial credit risk.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

Concentration Risk

This is the risk of loss attributed to the magnitude of the ROE No. 34's investment in a single issuer. The ROE No. 34 shall diversify its investments to the best of its ability based on the type of funds invested and the 'cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity. At year-end, the ROE No. 34 does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

NOTE 3 - CAPITAL ASSETS

Governmental Activities

Governmental capital asset activities for the year were as follows:

	Balance			Balance
	July 1, 2019	Additions	Deletions	June 30, 2020
Furniture and equipment	\$ 146,115	\$ -	\$ -	\$ 146,115
Less accumulated depreciation	111,701	7,623	-	119,324
Total capital assets, net	<u>\$ 34,414</u>	<u>\$ 7,623</u>	<u>\$ -</u>	<u>\$ 26,791</u>

Depreciation expense of \$7,623 was charged to the instructional services function on the government-wide Statement of Activities.

Business-type Activities

Business-type capital asset activities for the year were as follows:

	Balance			Balance
	July 1, 2019	Additions	Deletions	June 30, 2020
Furniture and equipment	\$ 36,244	\$ -	\$ -	\$ 36,244
Less accumulated depreciation	30,542	1,025	-	31,567
Total capital assets, net	<u>\$ 5,702</u>	<u>\$ (1,025)</u>	<u>\$ -</u>	<u>\$ 4,677</u>

Depreciation expense of \$1,025 was charged to the Nonmajor Proprietary Fund – Fingerprinting Assessment Fund.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 4 - DUE FROM/TO OTHER GOVERNMENTS

The ROE No. 34 has funds due from various other governmental units which consist of the following:

Due from Other Governmental Agencies:

Local school districts	\$ 537,700
ISBE	32,011
Others	<u>1,111</u>
Total	<u>\$ 570,822</u>

Due to Other Governmental Agencies:

Local school districts	<u>\$ 104,906</u>
------------------------	-------------------

NOTE 5 - DEFINED BENEFIT PENSION PLANS

Employee Retirement System – Defined Benefit Pension Plans

The retirement plans of the ROE No. 34 include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the ROE No. 34. The ROE No. 34 is required to contribute at an actuarially determined rate. The ROE No. 34 reimburses Lake County for the contributions made for the participating employees. Each retirement system is discussed below.

Illinois Municipal Retirement Fund

Plan Description

The ROE No. 34 contributes, through Lake County, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the ROE No. 34's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both Lake County and the ROE No. 34 combined. All disclosures for an agent plan can be found in Lake County's annual financial report.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

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.

Plan Membership

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

Active Plan Members

16

A detailed breakdown of IMRF membership for the County and ROE No. 34 combined is available in the Lake County's comprehensive annual financial report.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Contributions

As set by statute, the participating members are required to contribute 4.5% of their annual covered salary. The statute requires Lake County and ROE No. 34 to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE No. 34's annual contribution rate for fiscal year 2020 was 18.45%. For the fiscal year ended June 30, 2020, the ROE No. 34 contributed \$26,840 to the plan. The ROE No. 34 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, 2020, the ROE No. 34 reported a liability of \$44,663 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ROE No. 34's proportion of the net pension liability was based on the ROE No. 34's actual contribution to the plan for the year ended June 30, 2020 relative to the actual contributions of Lake County as a whole. At June 30, 2020, the ROE No. 34's proportion was 0.20%, which was a decrease of 0.03% from its proportion measured as of June 30, 2019.

Actuarial Assumptions

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **non-disabled retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustment that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	5.75%
International Equities	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternatives	7%	
Private Equity	N/A	7.60%
Hedge Funds	N/A	N/A
Commodities	N/A	3.60%
Cash Equivalents	1%	1.85%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. 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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

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. tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating which is published by the Federal Reserve as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances as of December 31, 2018	\$ 1,975,267	\$ 1,740,690	\$ 234,577
Changes for the year:			
Service Cost	27,435	-	27,435
Interest on the Total Pension Liability	121,671	-	121,671
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	12,539	-	12,539
Changes of Assumptions	(267,963)	-	(267,963)
Contributions - Employer	-	22,399	(22,399)
Contributions - Employees	-	12,949	(12,949)
Net Investment Income	-	282,066	(282,066)
Benefit Payment, including Refunds of Employee Contributions	(85,614)	(85,614)	-
Other (Net Transfer)	-	(233,818)	233,818
	<u>(191,932)</u>	<u>(2,018)</u>	<u>(189,914)</u>
Net Changes			
	<u>(191,932)</u>	<u>(2,018)</u>	<u>(189,914)</u>
Balances as of December 31, 2019	<u>\$ 1,783,335</u>	<u>\$ 1,738,672</u>	<u>\$ 44,663</u>

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

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

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

	1% Lower (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net Pension Liability	\$ 263,989	\$ 44,663	\$ (134,914)

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

For the year ending June 30, 2020, the ROE No. 34 recognized pension expense of \$12,177. At June 30, 2020, the ROE No. 34 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
Deferred Amounts Related to Pensions		
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Difference between expected and actual experience	\$ 11,642	\$ (2,572)
Changes in assumptions	25,335	(17,650)
Net difference between projected and actual earnings on pension plan investments	-	(71,136)
Total deferred amounts to be recognized in pension expense in future periods	36,977	(91,358)
Pension contributions made subsequent to the measurement date	15,512	-
Total Deferred Amounts Related to Pension	\$ 52,489	\$ (91,358)

\$15,512 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2021	\$ (19,222)
2022	(14,336)
2023	13,425
2024	(34,248)
Thereafter	-
Total	\$ (54,381)

Teachers' Retirement System

Plan Description

The ROE No. 34 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 <https://www.trsil.org/financial/cafrs/fy2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and 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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

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

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the Pension Code. The active member contribution rate for the year ended June 30, 2019, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the ROE No. 34.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE No. 34. For the year ended June 30, 2020, State of Illinois contributions recognized by the ROE No. 34 were based on the State's proportionate share of the collective net pension liability associated with the ROE No. 34, and the ROE No. 34 recognized revenue and expenditures of \$379,230 in pension contributions from the State of Illinois.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2020 were \$2,330 and are deferred because they were paid after the June 30, 2019 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the ROE No. 34, there is a statutory requirement for the ROE No. 34 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2020, no contributions were required for salaries made from federal and special trust funds.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The ROE No. 34 is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2020, the ROE No. 34 paid \$5,691 to TRS for employer contribution due to salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2020, the ROE No. 34 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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

The amount recognized by the ROE No. 34 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 ROE No. 34 follows:

ROE No. 34's proportionate share of the net pension liability	\$	49,077
State's proportionate share of the net pension liability associated with the ROE No. 34		3,492,790
Total		\$ 3,541,867

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. The ROE No. 34's proportion of the net pension liability was based on the ROE No. 34's share of contributions to TRS for the measurement year ended June 30, 2019, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2019, the ROE No. 34's proportion was .0000605087 percent, which was an increase of .00000202 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the ROE No. 34 recognized pension expense of \$379,230 and revenue of \$379,230 for support provided by the State. For the year ended June 30, 2020, the ROE No. 34 recognized pension expense of \$3,086. At June 30, 2020, the ROE No. 34 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	\$ 805	\$ -
Net difference between projected and actual earnings on pension plan investments	78	-
Changes of assumptions	1,100	942
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,412	118,407
Employer contributions subsequent to the measurement date	8,021	-
Total	\$ 50,416	\$ 119,349

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

\$8,021 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30	Net Deferred Inflows of Resources
2021	\$ (4,123)
2022	(30,875)
2023	(29,435)
2024	(12,659)
2025	138
Total	\$ (76,954)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

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:

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

Discount Rate

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially-funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

Sensitivity of the ROE No. 34's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the ROE No. 34's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the ROE No. 34'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%)
ROE No. 34's proportionate share of the net pension liability	\$ 59,944	\$ 49,077	\$ 40,143

TRS Fiduciary Net Position

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Teachers' Health Insurance Security

THIS Plan Description

ROE No. 34 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 postemployment 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 (CMS) as of July 1, 2013. The CMS administers the plan with the cooperation of the TRS.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

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 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 ROE No. 34. For the year ended June 30, 2020, State of Illinois contributions recognized by the ROE No. 34 were based on the State's proportionate share of the collective net OPEB liability associated with the ROE No. 34, and recognized revenue and expenditures of \$31,544 in OPEB contributions from the State of Illinois.

ROE No. 34 Contributions to the THIS Fund

The ROE No. 34 also makes contributions to the THIS Fund. The ROE No. 34 THIS Fund contribution was 0.92 percent during the year ended June 30, 2020 and 0.92, 0.88, 0.84 and 0.80 percent during the years ended June 30, 2019, June 30, 2018, June 30, 2017 and June 30, 2016, respectively. For the year ended June 30, 2020, the ROE No. 34 paid \$3,670 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2019, June 30, 2018, June 30, 2017 and June 30, 2016, the ROE No. 34 paid \$4,347, \$3,687, \$3,284 and \$3,404, respectively, which was 100 percent of the required contributions.

Further Information on the THIS Fund

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

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 RP2014-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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

Single Discount Rate

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

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.62 percent as of June 30, 2018 and 3.13 percent as of June 30, 2019.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

Sensitivity of the ROE No. 34's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents the ROE No. 34's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
ROE No. 34's proportionate share of the collective net OPEB liability	\$ 639,610	\$ 531,985	\$ 446,941

Sensitivity of the ROE No. 34's Proportionate Share of the Collective net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the ROE No. 34's collective net OPEB liability as of June 30, 2019, 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 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease ^a	Healthcare Cost Trend Rates	1% Increase ^b
ROE No. 34's proportionate share of the collective net OPEB liability	\$ 429,781	\$ 531,985	\$ 669,967

^a One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.81% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

^b One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.81% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

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

At June 30, 2020, the ROE No. 34 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the ROE No. 34.

The amount recognized by the ROE No. 34 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 ROE No. 34 were as follow:

ROE No. 34's proportionate share of the collective net OPEB liability	\$ 531,985
State's proportionate share of the collective net OPEB liability associated with the ROE No. 34	<u>720,337</u>
Total	<u><u>\$ 1,252,322</u></u>

The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and was rolled forward to the June 30, 2019 measurement date. The ROE No. 34's proportion of the collective net OPEB liability was based on a projection of the ROE No. 34's long-term share of contributions to the OPEB plan relative to the projected contributions of the ROE No. 34, actuarially determined. At June 30, 2019, the ROE No. 34 proportion was 0.001922 percent, which was an increase of 0.000168 from its proportion measured as of June 30, 2018 (0.001754 percent). The State's support and total are for disclosure purposes only.

For the year ended June 30, 2020, the ROE No. 34 recognized OPEB expense of \$31,544 and revenue of \$31,544 for the support provided by the State. For the year ended June 30, 2020, the ROE No. 34 recognized OPEB expense of \$27,546.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

At June 30, 2020, the ROE No. 34 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,828
Changes of assumptions	202	60,983
Net difference between projected and actual earnings on OPEB plan investments	-	17
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,278	18,728
Employer contributions subsequent to the measurement date	3,670	-
Total	\$ 57,150	\$ 88,556

\$3,670 reported as deferred outflows of resources related to OPEB resulting from ROE No. 34 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the ROE No. 34's OPEB expense as follows:

Year Ending June 30,	Net Deferred Inflows of Resources
2021	\$ (4,813)
2022	(4,813)
2023	(4,813)
2024	(4,813)
2025	(4,809)
Thereafter	(11,015)
Total	\$ (35,076)

THIS Fiduciary Net Position

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

Health Insurance Plan

Plan Descriptions, Provisions, and Funding Policies

Plan Description. ROE No. 34 provides postemployment medical benefits to eligible retirees, spouses and survivors through the Lake County Group Health Insurance Plan, a single-employer, self-insured health care plan. The benefit levels, employee contributions, and employer contributions are governed and can be amended by the Lake County Board.

Benefits Provided. Employees who terminate after meeting the age and service requirements for retirement are eligible to continue their medical care plan coverage with Lake County by paying the monthly premium rate. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services and prescriptions. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by Lake County and is the basis for the OPEB obligation accounted for under GASB Statement No. 75.

Membership. At June 30, 2020, membership consisted of the following:

Inactive employee currently receiving benefit payment	1
Inactive employees entitled to but not yet receiving benefit payments	–
Active employees	14
Total	<u>15</u>
Participating Employer	<u>1</u>

Annual OPEB Cost and Net OPEB Obligation. The annual OPEB cost is calculated based on the annual required contribution (ARC). The ARC represents the normal cost each year and an amount to amortize the unfunded actuarial liability over a period of thirty years.

Trend Information

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Funded Status and Funding Progress

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

Funded Status and Funding Progress (Continued)

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

Contributions from other Regional Office of Education resources and benefit payments from other ROE resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust. There were contributions of \$5,555 and paid from other Regional Office of Education resources and benefit payments of \$5,555 made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Actuarial Methods and Assumptions

Discount Rate	2.21%
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	<i>Experience/Assumptions</i> gains and losses are amortized over a closed period of 7.2 years, equal to the average remaining service of active and inactive plan members (who have no future service).
Plan Participation Percentage	It is assumed that 80% of all employees and their dependents who are eligible for pre-Medicare retiree benefits will participate in the retiree medical plan. If Medicare eligible, then it is assumed that 10% will participate. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	Pub-2010 mortality table with generational scale MP-2020
Health Care Cost Trend Rate	
Pre-Medicare Medical and Rx Benefits	Select: 7.0%, Ultimate 4.0%
Medicare Benefits	Select: 6.0%, Ultimate 4.0%
Stop Loss Fees	Select: 7.0%, Ultimate 4.0%
Administrative Fees	Select: 4.0%, Ultimate 4.0%
Termination Tables	Illinois Retirement System Fund Actuarial Valuation as of December 31, 2019
Retirement Tables	Illinois Retirement System Fund Actuarial Valuation as of December 31, 2019

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of July 1, 2019	\$ 163,475
Changes for the year:	
Service Cost	6,246
Interest on the Total OPEB Liability	5,843
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	(53,209)
Changes of Assumptions	15,122
Contributions - Employer	-
Contributions - Employees	-
Net Investment Income	-
Benefit Payments, including Refunds of Employee Contributions	(5,555)
Other (Net Transfer)	-
	(31,553)
Net Changes	
	\$ 131,922

Discount rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan assets and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the ROE No. 34, then only the municipal bond rate is used in determining the total OPEB liability.

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate is the June 25, 2020 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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

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 ROE No. 34's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following presents the ROE No. 34's total OPEB liability calculated using a discount rate of 2.21%, as well as what the ROE No. 34's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (3.21%) or 1-percentage-point lower (1.21%) than the current discount rate:

	1% Lower 1.21%	Current Discount 2.21%	1% Higher 3.21%
Total OPEB Liability	<u>\$ 144,000</u>	<u>\$ 131,922</u>	<u>\$ 121,000</u>

Sensitivity of the ROE No. 34's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the ROE No. 34'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.

	1% Lower Varies	Healthcare Trend Rates Varies	1% Higher Varies
Total OPEB Liability	<u>\$118,000</u>	<u>\$131,922</u>	<u>\$149,000</u>

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

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

For the year ended June 30, 2020, the ROE No. 34 recognized OPEB expense of \$1,002. At June 30, 2020 the ROE No. 34 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to OPEB		
<i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i>		
Difference between expected and actual experience	\$ -	\$ 45,819
Change in assumptions	13,022	27,109
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total OPEB expense to be recognized in future periods	13,022	72,928
OPEB contributions made subsequent to the measurement date	-	-
Total Deferred Amounts Related to OPEB	<u>\$ 13,022</u>	<u>\$ 72,928</u>

Contributions subsequent to the measurement date may be recognized as a reduction to the 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:

Year Ending June 30,	Net Deferred Inflows of Resources
2021	\$ (11,087)
2022	(11,087)
2023	(11,087)
2024	(10,944)
2025	(9,354)
Thereafter	(6,347)
Total	<u>\$ (59,906)</u>

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

NOTE 7 - INTERFUND ACTIVITIES

Interfund Balances

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages. The composition of interfund balances as of the date of this report is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund		
Regional Safe Schools	\$ 789	\$ -
Title II – Teacher Quality Leadership	-	789
	<hr/>	<hr/>
Total	<u>\$ 789</u>	<u>\$ 789</u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund		
General State Aid	\$ -	\$ 15,030
Educational Services Division	-	6,713
Attendance and Truancy Division	-	5,354
Education Fund		
Title I – Reading First Part B SEA Funds	-	663
Truants Alternative/Optional Education	18,747	-
ROE/ISC Operations	5,375	-
EFAST Pilot Program	-	1,716
Soaring with SAVE	-	605
Nonmajor Special Revenue Funds		
Attendance and Truancy Division	219,450	-
Proprietary Funds		
Education Services Division	-	213,491
	<hr/>	<hr/>
Total	<u>\$ 243,572</u>	<u>\$ 243,572</u>

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

NOTE 8 - LONG TERM LIABILITIES

Capital Leases

During the fiscal year June 30, 2019, the ROE No. 34 has entered into a lease agreement as lessee for financing the acquisition of a copier. The 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 gross amount of assets recorded under the capital lease is \$31,708 and the accumulated amortization as of June 30, 2020 was \$12,683. The lease includes an end of term purchase option of \$1.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

Year Ending June 30	Amount
2021	\$ 7,356
2022	7,356
2023	7,356
2024	613
Total minimum lease payments	22,681
Less: amount representing interest	2,021
Present value of minimum lease payments	\$ 20,660

Operating Leases

The ROE No. 34 is committed under lease agreements for a building facility for its Safe Schools program located in Zion, IL, and classroom space for its Educational Services Division operations located in Vernon Hills, IL.

In fiscal year 2018, the ROE No. 34 entered into a lease agreement with Grace Missionary church. The lease agreement has commenced on July 1, 2018 with a 5-year initial term and 1-year additional renewal option. Total rental expense for this facility for the year ended June 30, 2020 was \$45,312.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

Future minimum rentals are as follows:

Year Ending June 30	Amount
2021	\$ 45,312
2022	56,640
2023	67,968
Total	\$ 169,920

In fiscal year 2019, this ROE No. 34 renewed its lease agreement for the Educational Services Division for fiscal year 2020. The renewed lease agreement requires monthly lease payments of \$3,193 with an option for annual renewal. Total rental expense for this facility for the year ended June 30, 2020 was \$38,315.

Long-term Liability Activities

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

Type of debt	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due within One Year
Governmental activities					
Compensated absences	\$ 35,282	\$ 35,320	\$ (33,190)	\$ 37,412	\$ -
Net pension liability - IMRF	234,577	-	(189,914)	44,663	-
Net pension liability - TRS	45,588	3,489	-	49,077	-
OPEB liabilities	625,630	69,830	(31,553)	663,907	5,555
Capital lease payable	26,582	-	(5,922)	20,660	6,287
	\$ 967,659	\$ 108,639	\$ (260,579)	\$ 815,719	\$ 11,842

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2020

NOTE 9 - ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the ROE No. 34:

Regional Superintendent salary	\$ 119,832
Assistant Regional Superintendents salary	21,114
Regional Superintendent fringe benefits (includes State paid insurance)	107,844
Assistant Regional Superintendent fringe benefits (includes State paid insurance)	20,368
Salaries of office workers paid by Lake County	451,022
Lake County's share in health insurance contributions	110,920
Lake County's share in retirement contribution	33,952
Other administrative expense	<u>97,401</u>
 Total	 <u><u>\$ 962,453</u></u>

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent were calculated based on data provided by the ISBE.

The ROE No. 34 recorded the on-behalf payments as both revenues and expenditures in the General Fund.

The ROE No. 34 also recorded \$379,230 in revenues and expenses as on-behalf payments from ISBE for the ROE No. 34's share of the State's TRS pension expense in the Statement of Activities. In addition, the ROE No. 34 recorded \$31,544 in revenue and expenses on-behalf payments from CMS for Regional Office's share of the State's THIS contributions in the Statement of Activities. Further, the ROE No. 34 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	\$ 962,453
ROE No. 34's share of TRS pension expense	379,230
ROE No. 34's share of THIS OPEB expense	<u>31,544</u>
 Total	 <u><u>\$ 1,373,227</u></u>

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 10 - NET POSITION/FUND BALANCE

Fund Balance Classifications

In the governmental funds financial statements, the ROE No. 34 considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The ROE No. 34 first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance - the portion of a Governmental Fund's net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. The Education Fund - Regional Safe Schools has nonspendable fund balance made up of prepaid expenditures.

Restricted Fund Balance - the portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following fund balance accounts are restricted by grant agreements or contracts: Education Fund - McKinney Education for Homeless Children, Education Fund - Juvenile Detention, Nonmajor Special Revenue Fund - Regional Board of School Trustees, Nonmajor Special Revenue Fund - Reading Recovery Operations, and Nonmajor Special Revenue Fund - Distributive Interest. The following funds are restricted by Illinois Statute: Institute Fund, Nonmajor Special Revenue Fund - General Education Development, and Nonmajor Special Revenue Fund - Bus Driver Training.

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

Assigned Fund Balance - the portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts presenting assigned fund balance.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes. The unassigned balance is made up of the General Fund - General State Aid, General Fund - Educational Services Division Local Operations, General Fund - Regional Safe Schools, Education Fund - Regional Safe Schools, and Education Fund - ROE/ISC Operations.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

Net Position Classifications

Net investment in capital assets was comprised of the following as of June 30, 2020:

Governmental Activities:

Capital assets - net of accumulated depreciation	\$ 26,791
Less capital related debt	
Capital lease payable	<u>(20,660)</u>
Net investment in capital assets	<u>\$ 6,131</u>

Business-type Activities

Capital assets - net of accumulated depreciation	<u>\$ 4,677</u>
--	-----------------

NOTE 11 - RISK MANAGEMENT

The ROE No. 34 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the ROE No. 34's employees. The ROE No. 34 has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds.

There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

**Lake County Regional Office of Education No. 34
Required Supplementary Information
June 30, 2020**

**Schedule of the Employer's Proportionate Share of the
Net Pension Liability (Asset) and Related Ratios
Illinois Municipal Retirement Fund
Last Five Calendar Years**

	<u>12/31/2019*</u>	<u>12/31/2018*</u>	<u>12/31/2017*</u>	<u>12/31/2016*</u>	<u>12/31/2015*</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.20165%	0.23330%	0.22132%	0.20765%	0.20765%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 44,663	\$ 234,577	\$ (12,861)	\$ 154,546	\$ 179,293
Covered Payroll	\$ 281,169	\$ 314,292	\$ 294,963	\$ 280,047	\$ 302,345
Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	15.88%	74.64%	(4.36%)	55.19%	59.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.50%	88.12%	100.73%	90.45%	88.57%

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.

**Lake County Regional Office of Education No. 34
Required Supplementary Information
June 30, 2020**

**Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Last Six Fiscal Years**

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2020	\$ 26,646 *	\$ 26,840	\$ (194)	\$ 145,508	18.45%
2019	26,912 *	27,876	(964)	158,850	17.55%
2018	31,315 *	32,036	(721)	315,997	10.14%
2017	32,100 *	32,863	(763)	315,218	10.77%
2016	28,728 *	32,962	(4,234)	276,115	11.94%
2015	33,611	33,010	601	315,218	10.47%

Notes to Schedule:

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

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2019 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation.

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.

Lake County Regional Office of Education No. 34
Required Supplementary Information
June 30, 2020

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

	<u>FY2019*</u>	<u>FY2018*</u>	<u>FY2017*</u>	<u>FY2016*</u>	<u>FY2015*</u>	<u>FY2014*</u>
Employer's proportion of the net pension liability	0.00006051%	0.00005849%	0.00027288%	0.00034109%	0.00841894%	0.00462350%
Employer's proportionate share of the net pension liability	\$ 49,077	\$ 45,588	\$ 208,472	\$ 269,246	\$ 55,153	\$ 28,138
State's proportionate share of the net pension liability associated with the employer	3,492,790	3,122,981	2,950,935	3,294,512	3,293,339	2,750,897
Total	<u>\$ 3,541,867</u>	<u>\$ 3,168,569</u>	<u>\$ 3,159,407</u>	<u>\$ 3,563,758</u>	<u>\$ 3,348,492</u>	<u>\$ 2,779,035</u>
Employer's covered-employee payroll	\$ 472,455	\$ 418,985	\$ 390,931	\$ 425,523	\$ 496,744	\$ 481,505
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.4%	10.9%	53.3%	63.3%	11.1%	5.8%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	40.0%	39.3%	36.4%	41.5%	43.0%

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

**Lake County Regional Office of Education No. 34
Required Supplementary Information
June 30, 2020**

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

	FY2020**	FY2019**	FY2018**	FY2017**	FY2016**	FY2015**	FY2014**
Statutorily-required contribution	\$ 35,900	\$ 34,990	\$ 37,709	\$ 35,184	\$ 13,295	\$ 2,881	\$ 1,650
Contributions in relation to the statutorily-required contribution	36,162	34,990	37,709	35,184	13,400	2,881	1,650
Contribution deficiency (excess)	\$ (262)	\$ -	\$ -	\$ -	\$ (105)	\$ -	\$ -
Employer's covered-employee payroll	\$ 398,899	\$ 472,455	\$ 418,985	\$ 390,931	\$ 425,523	\$ 496,744	\$ 481,505
Contributions as a percentage of covered-employee payroll	9.07%	7.41%	9.00%	9.00%	3.15%	0.58%	0.34%

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

Notes to Required Supplementary Information

Changes of assumptions

For the 2019, 2018, 2017 and 2016 measurement years, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

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

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.

Lake County Regional Office of Education No. 34
Required Supplementary Information
June 30, 2020

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

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.0019220000%	0.0017540000%	0.0017140000%	0.0018270000%
Employer's proportionate share of the collective net OPEB liability	\$ 531,985	\$ 462,155	\$ 444,748	\$ 499,397
State's proportionate share of the collective net OPEB liability associated with the employer	720,337	620,502	584,082	692,441
Total	<u>\$ 1,252,322</u>	<u>\$ 1,082,657</u>	<u>\$ 1,028,830</u>	<u>\$ 1,191,838</u>
Employer's covered-employee payroll	\$ 398,899	\$ 418,985	\$ 390,931	\$ 425,523
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	133.4%	110.3%	113.8%	117.4%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.17%	-0.17%	-0.22%

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

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

Lake County Regional Office of Education No. 34
Required Supplementary Information
June 30, 2020

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

	2020	2019	2018	2017	2016
Statutorily-required contribution	\$ 3,670	\$ 4,346	\$ 3,687	\$ 3,284	\$ 3,404
Contributions in relation to the statutorily-required contribution	3,670	4,346	3,687	3,284	3,404
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 398,899	\$ 472,445	\$ 418,985	\$ 390,931	\$ 425,523
Contributions as a percentage of covered-employee payroll	0.92%	0.92%	0.88%	0.84%	0.80%

Changes of Benefit Term

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

Changes of assumptions

For the 2019 measurement year, the assumed investment rate of return was of 0 percent, including an inflation rate of 2.50 percent. For the 2018 and 2017 measurement years, the assumed investment rate of return was of 0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to vary by service credit and were the same for the 2019, 2018 and 2017 measurement years. For the 2019 measurement period, the actual trend was used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax. For the 2018 measurement period, the actual trend was used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax. For the 2017 measurement period, actual trend was used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

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.

Lake County Regional Office of Education No. 34
Required Supplementary Information
June 30, 2020

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

Fiscal Year Ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 6,246	\$ 6,422	\$ 6,183
Interest	5,843	7,514	6,860
Differences between expected and actual experience of the total pension (asset) liability	(53,209)	-	-
Changes of assumptions	15,122	(34,547)	(4,873)
Benefit payments	(5,555)	(7,366)	(4,333)
Net change in total OPEB liability	<u>(31,553)</u>	<u>(27,977)</u>	<u>3,837</u>
Total OPEB liability - beginning	<u>163,475</u>	<u>191,452</u>	<u>187,615</u>
Total OPEB liability - ending (A)	<u><u>\$ 131,922</u></u>	<u><u>\$ 163,475</u></u>	<u><u>\$ 191,452</u></u>
 Covered valuation payroll	 <u><u>\$ 838,495</u></u>	 <u><u>\$ 1,143,853</u></u>	 <u><u>\$ 1,143,853</u></u>
 Total OPEB (asset) liability as a percentage of covered valuation payroll	 15.73%	 14.29%	 16.74%

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.

Changes of Benefit Term

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

Changes of Assumptions

Changes of assumptions reflect a change in the discount rate from 3.50% for fiscal year 2019 to 2.21% for fiscal year 2020. For fiscal year 2019, changes of assumptions reflect a change in the discount rate from 3.87% for fiscal year 2018 to 3.50% for fiscal year 2019.

SUPPLEMENTAL INFORMATION

**Lake County Regional Office of Education No. 34
General Fund
Combining Schedule of Accounts
June 30, 2020**

	<u>General State Aid</u>	<u>Educational Services Division Local Operations</u>	<u>Attendance and Truancy Division</u>	<u>Regional Safe Schools</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 67,336	\$ 247,949	\$ -	\$ 167,324	\$ 482,609
Due from other governments	-	800	-	-	800
TOTAL ASSETS	<u>\$ 67,336</u>	<u>\$ 248,749</u>	<u>\$ -</u>	<u>\$ 167,324</u>	<u>\$ 483,409</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	27,241	-	79,874	107,115
Unearned revenue	-	13,138	-	-	13,138
Total liabilities	<u>-</u>	<u>40,379</u>	<u>-</u>	<u>79,874</u>	<u>120,253</u>
FUND BALANCES					
Unassigned	<u>67,336</u>	<u>208,370</u>	<u>-</u>	<u>87,450</u>	<u>363,156</u>
Total fund balances	<u>67,336</u>	<u>208,370</u>	<u>-</u>	<u>87,450</u>	<u>363,156</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 67,336</u>	<u>\$ 248,749</u>	<u>\$ -</u>	<u>\$ 167,324</u>	<u>\$ 483,409</u>

Lake County Regional Office of Education No. 34
General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2020

	General State Aid	Educational Services Division Local Operations	Attendance and Truancy Division	Regional Safe Schools	Total
REVENUES					
State sources	\$ 4,013,757	\$ -	\$ -	\$ 440,303	\$ 4,454,060
Local sources:					
Intergovernmental	30,000	130,855	-	-	160,855
Fees for services	-	-	-	-	-
On-behalf payments	962,453	-	-	-	962,453
Total revenues	<u>5,006,210</u>	<u>130,855</u>	<u>-</u>	<u>440,303</u>	<u>5,577,368</u>
EXPENDITURES					
Instructional services					
Salaries	56,457	46,191	-	196,549	299,197
Employee benefits	28,496	31,018	-	118,106	177,620
Pension expense	965	2,709	-	-	3,674
OPEB expense	-	1,170	-	-	1,170
Purchased services	41,886	5,532	1,376	38,606	87,400
Supplies and materials	16,122	3,006	66	5,486	24,680
Miscellaneous	-	-	80	-	80
On-behalf payments	962,453	-	-	-	962,453
Intergovernmental					
Payment to other governments	3,795,089	-	-	57,585	3,852,674
Capital expenditures	3,345	-	-	-	3,345
Repayment of long-term lease payable	-	5,922	-	-	5,922
Total expenditures	<u>4,904,813</u>	<u>95,548</u>	<u>1,522</u>	<u>416,332</u>	<u>5,418,215</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	101,397	35,307	(1,522)	23,971	159,153
OTHER FINANCING USES					
Transfers out	(15,030)	(6,713)	(5,354)	-	(27,097)
Interest expense	-	(1,070)	-	-	(1,070)
Total other financing uses	<u>(15,030)</u>	<u>(7,783)</u>	<u>(5,354)</u>	<u>-</u>	<u>(28,167)</u>
NET CHANGE IN FUND BALANCES	86,367	27,524	(6,876)	23,971	130,986
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(19,031)</u>	<u>180,846</u>	<u>6,876</u>	<u>63,479</u>	<u>232,170</u>
FUND BALANCES, END OF YEAR	<u>\$ 67,336</u>	<u>\$ 208,370</u>	<u>\$ -</u>	<u>\$ 87,450</u>	<u>\$ 363,156</u>

Lake County Regional Office of Education No. 34
 Education Fund
 Combining Schedule of Accounts
 June 30, 2020

	Title I - Reading First Part B SEA Funds	Regional Safe Schools	Truants Alternative/ Optional Education	McKinney Education for Homeless Children	Juvenile Detention
ASSETS					
Cash and cash equivalents	\$ -	\$ 17,954	\$ -	\$ 18,288	\$ 2,578,164
Due from other funds	-	789	-	-	-
Due from other governments	-	31,222	-	-	405,708
Prepaid expenses	-	3,776	-	-	-
TOTAL ASSETS	-	53,741	-	18,288	2,983,872
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	53,741	-	6,835	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	50,743
Total liabilities	-	53,741	-	6,835	50,743
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	11,453	2,933,129
Unassigned	-	-	-	-	-
Total fund balances	-	-	-	11,453	2,933,129
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 53,741	\$ -	\$ 18,288	\$ 2,983,872

This schedule is continued on the following page.

Lake County Regional Office of Education No. 34
 Education Fund
 Combining Schedule of Accounts (Continued)
 June 30, 2020

	ROE/ISC Operations	EFAST Pilot Program	Title II - Teacher Quality Leadership	Soaring with SAVE	Total
ASSETS					
Cash and cash equivalents	\$ 22,341	\$ -	\$ -	\$ -	\$ 2,636,747
Due from other funds	-	-	-	-	789
Due from other governments	3,022	-	789	-	440,741
Prepaid expenses	-	-	-	-	3,776
TOTAL ASSETS	25,363	-	789	-	3,082,053
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	21,868	-	-	-	82,444
Due to other funds	-	-	789	-	789
Due to other governments	-	-	-	-	50,743
Total liabilities	21,868	-	789	-	133,976
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	3,495	-	-	-	2,948,077
Unassigned	-	-	-	-	-
Total fund balances	3,495	-	-	-	2,948,077
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,363	\$ -	\$ 789	\$ -	\$ 3,082,053

Lake County Regional Office of Education No. 34
Education Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	Title I - Reading First Part B SEA Funds	Regional Safe Schools	Truants Alternative/ Optional Education	McKinney Education for Homeless Children	Juvenile Detention
REVENUES					
Federal sources	\$ -	\$ -	\$ -	\$ 55,800	\$ -
State sources	-	405,541	97,224	-	-
Local sources:					
Intergovernmental	-	-	-	-	777,513
Fees for services	-	-	-	-	-
Total revenues	<u>-</u>	<u>405,541</u>	<u>97,224</u>	<u>55,800</u>	<u>777,513</u>
EXPENDITURES					
Instructional services					
Salaries	-	272,395	83,918	-	527,095
Employee benefits	-	-	643	-	183,203
Pension benefit	-	-	(11)	-	-
OPEB expense	-	-	1,879	-	-
Purchased services	-	102,258	-	46,354	800
Supplies and materials	-	-	-	9,446	11,281
Miscellaneous	-	-	-	-	3,185
Capital expenditures	-	-	-	-	23,225
Total expenditures	<u>-</u>	<u>374,653</u>	<u>86,429</u>	<u>55,800</u>	<u>748,789</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	30,888	10,795	-	28,724
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(663)	-	18,747	-	-
NET CHANGE IN FUND BALANCES	(663)	30,888	29,542	-	28,724
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>663</u>	<u>(30,888)</u>	<u>(29,542)</u>	<u>11,453</u>	<u>2,904,405</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,453</u>	<u>\$ 2,933,129</u>

This schedule is continued on the following page.

Lake County Regional Office of Education No. 34
Education Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2020

	ROE/ISC Operations	EFAST Pilot Program	Title II - Teacher Quality Leadership	Soaring with SAVE	Total
REVENUES					
Federal sources	\$ -	\$ -	\$ 9,739	\$ -	\$ 65,539
State sources	321,230	-	-	-	823,995
Local sources:					
Intergovernmental	-	-	-	-	777,513
Fees for services	32,798	-	-	-	32,798
Total revenues	<u>354,028</u>	<u>-</u>	<u>9,739</u>	<u>-</u>	<u>1,699,845</u>
EXPENDITURES					
Instructional services					
Salaries	215,579	-	-	-	1,098,987
Employee benefits	92,274	-	-	-	276,120
Pension benefit	(1,135)	-	-	-	(1,146)
OPEB expense	12,102	-	-	-	13,981
Purchased services	30,480	-	9,739	-	189,631
Supplies and materials	4,728	-	-	-	25,455
Miscellaneous	-	-	-	-	3,185
Capital expenditures	-	-	-	-	23,225
Total expenditures	<u>354,028</u>	<u>-</u>	<u>9,739</u>	<u>-</u>	<u>1,629,438</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	70,407
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	5,375	(1,716)	-	(605)	21,138
NET CHANGE IN FUND BALANCES	5,375	(1,716)	-	(605)	91,545
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(1,880)</u>	<u>1,716</u>	<u>-</u>	<u>605</u>	<u>2,856,532</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,948,077</u>

Lake County Regional Office of Education No. 34
 Education Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2020

	Regional Safe Schools				Truants Alternative/Optional Education			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	374,653	374,653	405,541	30,888	86,429	107,958	97,224	(10,734)
Local sources:								
Fees for services	-	-	-	-	-	-	-	-
Total revenues	374,653	374,653	405,541	30,888	86,429	107,958	97,224	(10,734)
EXPENDITURES								
Instructional Services								
Salaries	-	-	272,395	(272,395)	85,414	85,786	83,918	1,868
Employee benefits	-	-	-	-	1,015	643	643	-
Pension benefit	-	-	-	-	-	-	(11)	11
OPEB expense	-	-	-	-	-	-	1,879	(1,879)
Purchased services	45,312	45,312	102,258	(56,946)	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-	-
Payment to other governments	329,341	329,341	-	329,341	-	-	-	-
Total expenditures	374,653	374,653	374,653	-	86,429	86,429	86,429	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	30,888	\$ 30,888	\$ -	\$ -	10,795	\$ (10,734)
OTHER FINANCING SOURCES								
Transfers in			-				18,747	
NET CHANGE IN FUND BALANCES			30,888				29,542	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			(30,888)				(29,542)	
FUND BALANCES, END OF YEAR			\$ -				\$ -	

This schedule is continued on the following page.

Lake County Regional Office of Education No. 34
 Education Fund
 Budgetary Comparison Schedule (Continued)
 For the Year Ended June 30, 2020

	McKinney Education for Homeless Children				ROE/ISC Operations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES								
Federal sources	\$ 55,800	\$ 55,800	\$ 55,800	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	321,230	321,230	321,230	-
Local sources:								
Fees for services	-	-	-	-	-	-	32,798	32,798
Total revenues	55,800	55,800	55,800	-	321,230	321,230	354,028	32,798
EXPENDITURES								
Salaries	-	-	-	-	218,489	215,579	215,579	-
Employee benefits	-	-	-	-	67,506	70,443	92,274	(21,831)
Pension benefit	-	-	-	-	-	-	(1,135)	1,135
OPEB expense	-	-	-	-	-	-	12,102	(12,102)
Purchased services	52,076	52,076	46,354	5,722	30,338	30,480	30,480	-
Supplies and materials	3,724	3,724	9,446	(5,722)	4,897	4,728	4,728	-
Payment to other governments	-	-	-	-	-	-	-	-
Total expenditures	55,800	55,800	55,800	-	321,230	321,230	354,028	(32,798)
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -
OTHER FINANCING SOURCES								
Transfers in							5,375	
NET CHANGE IN FUND BALANCES							5,375	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR							(1,880)	
FUND BALANCES, END OF YEAR							\$ 3,495	

This schedule is continued on the following page.

Lake County Regional Office of Education No. 34
 Education Fund
 Budgetary Comparison Schedule (Continued)
 For the Year Ended June 30, 2020

	Title II - Teacher Quality Leadership				Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES								
Federal sources	\$ 9,739	\$ 9,739	\$ 9,739	\$ -	\$ 65,539	\$ 65,539	\$ 65,539	\$ -
State sources	-	-	-	-	782,312	803,841	823,995	20,154
Local sources:								
Fees for services	-	-	-	-	-	-	32,798	32,798
Total revenues	<u>9,739</u>	<u>9,739</u>	<u>9,739</u>	<u>-</u>	<u>847,851</u>	<u>869,380</u>	<u>922,332</u>	<u>52,952</u>
EXPENDITURES								
Salaries	-	-	-	-	303,903	301,365	571,892	(270,527)
Employee benefits	-	-	-	-	68,521	71,086	92,917	(21,831)
Pension benefit	-	-	-	-	-	-	(1,146)	1,146
OPEB expense	-	-	-	-	-	-	13,981	(13,981)
Purchased services	9,739	9,739	9,739	-	137,465	137,607	188,831	(51,224)
Supplies and materials	-	-	-	-	8,621	8,452	14,174	(5,722)
Payment to other governments	-	-	-	-	329,341	329,341	-	329,341
Total expenditures	<u>9,739</u>	<u>9,739</u>	<u>9,739</u>	<u>-</u>	<u>847,851</u>	<u>847,851</u>	<u>880,649</u>	<u>(32,798)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,529</u>	<u>41,683</u>	<u>\$ 20,154</u>
OTHER FINANCING SOURCES								
Transfers in							24,122	
NET CHANGE IN FUND BALANCES							65,805	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR							(50,857)	
FUND BALANCES, END OF YEAR			<u>\$ -</u>				<u>\$ 14,948</u>	

Lake County Regional Office of Education No. 34
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2020

	General Education Development	Bus Driver Training	Regional Board of School Trustees	Reading Recovery Operations	Distributive Interest	Attendance and Truancy Division	Total
ASSETS							
Cash and cash equivalents	\$ 49,408	\$ 180,811	\$ 1,080	\$ 116,858	\$ 69,466	\$ 103,818	\$ 521,441
Accounts receivable	-	270	-	-	-	-	270
Due from other governments	-	-	-	-	251	60	311
TOTAL ASSETS	49,408	181,081	1,080	116,858	69,717	103,878	522,022
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	-	-	-	-	-	49,715	49,715
Due to other governments	-	-	-	-	-	54,163	54,163
Total liabilities	-	-	-	-	-	103,878	103,878
FUND BALANCES							
Restricted	49,408	181,081	1,080	116,858	69,717	-	418,144
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,408	\$ 181,081	\$ 1,080	\$ 116,858	\$ 69,717	\$ 103,878	\$ 522,022

**Lake County Regional Office of Education No. 34
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020**

	General Education Development	Bus Driver Training	Regional Board of School Trustees	Reading Recovery Operations	Distributive Interest	Attendance and Truancy Division	Total
REVENUES							
State sources	\$ -	\$ 4,121	\$ -	\$ -	\$ -	\$ -	\$ 4,121
Local sources:							
Fees for services	6,128	32,351	-	74,980	4,316	60	117,835
Interest	-	-	-	-	63,225	-	63,225
Total revenues	<u>6,128</u>	<u>36,472</u>	<u>-</u>	<u>74,980</u>	<u>67,541</u>	<u>60</u>	<u>185,181</u>
EXPENDITURES							
Instructional Services							
Salaries	-	-	-	10,000	-	139,455	149,455
Employee benefits	-	-	-	-	-	59,209	59,209
Pension expense	-	-	-	-	-	5,103	5,103
OPEB expense	-	-	-	-	-	5,690	5,690
Purchased services	5,000	12,230	-	15,483	11,365	6,840	50,918
Supplies and materials	278	617	-	36	8,866	61	9,858
Miscellaneous	-	20	-	-	1,456	60,400	61,876
Intergovernmental							
Payment to other governments	-	-	-	43,261	-	-	43,261
Capital expenditures	-	-	-	-	4,447	-	4,447
Total expenditures	<u>5,278</u>	<u>12,867</u>	<u>-</u>	<u>68,780</u>	<u>26,134</u>	<u>276,758</u>	<u>389,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	850	23,605	-	6,200	41,407	(276,698)	(204,636)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	219,450	219,450
NET CHANGE IN FUND BALANCES	850	23,605	-	6,200	41,407	(57,248)	14,814
FUND BALANCES, BEGINNING OF YEAR	48,558	157,476	1,080	110,658	28,310	57,248	403,330
FUND BALANCES, END OF YEAR	\$ 49,408	\$ 181,081	\$ 1,080	\$ 116,858	\$ 69,717	\$ -	\$ 418,144

Lake County Regional Office of Education No. 34
Nonmajor Proprietary Funds
Combining Statement of Net Position
June 30, 2020

	Business Type Activities - Enterprise Funds		
	Education Services Division	Fingerprinting Assessment	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 154,652	\$ 99,192	\$ 253,844
Accounts receivable	44,356	40	44,396
Prepaid expenses	31,300	4,921	36,221
Total current assets	<u>230,308</u>	<u>104,153</u>	<u>334,461</u>
Noncurrent assets			
Capital assets, net of depreciation	-	4,677	4,677
TOTAL ASSETS	<u>230,308</u>	<u>108,830</u>	<u>339,138</u>
LIABILITIES			
Accounts payable and accrued expenses	1,758	-	1,758
Unearned revenue	200	-	200
TOTAL LIABILITIES	<u>1,958</u>	<u>-</u>	<u>1,958</u>
NET POSITION			
Net investment in capital assets	-	4,677	4,677
Unrestricted	228,350	104,153	332,503
TOTAL NET POSITION	<u>\$ 228,350</u>	<u>\$ 108,830</u>	<u>\$ 337,180</u>

**Lake County Regional Office of Education No. 34
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2020**

	Business Type Activities - Enterprise Funds		
	Education		
	Services Division	Fingerprinting Assessment	Total
REVENUES			
Local sources:			
Fees for services	\$ 349,916	\$ 21,340	\$ 371,256
EXPENDITURES			
Salaries	308	-	308
Employee benefits	476	-	476
Purchased services	91,991	25,350	117,341
Supplies and materials	5,193	501	5,694
Miscellaneous	19,412	-	19,412
Capital expenditures	833	978	1,811
Depreciation	-	1,025	1,025
Total expenditures	118,213	27,854	146,067
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	231,703	(6,514)	225,189
OTHER FINANCING USES			
Transfers out	(213,491)	-	(213,491)
CHANGE IN NET POSITION	18,212	(6,514)	11,698
NET POSITION, BEGINNING OF YEAR	210,138	115,344	325,482
NET POSITION, END OF YEAR	\$ 228,350	\$ 108,830	\$ 337,180

Lake County Regional Office of Education No. 34
 Nonmajor Proprietary Funds
 Combining Statement of Cash Flows
 For the Year Ended June 30, 2020

	Business Type Activities - Enterprise Funds		
	Education		
	Services Division	Fingerprinting Assessment	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for workshops and services	\$ 358,455	\$ 21,690	\$ 380,145
Payments to suppliers and providers of goods and services	(149,314)	(24,469)	(173,783)
Payments to employees	(784)	-	(784)
Net cash provided by (used in) operating activities	<u>208,357</u>	<u>(2,779)</u>	<u>205,578</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(213,491)	-	(213,491)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(5,134)</u>	<u>(2,779)</u>	<u>(7,913)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>159,786</u>	<u>101,971</u>	<u>261,757</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 154,652</u>	<u>\$ 99,192</u>	<u>\$ 253,844</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 231,703	\$ (6,514)	\$ 225,189
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	1,025	1,025
Effects of changes in assets and liabilities:			
Accounts receivable	8,789	350	9,139
Prepaid expenses	(31,300)	2,360	(28,940)
Accounts payable and accrued expenses	(585)	-	(585)
Unearned revenue	(250)	-	(250)
Net cash provided by (used in) operating activities	<u>\$ 208,357</u>	<u>\$ (2,779)</u>	<u>\$ 205,578</u>