



State of Illinois
Lake County Regional
Office of Education No. 34

Financial Audit

For the Year June 30, 2021

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

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
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STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
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STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
OFFICIALS
June 30, 2021

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
(July 1, 2023 to Current)

Courtney Curry

Assistant Regional Superintendent
(February 2, 2022 to June 30, 2023)

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, 2021

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	1
Repeated audit findings	1	-
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>
<i>Findings (Government Auditing Standards)</i>			
2021-001	11	Delay of Audit	Noncompliance
2021-002	13	Noncompliance with Grant Requirements	Noncompliance
<i>Findings and Questioned Costs (Federal Compliance)</i>			
None			
<i>Prior Audit Findings Not Repeated (Government Auditing Standards)</i>			
None			
<i>Prior Audit Findings Not Repeated (Federal Compliance)</i>			
None			

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
June 30, 2021

EXIT CONFERENCE

The findings and recommendations appearing in this report were provided to Agency personnel on July 20, 2026. Responses were provided by Agency personnel on July 27, 2026. Sikich held an exit conference with the Lake County Regional Office of Education No. 34 via video call on August 3, 2026.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
June 30, 2021

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

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INDEPENDENT AUDITORS' REPORT

Honorable Christopher B. Meister
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying cash basis 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, 2021, 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 the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 cash basis 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, 2021, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Other Matters

Emphasis of Matter - Restatements

As part of our audit for the year ended June 30, 2021 financial statements, we also audited the adjustments as described in Note 9 of the financial statements that were applied to restate the financial statements in accordance with the cash basis of accounting for the year ended June 30, 2020. Previous financial statements were presented in accordance with generally accepted accounting principles (GAAP). In our opinion, such adjustments are appropriate and have been properly applied.

Supplemental 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, 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, budgetary comparison schedules and the combining fund financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, 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 on the basis of accounting described in Note 1.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1E of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 28, 2026 on our consideration of the Lake County Regional Office of Education No. 34'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 Lake County Regional Office of Education No. 34'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 Lake County Regional Office of Education No. 34's internal control over financial reporting and compliance.

Original Signature on File

Naperville, Illinois
August 28, 2026

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Naperville, IL 60563
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**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 Christopher B. Meister
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 cash basis 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 (the ROE), as of and for the year ended June 30, 2021, and the related notes to the cash basis 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 August 28, 2026.

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 in 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as items 2021-001 and 2021-002.

Regional Office of Education No. 34's Responses to Findings

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 cash basis financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Original Signature on File

Naperville, Illinois
August 28, 2026

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

For the Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements in accordance with Cash Basis of Accounting

Type of auditor’s report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	☐ yes	☒ no
Significant deficiency(ies) identified?	☐ yes	☒ none noted

Noncompliance material to financial statements noted?	☐ yes	☒ no
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STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND RESPONSES (Continued)

For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING NO. 2021-001 – Delay of Audit (Repeated from Prior Year Finding 20-001 and 19-001)

CRITERIA/SPECIFIC REQUIREMENT:

Regional Office of Education No. 34 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. A Regional Office of Education or Educational 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. The ROE has chosen the cash basis of accounting for financial reporting.

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 its designee all books and records deemed necessary to make and complete the required audits. The records shall be completed in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order that the annual audit may be done 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 Regional Office of Education No. 34 did not provide completed financial statements in auditable form until March 2026.

EFFECT:

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

CAUSE:

Regional Office Management indicated Fiscal Year 2021 financial statements were not available until March 2026.

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

For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FINDING NO. 2021-001 – Delay of Audit (Repeated from Prior Year Finding 20-001 and 19-001) (Concluded)

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). These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

MANAGEMENT'S RESPONSE:

The Regional Office of Education No. 34 agrees with the finding and is working with their contracted accounting firm to ensure that the office gets back on schedule with the yearly audit deadlines.

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

For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FINDING NO. 2021-002 – Noncompliance with Grant Requirements

CRITERIA/SPECIFIC REQUIREMENT:

Item 5 of Section A of the Illinois State Board of Education's *State and Federal Grant Administration Policy, Fiscal Requirements, and Procedures* requires grantees with an approved state and/or federal grant program to submit quarterly expenditure reports, at minimum, on or before 20 calendar days after the end of the reporting quarter.

CONDITION:

The Regional Office of Education No. 34 submitted 13 out of 13 (100%) expenditure reports untimely, ranging from 6 to 69 days late.

EFFECT:

Failure to submit expenditure reports in a timely manner may result in noncompliance with grant requirements, potential delays in reimbursement, and increased risk of funding interruptions or loss of future grant opportunities. Additionally, untimely reporting may impact the ability of granting agencies to effectively monitor grant activities.

CAUSE:

Regional Office management indicated they did not have adequate procedures in place to ensure expenditure reports were reviewed and submitted within required deadlines.

RECOMMENDATION:

The Regional Office of Education No. 34 should implement procedures to ensure expenditure reports are prepared, reviewed, and submitted in a timely manner in accordance with grant requirements.

MANAGEMENT'S RESPONSE:

The Regional Office of Education will review expenditure reports on a timely basis to ensure they are submitted within the required timeframe.

**STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS**

For the Year Ended June 30, 2021

Corrective Action Plan

FINDING NO. 2021-001 - Delay of Audit (Repeated from Prior Year Finding 20-001 and 19-001)

CONDITION:

The Regional Office of Education No. 34 did not provide completed financial statements in auditable form until March 2026.

PLAN:

The Regional Office of Education No. 34 has implemented new procedures to ensure completed financial statements are submitted in a timely manner. The ROE has hired an accountant that has brought them up to date through FY24.

ANTICIPATED DATE OF COMPLETION:

April 2026

CONTACT PERSON:

Dr. Michael Karner, Regional Superintendent of Schools

**STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS**

For the Year Ended June 30, 2021

Corrective Action Plan

FINDING NO. 2021-002 - Noncompliance with Grant Requirements

CONDITION:

The Regional Office of Education No. 34 submitted 13 out of 13 (100%) expenditure reports untimely, ranging from 6 to 69 days late.

PLAN:

The Regional Office of Education No. 34 has hired new staff and implemented processes to ensure expenditure reports are submitted prior to the quarterly deadline. The reporting delays were primarily the result of the former Regional Superintendent's incapacity, which prevented them from completing and submitting the expenditure reports. Because no other individual had the authority to submit the reports, they remained outstanding until a new Regional Superintendent was appointed and able to address the issue.

ANTICIPATED DATE OF COMPLETION:

April 2021

CONTACT PERSON:

Dr. Michael Karner, Regional Superintendent of Schools

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2021

Prior Audit Findings Not Repeated

None

BASIC FINANCIAL STATEMENTS

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,395,530	\$ 916,401	\$ 6,311,931
Investments	58,766	-	58,766
TOTAL ASSETS	<u>5,454,296</u>	<u>916,401</u>	<u>6,370,697</u>
NET POSITION			
Restricted for educational purposes	4,638,148	-	4,638,148
Unrestricted	816,148	916,401	1,732,549
TOTAL NET POSITION	<u>\$ 5,454,296</u>	<u>\$ 916,401</u>	<u>\$ 6,370,697</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 - CASH BASIS
For the Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	Program Receipts			Net (Disbursement) Receipt and Changes in Net Position		
	Disbursements	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 688,248	\$ 102,297	\$ 66,816	\$ (519,135)	\$ -	\$ (519,135)
Employee benefits	274,100	15,880	-	(258,220)	-	(258,220)
Purchased services	332,169	31,391	26,499	(274,279)	-	(274,279)
Supplies and materials	55,872	219,736	379	164,243	-	164,243
Other objects	56,279	-	2,082	(54,197)	-	(54,197)
Capital outlay	7,617	-	3,218	(4,399)	-	(4,399)
Repayment of long-term lease payable	7,356	-	-	(7,356)	-	(7,356)
Intergovernmental						
Payments to other governments	4,606,752	-	90,287	(4,516,465)	-	(4,516,465)
Total governmental activities	<u>6,028,393</u>	<u>369,304</u>	<u>189,281</u>	<u>(5,469,808)</u>	<u>-</u>	<u>(5,469,808)</u>
Business-type activities:						
Professional development	416,789	622,668	-	-	205,879	205,879
Total business-type activities	<u>416,789</u>	<u>622,668</u>	<u>-</u>	<u>-</u>	<u>205,879</u>	<u>205,879</u>
Total primary government	<u>\$ 6,445,182</u>	<u>\$ 991,972</u>	<u>\$ 189,281</u>	<u>\$ (5,469,808)</u>	<u>\$ 205,879</u>	<u>\$ (5,263,929)</u>
General receipts						
Local sources:						
Intergovernmental				880,056	-	880,056
Interest income, net				2,839	-	2,839
State sources				<u>5,254,553</u>	<u>-</u>	<u>5,254,553</u>
Total general receipts				<u>6,137,448</u>	<u>-</u>	<u>6,137,448</u>
Transfers				(72)	72	-
Change in net position				667,568	205,951	873,519
Net position, beginning of year, as restated				<u>4,786,728</u>	<u>710,450</u>	<u>5,497,178</u>
Net position, end of year				<u>\$ 5,454,296</u>	<u>\$ 916,401</u>	<u>\$ 6,370,697</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 - CASH BASIS
 June 30, 2021

	Special Revenue Funds				Total Governmental Funds
	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	
ASSETS					
Cash and cash equivalents	\$ 812,940	\$ 3,086,897	\$ 1,075,178	\$ 420,515	\$ 5,395,530
Investments	-	-	58,766	-	58,766
TOTAL ASSETS	<u>812,940</u>	<u>3,086,897</u>	<u>1,133,944</u>	<u>420,515</u>	<u>5,454,296</u>
FUND BALANCES (DEFICIT)					
Restricted	-	3,083,689	1,133,944	420,515	4,638,148
Assigned	-	3,208	-	-	3,208
Unassigned (deficit)	812,940	-	-	-	812,940
TOTAL FUND BALANCES (DEFICIT)	<u>\$ 812,940</u>	<u>\$ 3,086,897</u>	<u>\$ 1,133,944</u>	<u>\$ 420,515</u>	<u>\$ 5,454,296</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 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
 For the Year Ended June 30, 2021

	Special Revenue Funds				Total Governmental Funds
	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	
RECEIPTS					
Federal sources	\$ -	\$ 189,281	\$ -	\$ -	\$ 189,281
State sources	4,435,452	814,147	-	4,954	5,254,553
Local sources:					
Intergovernmental	97,505	782,551	-	-	880,056
Fees for services	-	22,974	252,702	93,628	369,304
Interest income	-	-	1,442	1,397	2,839
Total receipts	<u>4,532,957</u>	<u>1,808,953</u>	<u>254,144</u>	<u>99,979</u>	<u>6,696,033</u>
DISBURSEMENTS					
Instructional services:					
Salaries	128,796	338,460	170,125	50,867	688,248
Employee benefits	65,273	132,923	67,056	8,848	274,100
Purchased services	150,377	140,507	2,139	39,146	332,169
Supplies and materials	23,467	29,589	-	2,816	55,872
Other objects	499	-	61	55,719	56,279
Intergovernmental					
Payments to other governments	3,823,190	713,825	26,300	43,437	4,606,752
Capital outlay	3,668	3,499	450	-	7,617
Repayment of long-term lease payable	7,356	-	-	-	7,356
Total disbursements	<u>4,202,626</u>	<u>1,358,803</u>	<u>266,131</u>	<u>200,833</u>	<u>6,028,393</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>330,331</u>	<u>450,150</u>	<u>(11,987)</u>	<u>(100,854)</u>	<u>667,640</u>
OTHER FINANCING USES					
Transfers out	-	-	-	(72)	(72)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72)</u>	<u>(72)</u>
NET CHANGE IN FUND BALANCES	<u>330,331</u>	<u>450,150</u>	<u>(11,987)</u>	<u>(100,926)</u>	<u>667,568</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>482,609</u>	<u>2,636,747</u>	<u>1,145,931</u>	<u>521,441</u>	<u>4,786,728</u>
FUND BALANCES, END OF YEAR	<u>\$ 812,940</u>	<u>\$ 3,086,897</u>	<u>\$ 1,133,944</u>	<u>\$ 420,515</u>	<u>\$ 5,454,296</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 NET POSITION - CASH BASIS
 June 30, 2021

	Business Type Activities - Enterprise Funds			Total
	Regional Safe School	Education Services Division	Nonmajor Proprietary Fingerprinting Assessment	
ASSETS				
Cash and cash equivalents	\$ 515,557	\$ 324,562	\$ 76,282	\$ 916,401
TOTAL ASSETS	<u>515,557</u>	<u>324,562</u>	<u>76,282</u>	<u>916,401</u>
NET POSITION				
Unrestricted	<u>515,557</u>	<u>324,562</u>	<u>76,282</u>	<u>916,401</u>
TOTAL NET POSITION	<u>\$ 515,557</u>	<u>\$ 324,562</u>	<u>\$ 76,282</u>	<u>\$ 916,401</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 RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND NET POSITION - CASH BASIS
 For the Year Ended June 30, 2021

	Business Type Activities - Enterprise Funds			Total
	Regional Safe School	Education Services Division	Nonmajor Proprietary Fingerprinting Assessment	
OPERATING RECEIPTS				
Fees for services	\$ 131,390	\$ 490,881	\$ 397	\$ 622,668
Total operating receipts	131,390	490,881	397	622,668
OPERATING DISBURSEMENTS				
Salaries	41,253	-	-	41,253
Employee benefits	19,078	-	-	19,078
Purchased services	10,980	306,926	18,189	336,095
Supplies and materials	1,128	5,174	3,884	10,186
Other objects	-	8,943	-	8,943
Capital outlay	-	-	1,234	1,234
Total operating disbursements	72,439	321,043	23,307	416,789
OPERATING INCOME (LOSS)	58,951	169,838	(22,910)	205,879
OPERATING TRANSFERS				
Transfers in	-	72	-	72
Total operating transfers	-	72	-	72
CHANGE IN NET POSITION	58,951	169,910	(22,910)	205,951
NET POSITION, BEGINNING OF YEAR, AS RESTATED	456,606	154,652	99,192	710,450
NET POSITION, END OF YEAR	<u>\$ 515,557</u>	<u>\$ 324,562</u>	<u>\$ 76,282</u>	<u>\$ 916,401</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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

As discussed in note 1E, the financial statements of the ROE No. 34 have been prepared in conformity with the cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). These cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the cash basis of accounting. Following are the ROE No. 34's significant accounting policies.

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.

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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Scope of the Reporting Entity (Continued)

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.

In the government-wide Statement of Net Position - Cash Basis, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on the cash basis. The ROE No. 34's net position is reported in two parts: restricted and unrestricted. The ROE No. 34 first utilizes restricted resources to finance qualifying activities.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-wide Statements (Continued)

The Statement of Activities - Cash Basis demonstrates the degree to which the direct disbursements of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) receipts from 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 receipts are reported instead as general receipts. 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 cash 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, fund equity, receipts and disbursements. 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*, sets forth minimum criteria (percentage of the assets, liabilities, receipts or disbursement 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, receipts, or disbursements 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

Total assets, receipts, or disbursements of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Financial Statements (Continued)

Governmental Funds

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

The focus of the governmental funds' measurement (in the fund statements) is upon determination of cash position and changes in cash position (sources, uses, and balances of cash 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, disbursements for regional learning academy supplements.

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

Regional Safe Schools - Used to account for monies received for, and payment of, disbursements 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:

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, disbursements 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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Juvenile Detention Fund - Used to account for receipts and disbursements 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.

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

Digital Equity - Used to account for monies received for, and payment of, acquiring technology for student use.

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 disbursements 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 disbursements 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 receipts and disbursements 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 receipts and disbursements incurred in conducting initial and refresher training classes for school bus drivers.

Regional Board of School Trustees - Used to account for the receipts and disbursements 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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Reading Recovery Operations - Used to account for monies received for, and payment of, disbursements 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 receipts and disbursements of reducing student truancy and the prevention of students from dropping out of school.

Proprietary Funds

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

Regional Safe School - Used to account for the fees received and disbursements paid from school districts in providing a variety of services to the students at the Safe School.

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

Nonmajor Proprietary Funds - The ROE No. 34 reported the following fund as a nonmajor proprietary fund:

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

E. Measurement Focus and Basis of Accounting

The government-wide and the fund financial statements are reported using the cash basis of accounting. This basis of accounting recognizes receipts and disbursements when they result from cash transactions. In addition, the government-wide statements report disbursements for capital asset purchases and present debt proceeds as receipts. Non-cash transactions are not reported in the financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

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 receipts. 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 also utilize the cash basis of accounting.

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

F. Cash and Cash Equivalents

The cash and investment balances of the ROE No. 34 are valued at cost. 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.

G. 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 receipts and disbursements. 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 consolidation of the government-wide financial statements.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Net Position/Fund Balance

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

Restricted Net Position - consists of restricted assets.

Unrestricted Net Position - the net amount of assets that are not included in the determination of the restricted component of net position.

Fund Balance Classifications

In the cash-basis governmental funds financial statements, the ROE No. 34 considers restricted amounts to have been spent when a disbursement is made 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 a disbursement is made 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. There are no funds presenting a nonspendable fund balance.

Restricted Fund Balance - the portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following fund balance accounts are restricted by grant agreements or contracts: Education Fund - Regional Safe Schools, Education Fund - Truants Alternative/Optional Education, 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 funds 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 or are the residual amounts after the release of restricted resources in special revenue funds. The assigned balance is made up of the Education Fund - ROE/ISC Operations.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Net Position/Fund Balance (Continued)

Fund Balance Classifications (Continued)

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, and Education Fund - Title II Teacher Quality Leadership.

I. 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, 2021. As such, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual receipts and disbursements are compared; however, the ISBE, a granting agent, requires budgets for certain program money. For the year ended June 30, 2021, a budgetary comparison schedule (cash basis) is presented for the following grant funds: Regional Safe Schools, Truants Alternative/Optional Education, ROE/ISC Operations and Digital Equity.

NOTE 2 - CASH AND CASH EQUIVALENTS

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, and commercial paper rated within the three highest classifications by at least two standard rating services.

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.

Deposits

At year-end, the carrying amount of the ROE No. 34's deposits totaled \$6,311,931 and the bank balances totaled \$7,254,631. Of the total bank balances, \$1,485 was invested in the Illinois Funds Money Market as of June 30, 2021. The ROE No. 34 held sufficient collateral for all bank balances as of June 30, 2021 with collateral held by the Bank of New York Mellon in the name of the ROE.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

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, 2021, the ROE No. 34 had investments with a carrying value of \$58,766 invested in a certificate of deposit, with an interest rate of 2.47% and maturing in September 2021. Certificates of deposit were valued at cost, in accordance with the cash basis of accounting.

Credit Risk

At June 30, 2021, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds 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.

The certificate of deposit has a maturity of less than three months as of June 30, 2021.

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 deposits 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 deposits 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. The certificate of deposit is held at a local financial institution in an amount that is covered by Federal deposit insurance.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - 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 the agent plan can be found in Lake County's annual financial report.

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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

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

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 2021 was 9.51%, which was equal to Lake County's contribution rate. For the fiscal year ended June 30, 2021, the ROE No. 34 contributed \$13,092 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.

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/acfrs>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEFINED BENEFIT PENSION PLANS (Continued)

Teachers' Retirement System (Continued)

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.

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. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring Tier 1 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.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEFINED BENEFIT PENSION PLANS (Continued)

Teachers' Retirement System (Continued)

Contributions (Continued)

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, 2021, was 9 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, 2021, the State of Illinois contributions made on behalf of the ROE No. 34 were based on the State's proportionate share of the collective net pension liability associated with the ROE No. 34. For the year ended June 30, 2021, the State of Illinois contribution was \$341,320 and is not recorded in the financial statements as a result of utilizing the cash basis of accounting.

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, 2021 were \$1,691.

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, 2021, the employer pension contribution was 10.41 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2021, 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, 2021, the ROE No. 34 was not required to make any one-time contributions to TRS for salary increases over 6% or excess sick leave.

Aggregate Expense

The aggregate expense for the pension plans for the June 30, 2021 fiscal year was \$354,412.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - 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

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, 2021, State of Illinois contributions made on behalf of 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 amounted to \$4,999 in OPEB contributions from the State of Illinois. These amounts are not recorded in the financial statements as the amounts were not received or disbursed in cash.

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, 2021 and 0.92, 0.92, 0.88, 0.84 and 0.80 percent during the years ended June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017 and June 30, 2016, respectively. For the year ended June 30, 2021, the ROE No. 34 paid \$2,682 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017 and June 30, 2016, the ROE No. 34 paid \$3,670, \$4,347, \$3,687, \$3,284 and \$3,404, respectively, which was 100 percent of the required contributions.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Teachers' Health Insurance Security (Continued)

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."

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 creating an OPEB obligation.

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.

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 \$3,220 and paid from other Regional Office of Education resources and benefit payments of \$3,220 made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Aggregate Expense

The aggregate expense for the OPEB plans for the June 30, 2021 fiscal year was \$5,902.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - INTERFUND ACTIVITY

Interfund Transfers

Interfund transfers for the year consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<i>Governmental Funds</i>		
Nonmajor Special Revenue Funds	\$ -	\$ 72
<i>Proprietary Funds</i>		
Education Services Division	<u>72</u>	<u>-</u>
Total	\$ <u>72</u>	\$ <u>72</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.

NOTE 6 - LEASE COMMITMENTS

During the fiscal year June 30, 2019, the ROE No. 34 entered into a lease agreement as lessee for financing the acquisition of a copier. The lease includes an end of term purchase option of \$1. The lease term expires in July 2023 and monthly rent is \$613.

In fiscal year 2018, the ROE No. 34 entered into a lease agreement that 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.

Future minimum rentals are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 63,996
2023	75,324
2024	613
	<u>\$ 139,933</u>

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - ON-BEHALF CONTRIBUTIONS

The State of Illinois pays the salaries and fringe benefits of both the Regional Superintendent and the Assistant Regional Superintendent on behalf of the ROE No. 34. Lake County pays the salaries of certain other ROE No. 34 office employees. Lake County also pays some health insurance costs and retirement contribution costs on behalf of the ROE No. 34. There were no amounts to report for on-behalf contributions as of the date of preparation of this report and they are not recorded in the financial statements as the amounts were not received or disbursed in cash.

NOTE 8 - 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.

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE - BASIS OF ACCOUNTING

Effective for fiscal year 2021, the ROE No. 34 changed its basis of accounting from the modified accrual basis to the cash basis (governmental funds) and from the accrual basis to the cash basis (government-wide financial statements and proprietary funds). The ROE No. 34 believes this basis of accounting is more useful to the users of its financial statements because it results in a more simple presentation of its results. As a result of this change in accounting principle, fund balance and net position as of the start of the year have been restated. The following is a summary of such restatements in connection with this change in accounting principle.

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE - BASIS OF ACCOUNTING (Continued)

Governmental Fund Financial Statements

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Fund balance, as reported, June 30, 2020	\$ 363,156	\$ 2,948,077	\$ 1,128,961	\$ 418,144	\$ 4,858,338
To remove the effect of 2020 accruals:					
Accounts receivable	-	-	-	(270)	(270)
Due from other governments	(800)	(440,741)	-	(311)	(441,852)
Prepaid items	-	(3,776)	-	-	(3,776)
Accounts payable and accrued expenses	107,115	82,444	16,970	49,715	256,244
Due to other governments	-	50,743	-	54,163	104,906
Unearned revenue	13,138	-	-	-	13,138
Fund balance, as restated, July 1, 2020	\$ <u>482,609</u>	\$ <u>2,636,747</u>	\$ <u>1,145,931</u>	\$ <u>521,441</u>	\$ <u>4,786,728</u>

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE - BASIS OF ACCOUNTING (Continued)

Proprietary Fund Financial Statements

	Regional Safe School	Education Services Division	Nonmajor Proprietary Funds	Total Proprietary Funds
Net position, as reported, June 30, 2020	\$ 527,780	\$ 228,350	\$ 108,830	\$ 864,960
To remove the effect of 2020 accruals:				
Accounts receivable	-	(44,356)	(40)	(44,396)
Due from other governments	(128,970)	-	-	(128,970)
Prepaid items	-	(31,300)	(4,921)	(36,221)
Accounts payable and accrued expenses	57,796	1,758	-	59,554
Unearned revenue	-	200	-	200
Capital assets, net	-	-	(4,677)	(4,677)
Net position, as restated, July 1, 2020	\$ <u>456,606</u>	\$ <u>154,652</u>	\$ <u>99,192</u>	\$ <u>710,450</u>

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE - BASIS OF ACCOUNTING (Continued)

Government-wide Financial Statements

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total Primary Government</u>
Net position, as reported, June 30, 2020	\$ 3,870,296	\$ 864,960	\$ 4,735,256
To remove the effect of 2020 accruals:			
Accounts receivable	(270)	(44,396)	(44,666)
Due from other governments	(441,852)	(128,970)	(570,822)
Prepaid items	(3,776)	(36,221)	(39,997)
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
Capital assets, net	(26,791)	(4,677)	(31,468)
Deferred outflows related to pensions	(102,905)	-	(102,905)
Deferred outflows related to OPEB	(70,172)	-	(70,172)
Capital lease payable	20,660	-	20,660
Compensated absences	37,412	-	37,412
Net pension liability	93,740	-	93,740
Net OPEB liability	663,907	-	663,907
Deferred inflows related to pensions	210,707	-	210,707
Deferred inflows related to OPEB	161,484	-	161,484
Net position, as restated, July 1, 2020	\$ <u>4,786,728</u>	\$ <u>710,450</u>	\$ <u>5,497,178</u>

STATE OF ILLINOIS
LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2026, the date that these financial statements were available to be issued. Management has determined that the following events occurring subsequent to the financial statement date require disclosure due to the likelihood that these matters would be of importance to the users of these financial statements.

In August 2021, the ROE No. 34 entered into a 66 month lease for office space in Vernon Hills, Illinois. The leased space will be utilized for administrative offices, meeting spaces, and the future site of the Regional Safe School. The annual rent begins at approximately \$200,000 annually. The annual rent increases on a periodic basis to an ultimate annual rent of approximately \$218,000.

NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS

In 2021, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 90, Majority Equity Interests, and applicable sections of GASB No. 93, Replacement of Interbank Offered Rates. The implementation of GASB No. 84 changed the definition of fiduciary activity and established new financial reporting requirements for state and local governments. The implementation of GASB No. 90 addresses the reporting requirements of a government's major equity interest in a legally separate organization. The implementation of GASB No. 93 addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The implementation of GASB Nos. 84, 90, and 93 did not have a significant effect on the ROE's financial statements.

SUPPLEMENTAL INFORMATION

Lake County Regional Office of Education No. 34
General Fund
Combining Balance Sheet - Cash Basis
June 30, 2021

	General State Aid	Educational Services Division Local Operations	Regional Safe Schools	Total
ASSETS				
Cash and cash equivalents	\$ 209,817	\$ 265,824	\$ 337,299	\$ 812,940
TOTAL ASSETS	<u>209,817</u>	<u>265,824</u>	<u>337,299</u>	<u>812,940</u>
FUND BALANCES				
Unassigned	<u>209,817</u>	<u>265,824</u>	<u>337,299</u>	<u>812,940</u>
TOTAL FUND BALANCES	<u>\$ 209,817</u>	<u>\$ 265,824</u>	<u>\$ 337,299</u>	<u>\$ 812,940</u>

Lake County Regional Office of Education No. 34

General Fund

Combining Schedule of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis

For the Year Ended June 30, 2021

	General State Aid	Educational Services Division Local Operations	Regional Safe Schools	Total
RECEIPTS				
State sources	\$ 3,995,149	\$ -	\$ 440,303	\$ 4,435,452
Local sources:				
Intergovernmental	-	97,505	-	97,505
Total receipts	<u>3,995,149</u>	<u>97,505</u>	<u>440,303</u>	<u>4,532,957</u>
DISBURSEMENTS				
Instructional services				
Salaries	-	36,652	92,144	128,796
Employee benefits	4,300	19,164	41,809	65,273
Purchased services	37,867	11,789	100,721	150,377
Supplies and materials	10,942	4,669	7,856	23,467
Other objects	499	-	-	499
Intergovernmental				
Payments to other governments	3,795,392	-	27,798	3,823,190
Capital outlay	3,668	-	-	3,668
Repayment of long-term lease payable	-	7,356	-	7,356
Total disbursements	<u>3,852,668</u>	<u>79,630</u>	<u>270,328</u>	<u>4,202,626</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>142,481</u>	<u>17,875</u>	<u>169,975</u>	<u>330,331</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>67,336</u>	<u>247,949</u>	<u>167,324</u>	<u>482,609</u>
FUND BALANCES, END OF YEAR	<u>\$ 209,817</u>	<u>\$ 265,824</u>	<u>\$ 337,299</u>	<u>\$ 812,940</u>

SCHEDULE 3

Lake County Regional Office of Education No. 34
Education Fund
Combining Balance Sheet - Cash Basis
June 30, 2021

	Regional Safe Schools	Truants Alternative/ Optional Education	McKinney Education for Homeless Children	Juvenile Detention	ROE/ISC Operations	Title II - Teacher Quality Leadership	Digital Equity	Intrafund Eliminations	Total
ASSETS									
Cash and cash equivalents	\$ 580	\$ 22,753	\$ 107,251	\$ 2,949,626	\$ 6,687	\$ -	\$ -	\$ -	\$ 3,086,897
Due from other funds	-	-	-	3,479	-	-	-	(3,479)	-
TOTAL ASSETS	580	22,753	107,251	2,953,105	6,687	-	-		3,086,897
LIABILITIES AND FUND BALANCES (DEFICIT)									
LIABILITIES									
Due to other funds	-	-	-	-	-	3,479	-	(3,479)	-
Total liabilities	-	-	-	-	-	3,479	-		-
FUND BALANCES (DEFICIT)									
Restricted	580	22,753	107,251	2,953,105	-	-	-	-	3,083,689
Assigned	-	-	-	-	6,687	-	-	(3,479)	3,208
Unassigned (deficit)	-	-	-	-	-	(3,479)	-	3,479	-
Total fund balances (deficit)	580	22,753	107,251	2,953,105	6,687	(3,479)	-	-	3,086,897
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 580	\$ 22,753	\$ 107,251	\$ 2,953,105	\$ 6,687	\$ -	\$ -	\$ -	\$ 3,086,897

This schedule is continued on the following page.

SCHEDULE 4

Lake County Regional Office of Education No. 34
Education Fund
Combining Schedule of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
For the Year Ended June 30, 2021

	Regional Safe Schools	Truants Alternative/ Optional Education	McKinney Education for Homeless Children	Juvenile Detention	ROE/ISC Operations	Title II - Teacher Quality Leadership	Digital Equity	Total
RECEIPTS								
Federal sources	\$ -	\$ -	\$ 122,750	\$ -	\$ -	\$ 4,614	\$ 61,917	\$ 189,281
State sources	405,468	86,429	-	-	322,250	-	-	814,147
Local sources:								-
Intergovernmental	-	-	-	782,551	-	-	-	782,551
Fees for services	-	-	-	-	22,974	-	-	22,974
Total receipts	<u>405,468</u>	<u>86,429</u>	<u>122,750</u>	<u>782,551</u>	<u>345,224</u>	<u>4,614</u>	<u>61,917</u>	<u>1,808,953</u>
DISBURSEMENTS								
Instructional services								
Salaries	53,005	35,306	-	36,053	214,096	-	-	338,460
Employee benefits	-	8,876	-	14,190	109,857	-	-	132,923
Purchased services	75,585	976	23,775	-	32,867	7,304	-	140,507
Supplies and materials	-	15,019	10,012	502	4,056	-	-	29,589
Intergovernmental								
Payments to other governments	295,041	-	-	356,867	-	-	61,917	713,825
Capital outlay	-	3,499	-	-	-	-	-	3,499
Total disbursements	<u>423,631</u>	<u>63,676</u>	<u>33,787</u>	<u>407,612</u>	<u>360,876</u>	<u>7,304</u>	<u>61,917</u>	<u>1,358,803</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(18,163)	22,753	88,963	374,939	(15,652)	(2,690)	-	450,150
FUND BALANCES, (DEFICIT) BEGINNING OF YEAR, AS RESTATED	<u>18,743</u>	<u>-</u>	<u>18,288</u>	<u>2,578,166</u>	<u>22,339</u>	<u>(789)</u>	<u>-</u>	<u>2,636,747</u>
FUND BALANCES, (DEFICIT), END OF YEAR	<u>\$ 580</u>	<u>\$ 22,753</u>	<u>\$ 107,251</u>	<u>\$ 2,953,105</u>	<u>\$ 6,687</u>	<u>\$ (3,479)</u>	<u>\$ -</u>	<u>\$ 3,086,897</u>

This schedule is continued on the following page.

SCHEDULE 5

Lake County Regional Office of Education No. 34 Education Fund Budgetary Comparison Schedule - Cash Basis For the Year Ended June 30, 2021

	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		
RECEIPTS								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	374,246	374,246	405,468	31,222	86,429	86,429	86,429	-
Local sources:								
Fees for services	-	-	-	-	-	-	-	-
Total receipts	374,246	374,246	405,468	31,222	86,429	86,429	86,429	-
DISBURSEMENTS								
Instructional Services								
Salaries	-	-	53,005	(53,005)	42,329	39,183	35,306	3,877
Employee benefits	-	-	-	-	29,163	10,228	8,876	1,352
Purchased services	76,076	79,205	75,585	3,620	9,737	1,100	976	124
Supplies and materials	-	-	-	-	5,200	20,654	15,019	5,635
Capital outlay	-	-	-	-	-	15,264	-	-
Intergovernmental								
Payments to other governments	298,170	295,041	295,041	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	3,499	(3,499)
Total disbursements	374,246	374,246	423,631	(49,385)	86,429	86,429	63,676	7,489
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>(18,163)</u>	<u>\$ (18,163)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,753</u>	<u>\$ 7,489</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED			<u>18,743</u>				<u>-</u>	
FUND BALANCES, END OF YEAR			<u>\$ 580</u>				<u>\$ 22,753</u>	

This schedule is continued on the following page.

SCHEDULE 5

**Lake County Regional Office of Education No. 34
Education Fund
Budgetary Comparison Schedule - Cash Basis (Continued)
For the Year Ended June 30, 2021**

	ROE/ISC Operations				Digital Equity			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
RECEIPTS								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 61,917	\$ 61,917	\$ 61,917	\$ -
State sources	322,250	322,250	322,250	-	-	-	-	-
Local sources:								
Fees for services	-	-	22,974	22,974	-	-	-	-
Total receipts	322,250	322,250	345,224	22,974	61,917	61,917	61,917	-
DISBURSEMENTS								
Salaries	199,445	199,445	214,096	(14,651)	-	-	-	-
Employee benefits	85,882	85,882	109,857	(23,975)	-	-	-	-
Purchased services	32,867	32,867	32,867	-	-	-	-	-
Supplies and materials	4,056	4,056	4,056	-	-	-	-	-
Capital outlay								
Intergovernmental								
Payments to other governments	-	-	-	-	-	-	61,917	(61,917)
Capital outlay	-	-	-	-	61,917	61,917	-	61,917
Total disbursements	322,250	322,250	360,876	(38,626)	61,917	61,917	61,917	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>(15,652)</u>	<u>\$ (15,652)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED			<u>22,339</u>				<u>-</u>	
FUND BALANCES, END OF YEAR			<u>\$ 6,687</u>				<u>\$ -</u>	

Lake County Regional Office of Education No. 34
Nonmajor Special Revenue Funds
Combining Balance Sheet - Cash Basis
June 30, 2021

	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	\$ 50,937	\$ 189,814	\$ 1,030	\$ 113,652	\$ 65,082	\$ -	\$ 420,515
TOTAL ASSETS	<u>50,937</u>	<u>189,814</u>	<u>1,030</u>	<u>113,652</u>	<u>65,082</u>	<u>-</u>	<u>420,515</u>
FUND BALANCES							
Restricted	50,937	189,814	1,030	113,652	65,082	-	420,515
TOTAL FUND BALANCES	<u>\$ 50,937</u>	<u>\$ 189,814</u>	<u>\$ 1,030</u>	<u>\$ 113,652</u>	<u>\$ 65,082</u>	<u>\$ -</u>	<u>\$ 420,515</u>

Lake County Regional Office of Education No. 34
Nonmajor Special Revenue Funds
Combining Schedule of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
For the Year Ended June 30, 2021

	General Education Development	Bus Driver Training	Regional Board of School Trustees	Reading Recovery Operations	Distributive Interest	Attendance and Truancy Division	Total
RECEIPTS							
State sources	\$ -	\$ 4,954	\$ -	\$ -	\$ -	\$ -	\$ 4,954
Local sources:							
Fees for services	7,020	26,022	-	57,340	3,186	60	93,628
Interest	-	-	-	-	1,397	-	1,397
Total receipts	<u>7,020</u>	<u>30,976</u>	<u>-</u>	<u>57,340</u>	<u>4,583</u>	<u>60</u>	<u>99,979</u>
DISBURSEMENTS							
Instructional Services							
Salaries	-	-	-	10,000	-	40,867	50,867
Employee benefits	-	-	-	-	-	8,848	8,848
Purchased services	5,216	21,143	50	7,109	5,628	-	39,146
Supplies and materials	265	695	-	-	1,856	-	2,816
Other objects	10	135	-	-	1,483	54,091	55,719
Intergovernmental							
Payments to other governments	-	-	-	43,437	-	-	43,437
Total disbursements	<u>5,491</u>	<u>21,973</u>	<u>50</u>	<u>60,546</u>	<u>8,967</u>	<u>103,806</u>	<u>200,833</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,529</u>	<u>9,003</u>	<u>(50)</u>	<u>(3,206)</u>	<u>(4,384)</u>	<u>(103,746)</u>	<u>(100,854)</u>
OTHER FINANCING USES							
Transfers out	-	-	-	-	-	(72)	(72)
NET CHANGE IN FUND BALANCES	<u>1,529</u>	<u>9,003</u>	<u>(50)</u>	<u>(3,206)</u>	<u>(4,384)</u>	<u>(103,818)</u>	<u>(100,926)</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>49,408</u>	<u>180,811</u>	<u>1,080</u>	<u>116,858</u>	<u>69,466</u>	<u>103,818</u>	<u>521,441</u>
FUND BALANCES, END OF YEAR	<u>\$ 50,937</u>	<u>\$ 189,814</u>	<u>\$ 1,030</u>	<u>\$ 113,652</u>	<u>\$ 65,082</u>	<u>\$ -</u>	<u>\$ 420,515</u>