

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

FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 2019

PERFORMED AS SPECIAL ASSISTANT AUDITORS  
FOR THE AUDITOR GENERAL, STATE OF ILLINOIS

**LAKE COUTY REGIONAL OFFICE OF EDUCATION NO. 34**

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LAKE COUTY REGIONAL OFFICE OF EDUCATION NO. 34

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

**Officials**

**June 30, 2019**

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Regional Superintendent  
(April 27, 2021 to Current) Dr. Michael Karner

Regional Superintendent  
(April 2, 2021 to April 26, 2021) No Regional Superintendent

Regional Superintendent  
(During the Audit Period through April 1, 2021) Honorable Roycealee J. Wood

Assistant Regional Superintendent  
(July 1, 2021 to Current) No Assistant Regional Superintendent

Assistant Regional Superintendent  
(During the Audit Period through June 30, 2021) Mr. Mike Munda

Office is located at:  
500 W Winchester Road  
Suite 202  
Libertyville, IL 60048

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

**Financial Report Summary  
Year Ended June 30, 2019**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	1	-
Repeated Audit Findings	-	-
Prior Recommendations Implemented or Not Repeated	-	2

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

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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***Findings (Government Auditing Standards)***

2019-001	10	Delay of Audit	Noncompliance
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***Prior Audit Findings Not Repeated (Government Auditing Standards)***

None

**EXIT CONFERENCE**

The finding and recommendation appearing in this report were discussed with Agency personnel at an exit conference on September 8, 2021. Attending from the Regional Office of Education No. 34 were Michael Karner, Regional Superintendent; and Lisa Wolf, Principal Accountant; and from Lauterbach & Amen, LLP was Tim Gavin. Response to the recommendation was provided by Michael Karner, Regional Superintendent, on September 3, 2021.

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

**Financial Statement Report Summary  
Year Ended June 30, 2019**

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The audit of the accompanying basic financial statements of Lake County Regional Office of Education No. 34 was performed by Lauterbach & Amen, LLP.

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



## **INDEPENDENT AUDITORS' REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake County Regional Office of Education No. 34 (ROE), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the ROE's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 ROE'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 ROE's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake County Regional Office of Education No. 34, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Related Ratios – Illinois Municipal Retirement Fund Lake County, Schedule of Employer Contributions – Illinois Municipal Retirement Fund Lake County, Schedule of the Employer's Proportionate Share of the Net Pension Liability – Teachers' Retirement System of the State of Illinois, Schedule of Employer Contributions – Teachers' Retirement System of the State of Illinois, Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability – Teachers' Health Insurance Security Fund, Schedule of Employer Contributions – Teachers' Health Insurance Security Fund, and Schedule of Changes in the Total OPEB Liability and Related Ratios – Health Insurance Plan on pages 14 through 20 and 74 through 78 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake County Regional Office of Education No. 34's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021 on our consideration of the ROE's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ROE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ROE's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

LAUTERBACH & AMEN, LLP  
Naperville, Illinois  
December 2, 2021



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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake County Regional Office of Education No. 34 (ROE), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the ROE's basic financial statements, and have issued our report thereon dated December 2, 2021.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Responses as item 2019-001.

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

Lake County Regional Office of Education No. 34's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Lake County Regional Office of Education No. 34's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ROE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ROE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

LAUTERBACH & AMEN, LLP  
Naperville, Illinois  
December 2, 2021

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

**Schedule of Findings and Responses  
Year Ended June 30, 2019**

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**Section I: Summary of Auditors Results**

Financial Statements in accordance with GAAP

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

No

Noncompliance material to financial statements noted?

No

**Schedule of Findings and Responses  
Year Ended June 30, 2019**

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**Section II: Financial Statement Findings**

**Finding 2019-001 – Delay of Audit**

**Criteria/Specific Requirement**

Regional Office of Education No. 34 (Regional Office) 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 30<sup>th</sup> of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15<sup>th</sup> of the succeeding fiscal year. Financial reports are to be available no later than August 31<sup>st</sup> in order for the annual audit to be completed by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Additionally, effective 6/25/21 Public Act 102-0025 allows that 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.

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

**Condition**

The Regional Office did not provide completed financial statements in an auditable format in a timely fashion. Fieldwork was originally scheduled for the first quarter of 2020, but the financial records and financial statements were not available for audit until January 2021. A final copy of the financial report was submitted to the auditor on January 25, 2021. Fieldwork was substantially completed in February 2021.

**Effect**

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

**Schedule of Findings and Responses  
Year Ended June 30, 2019**

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**Section II: Financial Statement Findings**

**Finding 2019-001 – Delay of Audit**

**Cause**

Regional Office management indicated internal personnel issues, COVID-19, moving locations and office turnover caused the office to experience difficulty in providing information by the required timeline.

**Auditor’s 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). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. Additionally, ROE management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE statements. These financial statements need to be presented to the Auditor General’s independent auditors for audit by the August 31<sup>st</sup> deadline.

**Management’s Response**

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

## **LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**

### **Corrective Action Plan for Current Year Findings Year Ended June 30, 2019**

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#### **Corrective Action Plan**

##### **Finding 2019-001 – Delay of Audit**

###### **Condition**

The Regional Office did not provide completed financial statements in an auditable format in a timely fashion. Fieldwork was originally scheduled for the first quarter of 2020, but the financial records and financial statements were not available for audit until January 2021. A final copy of the financial report was submitted to the auditor on January 25, 2021. Fieldwork was substantially completed in February 2021.

###### **Plan**

The Regional Office of Education No. 34 will implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements would be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements would be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

###### **Anticipated Date of Completion**

June 30, 2022

###### **Contact Person Responsible for Correction Action**

Honorable Michael Karner, Regional Superintendent of Schools

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

**Summary Schedule of Prior Audit Findings Not Repeated  
Year Ended June 30, 2019**

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Not applicable in the current year



**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

Lake County Regional Office of Education No. 34 (ROE No. 34) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year (FY) ended June 30, 2019. We encourage readers to consider this information in conjunction with ROE No. 34's financial statements, which follow.

2019 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased from \$4,701,108 in FY2018 to \$4,447,269 in FY2019 while General Fund expenditures decreased from \$4,820,838 in FY2018 to \$4,597,379 in FY2019. The decrease in revenue was attributable to decrease in General State Aid funding, while the decrease in expenses was attributable to decrease in payments to other governments.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased from \$3,206,370 in FY2018 to \$2,473,444 in FY2019. The Special Revenue Fund expenditures slightly increased from \$2,029,670 in FY2018 to \$2,051,468 in FY2019. The Education fund is made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase.
- The Proprietary Fund revenues increased from \$761,146 in FY2018 to \$885,922 in FY2019 and the Proprietary Fund expenses increased from \$554,730 in FY2018 to \$644,273 in FY2019. The increase in revenues and expenses was primarily due to tuition fund charges to the school districts for providing services to the students and increase in expense was due to associated cost in conducting the service to the school districts.

Overview of the Financial Statements

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 34's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the ROE No. 34 as a whole and present an overall view of the ROE No. 34's finances.
- *Fund financial statements* report the ROE No. 34's operations in more detail than the government-wide statements by providing information about the most significant funds.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

- *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements, and *other supplementary information* includes combining financial statements and budgetary information for certain General Fund accounts, Education Fund accounts and other nonmajor funds.

**Reporting the ROE No. 34 as a Whole**

It is important to note that ROE No. 34 is reported together with the following component units: Educational Services Division, Attendance and Truancy Division, Northern Illinois Reading Recovery Consortium, ROE Alternative Program, and Regional Board of School Trustees.

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

The government-wide financial statements report information about ROE No. 34 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of ROE No. 34's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid using generally accepted accounting principles of GASB Statement No. 34.

The government-wide financial statements report ROE No. 34's net position and how they have changed. Net position - the net amount of ROE No. 34's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure ROE No. 34's financial health or financial position.

- Over time, increases or decreases in net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE No. 34's overall financial condition, additional nonfinancial factors, such as new laws, rules, regulations, and actions by officials at the State level, need to be considered.

In the government-wide financial statements, ROE No. 34's activities are divided into two categories:

- *Governmental activities*: Most of ROE No. 34's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

- *Business-type activities:* ROE No. 34 charges fees to help cover the costs of certain services it provides.

**Fund Financial Statements**

The fund financial statements provide more detailed information about ROE No. 34’s funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. ROE No. 34 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

ROE No. 34 has two kinds of funds:

- 1) *Governmental funds:* account for those funds through which most governmental functions of the ROE No. 34 are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the ROE No. 34’s programs. ROE No. 34’s Governmental Funds include: the General Fund and the Special Revenue Funds. The governmental funds’ required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.
- 2) *Proprietary funds:* account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and nonmajor enterprise funds. The proprietary funds’ required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

**Government-wide Financial Analysis**

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the ROE No. 34. The net position at the end of FY2019 and FY2018 totaled \$4,239,443 and \$3,402,225, respectively. The analysis that follows provides a summary of the ROE No. 34’s net position as of June 30, 2019 and 2018.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**CONDENSED STATEMENT OF NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>						
Current assets	\$ 4,983,818	\$ 5,458,565	\$ 661,413	\$ (265,973)	\$ 5,645,231	\$ 5,192,592
Capital assets	34,414	10,326	5,702	7,472	40,116	17,798
Other noncurrent assets	–	12,861	–	–	–	12,861
<b>TOTAL ASSETS</b>	<b>5,018,232</b>	<b>5,481,752</b>	<b>667,115</b>	<b>(258,501)</b>	<b>5,685,347</b>	<b>5,223,251</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions and OPEB	306,907	178,593	–	–	306,907	178,593
<b>LIABILITIES</b>						
Current liabilities	351,727	392,961	80,717	129,941	432,444	522,902
Noncurrent liabilities	961,737	894,629	–	–	961,737	894,629
<b>TOTAL LIABILITIES</b>	<b>1,313,464</b>	<b>1,287,590</b>	<b>80,717</b>	<b>129,941</b>	<b>1,394,181</b>	<b>1,417,531</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions and OPEB	358,630	582,088	–	–	358,630	582,088
<b>NET POSITION</b>						
Net investment in capital assets	7,832	64	5,702	7,472	13,534	7,536
Restricted for educational purposes	4,405,843	4,011,776	–	–	4,405,843	4,011,776
Unrestricted	(760,630)	(221,173)	580,696	(395,914)	(179,934)	(617,087)
<b>TOTAL NET POSITION</b>	<b>\$ 3,653,045</b>	<b>\$ 3,790,667</b>	<b>\$ 586,398</b>	<b>\$ (388,442)</b>	<b>\$ 4,239,443</b>	<b>\$ 3,402,225</b>

ROE No. 34's net position increased by \$837,218 (25%) from FY2018. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net position was \$(179,934) at year end. The largest portion of ROE No. 34's net position is restricted. Net position related to the Institute Fund, Education Fund and Nonmajor Special Revenue Funds are considered restricted for educational purposes.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**CHANGES IN NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues:						
Program revenues:						
Charges for services	\$ 406,992	\$ 567,238	\$ 885,922	\$ 761,146	\$ 1,292,914	\$ 1,328,384
Operating grants and contributions	874,543	157,823	–	–	874,543	157,823
General revenues:						
Local sources	1,389,729	1,045,699	–	–	1,389,729	1,045,699
State sources	3,370,519	4,333,345	–	–	3,370,519	4,333,345
Loss on disposal of capital assets	(9,119)	-	–	–	(9,119)	-
Administrative:						
On-behalf payments	1,211,594	1,245,557	–	–	1,211,594	1,245,557
<b>Total revenues</b>	<b>7,244,258</b>	<b>7,349,662</b>	<b>885,922</b>	<b>761,146</b>	<b>8,130,180</b>	<b>8,110,808</b>
Expenses:						
Program expenses:						
Salaries	1,338,581	1,553,830	230,308	243,521	1,568,889	1,797,351
Employee benefits	499,104	546,258	95,456	78,759	594,560	625,017
Pension expense (benefit)	(233,904)	(176,783)	–	–	(233,904)	(176,783)
OPEB expense	30,698	44,476	–	–	30,698	44,476
Purchased services	781,839	562,146	241,391	136,186	1,023,230	698,332
Supplies and materials	46,298	44,174	17,019	18,191	63,317	62,365
Depreciation	7,520	16,663	1,770	2,515	9,290	19,178
Miscellaneous	63,058	72,185	51,719	50,931	114,777	123,116
Intergovernmental:						
Payments to other governments	2,891,699	3,078,549	–	2,263	2,891,699	3,080,812
Capital expenditures	12,202	10,074	6,610	22,364	18,812	32,438
Administrative:						
On-behalf payments	1,211,594	1,245,557	–	–	1,211,594	1,245,557
<b>Total expenses</b>	<b>6,648,689</b>	<b>6,997,129</b>	<b>644,273</b>	<b>554,730</b>	<b>7,292,962</b>	<b>7,551,859</b>
Excess of revenues over expenses before transfers	595,569	352,533	241,649	206,416	837,218	558,949
Other financing sources (uses)						
Transfers in (out)	(733,191)	(8,693)	733,191	8,693	–	–
<b>Change in net position</b>	<b>(137,622)</b>	<b>343,840</b>	<b>974,840</b>	<b>215,109</b>	<b>837,218</b>	<b>558,949</b>
Net position, beginning of year	3,790,667	3,446,827	(388,442)	(603,551)	3,402,225	2,843,276
<b>Net position, ending</b>	<b>\$ 3,653,045</b>	<b>\$ 3,790,667</b>	<b>\$ 586,398</b>	<b>\$ (388,442)</b>	<b>\$ 4,239,443</b>	<b>\$ 3,402,225</b>

**Governmental Activities**

In FY2019, revenues and expenses for governmental activities decreased by \$131,759 and \$374,795, respectively. The decrease in revenues was primarily due to decrease in overall State aid funding. Consequently, expenses, specifically, payments to other governments decreased during the year.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Business-type Activities**

In FY2019, revenues and expenses for business-type activities increased by \$124,776 and \$89,543, respectively. The increase in revenues and expenses was primarily due to tuition fund charges to the school districts for providing services to the students and increase in expense was due to associated cost in conducting the service to the school districts.

**Financial Analysis of the ROE No. 34 Funds**

As previously noted, ROE No. 34 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As ROE No. 34 completed the year, its governmental funds reported a combined fund balance of \$4,596,330, below last year's ending fund balance of \$5,034,183.

**Governmental Fund Highlights**

The General Fund's fund balance decreased from \$1,132,530 in FY2018 to \$232,170 in FY2019 due to decrease in General State aid funding received and local sources revenues earned in FY2019.

The Education Fund's fund balance increased from \$2,484,285 in FY2018 to \$2,856,532 in FY2019 due to educational services programs at the Lake County Juvenile Detention Center.

The Institute Fund's fund balance slightly decreased from \$1,128,908 in FY2018 to \$1,104,298 in FY2019 due to decrease in number of fees collected for the registration and renewal of teacher licenses in FY2019.

The Nonmajor Special Revenue Funds' fund balance increased from \$288,460 in FY2018 to \$403,330 in FY2019 due to increase in interest income earned in FY2019 and transfer of funds from General Fund to closed out funds with deficit balances.

**Proprietary Fund Highlights**

The proprietary fund net position increased by \$974,840 or 250% from (\$388,442) in FY2018 to \$586,398 in FY2019. The increase is mainly due to transfer of funds from General Fund to reallocate expenditures and cover the deficit balance of the Educational Services Division Fund.

**Budgetary Highlights**

ROE No. 34 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by ROE No. 34 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets and Long-term Debt**

ROE No. 34's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE No. 34 maintains an inventory of capital assets which have accumulated over time. For FY2019, asset additions totaled \$40,727 and asset retirement totaled \$78,163. The depreciation expense for FY2019 totaled to \$9,290. Additional information on ROE No. 34's capital assets can be found in Note 4 on page 46 of this report.

ROE No. 34 has entered into a lease agreement as lessee for financing the acquisition of a copier. The present value of minimum lease payments at June 30, 2019 was \$26,582. Additional information on ROE No. 34's leases can be found in Note 8 on pages 69 and 70 of this report.

**Economic Factors and Next Years' Budget**

At the time these financial statements were prepared and audited, ROE No. 34 was aware of several existing circumstances that could significantly affect its financial health in the future:

- County board support for ROE No. 34 is expected to maintain level funding from the FY2019 funding level. A reduction in financial support is expected for FY2020.
- Federal funding and State funding is expected to have no significant changes from FY2019.

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

This financial report is designed to provide ROE No. 34's citizens, taxpayers, clients, and other constituents with a general overview of ROE No. 34's finances and to demonstrate ROE No. 34's accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact Lake County Regional Office of Education No. 34, 500 West Winchester Road, Suite 202, Libertyville, Illinois 60048.

## **BASIC FINANCIAL STATEMENTS**



LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
STATEMENT OF NET POSITION  
JUNE 30, 2019

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 4,634,670	\$ 312,490	\$ 4,947,160
Investments	116,081	-	116,081
Accounts receivable	1,440	53,535	54,975
Due from (to) other funds	(151,127)	151,127	-
Due from other governments	378,978	136,980	515,958
Prepaid expenses	3,776	7,281	11,057
Total current assets	4,983,818	661,413	5,645,231
<b>Noncurrent assets</b>			
Capital assets, net of depreciation	34,414	5,702	40,116
<b>TOTAL ASSETS</b>	<b>5,018,232</b>	<b>667,115</b>	<b>5,685,347</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions - IMRF	178,397	-	178,397
Deferred outflows related to pensions - TRS	114,020	-	114,020
Deferred outflows related to OPEB	14,490	-	14,490
	306,907	-	306,907
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	320,338	80,267	400,605
Unearned revenue	25,467	450	25,917
Capital lease payable	5,922	-	5,922
Total current liabilities	351,727	80,717	432,444
<b>Noncurrent liabilities</b>			
Accrued compensated absences	35,282	-	35,282
Capital lease payable	20,660	-	20,660
Net pension liability - TRS	45,588	-	45,588
Net pension liability - IMRF	234,577	-	234,577
OPEB liabilities	625,630	-	625,630
Total noncurrent liabilities	961,737	-	961,737
<b>TOTAL LIABILITIES</b>	<b>1,313,464</b>	<b>80,717</b>	<b>1,394,181</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions - IMRF	42,015	-	42,015
Deferred inflows related to pensions - TRS	191,859	-	191,859
Deferred inflows related to OPEB	124,756	-	124,756
	358,630	-	358,630
<b>NET POSITION</b>			
Net investment in capital assets	7,832	5,702	13,534
Restricted for educational purposes	4,405,843	-	4,405,843
Unrestricted	(760,630)	580,696	(179,934)
<b>TOTAL NET POSITION</b>	<b>\$ 3,653,045</b>	<b>\$ 586,398</b>	<b>\$ 4,239,443</b>

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Primary government</b>						
<b>Governmental activities:</b>						
<b>Instructional services</b>						
Salaries	\$ 1,338,581	\$ 52,909	\$ 275,480	\$ (1,010,192)	\$ -	\$ (1,010,192)
Employee benefits	499,104	8,140	92,702	(398,262)	-	(398,262)
Pension expense (benefit)	(233,904)	187,216	-	421,120	-	421,120
OPEB expense	30,698	-	-	(30,698)	-	(30,698)
Purchased services	781,839	16,280	109,318	(656,241)	-	(656,241)
Supplies and materials	46,298	113,958	1,749	69,409	-	69,409
Miscellaneous	63,058	-	8,746	(54,312)	-	(54,312)
Capital expenditures	12,202	-	13,118	916	-	916
Depreciation	7,520	-	-	(7,520)	-	(7,520)
<b>Intergovernmental</b>						
Payments to other governments	2,891,699	28,489	373,430	(2,489,780)	-	(2,489,780)
<b>Administrative</b>						
On-behalf payments - local	618,309	-	-	(618,309)	-	(618,309)
On-behalf payments - State	593,285	-	-	(593,285)	-	(593,285)
<b>Total governmental activities</b>	<u>6,648,689</u>	<u>406,992</u>	<u>874,543</u>	<u>(5,367,154)</u>	<u>-</u>	<u>(5,367,154)</u>
<b>Business-type activities:</b>						
Professional development	644,273	885,922	-	-	241,649	241,649
<b>Total business-type activities</b>	<u>644,273</u>	<u>885,922</u>	<u>-</u>	<u>-</u>	<u>241,649</u>	<u>241,649</u>
<b>Total primary government</b>	<u>\$ 7,292,962</u>	<u>\$ 1,292,914</u>	<u>\$ 874,543</u>	<u>(5,367,154)</u>	<u>241,649</u>	<u>(5,125,505)</u>
General revenues (expenses)						
Local sources:						
Intergovernmental				1,337,224	-	1,337,224
Interest income, net				43,689	-	43,689
Other income				8,816	-	8,816
Loss on disposal of capital assets				(9,119)	-	(9,119)
State sources				3,370,519	-	3,370,519
On-behalf payments - local				618,309	-	618,309
On-behalf payments - State				593,285	-	593,285
Transfers in (out)				(733,191)	733,191	-
Total general revenues				<u>5,229,532</u>	<u>733,191</u>	<u>5,962,723</u>
Change in net position				(137,622)	974,840	837,218
Net position, beginning of year				<u>3,790,667</u>	<u>(388,442)</u>	<u>3,402,225</u>
Net position, end of year				<u>\$ 3,653,045</u>	<u>\$ 586,398</u>	<u>\$ 4,239,443</u>

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 JUNE 30, 2019

EXHIBIT C

	General Fund	Special Revenue Funds			Eliminations	Total Governmental Funds
		Education Fund	Institute Fund	Nonmajor Special Revenue Funds		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 485,854	\$ 2,743,264	\$ 1,005,253	\$ 400,299	\$ -	\$ 4,634,670
Investments	-	-	116,081	-	-	116,081
Accounts receivable	900	540	-	-	-	1,440
Due from other funds	21,369	-	-	-	(21,369)	-
Due from other governments	5,691	367,287	-	6,000	-	378,978
Prepaid expenses	-	3,776	-	-	-	3,776
<b>TOTAL ASSETS</b>	<b>513,814</b>	<b>3,114,867</b>	<b>1,121,334</b>	<b>406,299</b>	<b>(21,369)</b>	<b>5,134,945</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	161,152	141,461	17,036	689	-	320,338
Due to other funds	97,305	75,191	-	-	(21,369)	151,127
Unearned revenue	23,187	-	-	2,280	-	25,467
Total liabilities	281,644	216,652	17,036	2,969	(21,369)	496,932
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	41,683	-	-	-	41,683
<b>FUND BALANCES</b>						
Nonspendable	-	3,776	-	-	-	3,776
Restricted	-	2,918,842	1,104,298	403,330	-	4,426,470
Assigned	6,876	-	-	-	-	6,876
Unassigned	225,294	(66,086)	-	-	-	159,208
Total fund balances	232,170	2,856,532	1,104,298	403,330	-	4,596,330
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 513,814</b>	<b>\$ 3,114,867</b>	<b>\$ 1,121,334</b>	<b>\$ 406,299</b>	<b>\$ (21,369)</b>	<b>\$ 5,134,945</b>

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

**EXHIBIT D**

Total fund balances - governmental funds		\$ 4,596,330
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		34,414
Because some revenues will not be collected for several months after the ROE No. 34 fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		41,683
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources:		
IMRF	\$ 178,397	
TRS	114,020	
OPEB	<u>14,490</u>	306,907
Deferred inflows of resources:		
IMRF	(42,015)	
TRS	(191,859)	
OPEB	<u>(124,756)</u>	(358,630)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences payable	(35,282)	
Net pension liability - TRS	(45,588)	
Net pension liability - IMRF	(234,577)	
OPEB liabilities	(625,630)	
Capital lease payable	<u>(26,582)</u>	<u>(967,659)</u>
Net position of governmental activities		<u><u>\$ 3,653,045</u></u>

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
GOVERNMENTAL FUNDS

EXHIBIT E

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

	Special Revenue Funds				Total Governmental Funds
	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	
<b>REVENUES</b>					
Federal sources	\$ -	\$ 70,639	\$ -	\$ -	\$ 70,639
State sources	3,370,519	799,941	-	3,963	4,174,423
Local sources:					
Intergovernmental	184,977	1,151,136	1,111	-	1,337,224
Fees for services	5,691	38,464	217,697	145,140	406,992
Interest income	-	-	990	44,363	45,353
On-behalf payments	886,082	-	-	-	886,082
Total revenues	4,447,269	2,060,180	219,798	193,466	6,920,713
<b>EXPENDITURES</b>					
Instructional services:					
Salaries	457,689	808,586	97,297	10,000	1,373,572
Employee benefits	204,999	274,711	39,985	588	520,283
Pension expense	17,576	12,261	3,205	45	33,087
Purchased services	137,741	547,480	33,865	62,753	781,839
Supplies and materials	23,946	11,404	639	10,309	46,298
Miscellaneous	2,333	11,443	3,704	45,578	63,058
On-behalf payments	886,082	-	-	-	886,082
Intergovernmental:					
Payments to other governments	2,827,923	-	63,776	-	2,891,699
Capital expenditures	39,090	-	4,492	9,347	52,929
Total expenditures	4,597,379	1,665,885	246,963	138,620	6,648,847
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(150,110)	394,295	(27,165)	54,846	271,866
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out)	(773,722)	(22,048)	2,555	60,024	(733,191)
Proceeds from long-term lease payable	31,708	-	-	-	31,708
Repayment of long-term lease payable	(6,572)	-	-	-	(6,572)
Interest expense	(1,664)	-	-	-	(1,664)
Total other financing sources (uses)	(750,250)	(22,048)	2,555	60,024	(709,719)
<b>NET CHANGE IN FUND BALANCES</b>	(900,360)	372,247	(24,610)	114,870	(437,853)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	1,132,530	2,484,285	1,128,908	288,460	5,034,183
<b>FUND BALANCES, END OF YEAR</b>	\$ 232,170	\$ 2,856,532	\$ 1,104,298	\$ 403,330	\$ 4,596,330

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT F**

Net change in fund balances \$ (437,853)

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

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

Capital outlay	\$ 40,727	
Loss on disposal of capital assets	(9,119)	
Depreciation expense	<u>(7,520)</u>	\$ 24,088

Because some revenues will not be collected for several months after  
the ROE No. 34 fiscal year ends, they are not considered "available"  
revenues and are deferred in the governmental funds.

Prior year unavailable revenue	(41,683)	
Current year unavailable revenue	<u>41,683</u>	-

Deferred outflows (inflows) of resources related to the  
pensions not reported in the funds.

Change in deferred items - IMRF	234,146	
Change in deferred items - TRS	147,179	
Change in deferred items - OPEB	<u>(29,553)</u>	351,772

Some capital additions were financed through capital leases.

In governmental funds, a capital lease arrangement is considered a  
source of financing but in the Statement of Net Position,  
the obligation is reported as a liability. (31,708)

Repayment of long-term capital lease obligations are reported as expenditures  
in the governmental funds, but the repayment reduces long-term liabilities  
in the Statement of Net Position. 6,572

Some expenses in the Statement of Activities do not require the use of current  
financial resources and, therefore, are not reported as expenditures in  
governmental funds. These activities consist of:

Deduction to compensated absences payable	14,675	
Addition to net pension liability - IMRF	(247,438)	
Deduction to net pension liability - TRS	162,884	
Deduction to OPEB liabilities	10,570	
Increase in capital lease payable	<u>8,816</u>	<u>(50,493)</u>

Change in net position of governmental activities \$ (137,622)

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

**EXHIBIT G**

	<b>Business Type Activities - Enterprise Funds</b>			
	<b>Educational Services Division</b>	<b>Regional Safe Schools</b>	<b>Nonmajor Proprietary Funds</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 159,786	\$ 50,733	\$ 101,971	\$ 312,490
Accounts receivable	53,145	-	390	53,535
Due from other funds	-	151,127	-	151,127
Due from other governments	-	136,980	-	136,980
Prepaid expenses	-	-	7,281	7,281
Total current assets	<u>212,931</u>	<u>338,840</u>	<u>109,642</u>	<u>661,413</u>
<b>Noncurrent assets</b>				
Capital assets, net of depreciation	-	-	5,702	5,702
<b>TOTAL ASSETS</b>	<u>212,931</u>	<u>338,840</u>	<u>115,344</u>	<u>667,115</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	2,343	77,924	-	80,267
Unearned revenue	450	-	-	450
<b>TOTAL LIABILITIES</b>	<u>2,793</u>	<u>77,924</u>	<u>-</u>	<u>80,717</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	5,702	5,702
Unrestricted	210,138	260,916	109,642	580,696
<b>TOTAL NET POSITION</b>	<u>\$ 210,138</u>	<u>\$ 260,916</u>	<u>\$ 115,344</u>	<u>\$ 586,398</u>

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

## PROPRIETARY FUNDS

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

	Business Type Activities - Enterprise Funds			
	Educational Services Division	Regional Safe Schools	Nonmajor Proprietary Funds	Total
<b>OPERATING REVENUES</b>				
Intergovernmental	\$ -	\$ 602,550	\$ -	\$ 602,550
Fees for services	258,009	1,093	24,270	283,372
Total operating revenues	258,009	603,643	24,270	885,922
<b>OPERATING EXPENSES</b>				
Salaries	25,195	205,113	-	230,308
Employee benefits	5,213	90,243	-	95,456
Purchased services	44,156	179,106	18,129	241,391
Supplies and materials	3,770	5,749	7,500	17,019
Miscellaneous	15,842	35,778	99	51,719
Capital expenditures	-	3,920	2,690	6,610
Depreciation	-	-	1,770	1,770
Total operating expenses	94,176	519,909	30,188	644,273
<b>OPERATING INCOME (LOSS)</b>	163,833	83,734	(5,918)	241,649
<b>OPERATING TRANSFERS</b>				
Transfers in (out)	736,499	-	(3,308)	733,191
<b>CHANGE IN NET POSITION</b>	900,332	83,734	(9,226)	974,840
<b>NET POSITION, BEGINNING OF YEAR</b>	(690,194)	177,182	124,570	(388,442)
<b>NET POSITION, END OF YEAR</b>	\$ 210,138	\$ 260,916	\$ 115,344	\$ 586,398

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



**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT I**

	<b>Business Type Activities - Enterprise Funds</b>			
	<b>Educational Services Division</b>	<b>Regional Safe Schools</b>	<b>Nonmajor Proprietary Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts for workshops and services	\$ 178,066	\$ 643,543	\$ 24,075	\$ 845,684
Payments to suppliers and providers of goods and services	(61,425)	(233,594)	(27,851)	(322,870)
Payments to employees	(30,408)	(295,356)	-	(325,764)
Net cash provided by (used in) operating activities	<u>86,233</u>	<u>114,593</u>	<u>(3,776)</u>	<u>197,050</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from (to) other funds	736,499	-	(3,308)	733,191
Payments for interfund borrowing, net	(856,145)	(151,127)	-	(1,007,272)
Net cash used in noncapital financing activities	<u>(119,646)</u>	<u>(151,127)</u>	<u>(3,308)</u>	<u>(274,081)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(33,413)	(36,534)	(7,084)	(77,031)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>193,199</u>	<u>87,267</u>	<u>109,055</u>	<u>389,521</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 159,786</u>	<u>\$ 50,733</u>	<u>\$ 101,971</u>	<u>\$ 312,490</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 163,833	\$ 83,734	\$ (5,918)	\$ 241,649
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	1,770	1,770
Effects of changes in assets and liabilities:				
Accounts receivable	(37,429)	-	(195)	(37,624)
Prepaid expense	-	-	579	579
Due from other governments	-	39,900	-	39,900
Accounts payable and accrued expenses	2,343	77,924	(12)	80,255
Due to other governments	-	(86,965)	-	(86,965)
Unearned revenue	(42,514)	-	-	(42,514)
Net cash provided by (used in) operating activities	<u>\$ 86,233</u>	<u>\$ 114,593</u>	<u>\$ (3,776)</u>	<u>\$ 197,050</u>

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

A. Financial Reporting Entity

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

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

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

B. Scope of the Reporting Entity

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

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

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
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The Educational Services Division is responsible, under the School Code, for providing a variety of in-service training and staff development opportunities to improve the knowledge and skills of educators and for serving as the primary regional delivery system for State and federal grant supported programs and services in education.

The ROE No. 34 administers the Attendance and Truancy Division (ATD) from its Libertyville 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 Libertyville 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 Libertyville 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, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The ROE No. 34's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The ROE No. 34 first utilizes restricted resources to finance qualifying activities.

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

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

**D. Fund Financial Statements**

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

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

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

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
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The various funds are reported within the financial statements. The following fund types are used by the ROE No. 34:

**Governmental Funds**

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

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

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

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

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

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

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

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

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

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

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

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

Teacher Mentoring Program - Used to account for grant money received and the expenditures incurred to support the State-wide new teacher mentoring program that includes assigning a mentor teacher to each new teacher for a period of at least two years and providing professional development designed to ensure the growth of the new teachers' knowledge and skills.

Principal Mentoring Program - Used to account for monies from the Illinois Principals Association for expenditures incurred to ensure that every new principal in the region receives a high-quality mentoring experience from trained mentors.

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

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

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

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

Institute Fund - This fund is used to account for fees collected for the registration and renewal of teaching licenses. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are

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designed to promote the professional growth of teachers or for the purpose of defraying the expenses of any general or special meeting of teachers or school personnel, which has been approved. All funds generated remain restricted until expended only on the aforementioned activities.

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

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

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

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

Reading Recovery Installation Fees - Used to account for monies received from Reading Recovery Consortium members and the interest earned on the funds.

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

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

Learning Technology Center - Used to account for the revenues and expenditures of establishing a statewide support system for information, professional development, technical assistance, network design, technology planning, leadership, and information exchange.

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

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Educational Services Division - Used to account for the revenues and expenditures of providing a variety of in-service training and staff development opportunities to improve the knowledge and skills of educators.

**Proprietary Funds**

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

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

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

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

Attendance and Truancy Division - Used to account for the fees received and expenses incurred providing workshops and conferences to prevent students from dropping out of school.

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

**E. Measurement Focus and Basis of Accounting**

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

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



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

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

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

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

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

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

F. Cash and Cash Equivalents

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

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

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G. Receivables

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

H. Prepays

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

I. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the ROE No. 34 as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statements. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

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

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

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

Furniture and Equipment    3 - 7 Years

**J. Deferred Outflows/Inflows of Resources**

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

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

**K. Unearned Revenue**

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

**L. Pensions and OPEB**

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

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

**M. Interfund Receivables, Payables and Activity**

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

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

**N. Compensated Absences**

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

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

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

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allowed is their balance as of June 30, 2010 that has not been used subsequent to that date. The allowed carryover will be paid as of the date of termination.

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

Eligible employees with at least 30 unused sick leave days in their sick bank may elect to receive cash reimbursement for sick leave days that they accrued during the current fiscal year, less any sick leave days taken that year, at 50% value. This reimbursement option is only offered to employees once a year, usually at the end of the fiscal year. The ROE No. 34 records accrued sick leave for amounts payable to employees who elected to be paid for sick days that accumulated during the current year. Accrued sick leave reimbursement amounted to \$0 as of June 30, 2019. The ROE No. 34 suspended the sick leave day reimbursement option in fiscal year 2010 as part of its cost saving programs.

O. Long-term Obligations

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

P. Net Position

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

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

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

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

Q. Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a

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modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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

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

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

R. Budgetary Information

The ROE No. 34 did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2019; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the ISBE, a granting agent, requires budgets for certain program money. For the year ended June 30, 2019, a budgetary comparison schedule is presented for the following grant funds: Regional Safe Schools, Truants Alternative/Optional Education, McKinney Education for Homeless Children, ROE/ISC Operations and Title II - Teacher Quality Leadership.

S. Deficit Fund Balance/Net Position

The following funds had deficit fund balance/net position as of June 30, 2019:

<b>Fund</b>	<b>Amount</b>
General - General State Aid	\$ 19,031
Education - Regional Safe Schools	30,888
Education - Truants Alternative/Optional Education	29,542
Education - ROE/ISC Operations	1,880

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The deficit fund balances are due to grants being over expended and/or due to timing of recognition of revenue. It is expected that these deficits will continue into the future, however some of the deficits will be reduced as funds become available.

T. Management Estimates

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

U. New Accounting Pronouncements

During the fiscal year 2019, the ROE No. 34 implemented GASB Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations. GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements and also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement Nos. 83 and 88 had no impact on the ROE No. 34's financial statements.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

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

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

Deposits

At year-end, the carrying amount of the ROE No. 34's deposits totaled \$4,947,160 and the bank balances totaled \$5,538,490. Of the total bank balances, \$24,084 was invested in the Illinois Funds Money Market as of June 30, 2019. The ROE No. 34 held sufficient collateral for all bank balances as of June 30, 2019.

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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, 2019, the ROE No. 34 had investments with a carrying value of \$116,081 invested in certificates of deposits, with interest rates ranging from 2.47% to 2.50% and various maturity dates.

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

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

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

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

Certificates of deposit were valued at cost, which approximates fair value (Level 2). There have been no changes in the methodologies used at June 30, 2019.

Credit Risk

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



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Interest Rate Risk

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

Custodial Credit Risk

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

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

Concentration Risk

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

**NOTE 3 - DUE FROM OTHER GOVERNMENTS**

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

Due from Other Governmental Agencies:

Local school districts	\$	460,585
ISBE		41,683
Others		13,690
Total	\$	515,958

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**NOTE 4 - CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activities for the year were as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>
Furniture and equipment	\$ 183,551	\$ 40,727	\$ 78,163	\$ 146,115
Less accumulated depreciation	173,225	7,520	69,044	111,701
Total capital assets, net	<u>\$ 10,326</u>	<u>\$ 33,207</u>	<u>\$ 9,119</u>	<u>\$ 34,414</u>

Depreciation expense of \$7,520 was charged to the instructional services function on the government-wide Statement of Activities.

**Business-type Activities**

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

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>
Furniture and equipment	\$ 36,244	\$ -	\$ -	\$ 36,244
Less accumulated depreciation	28,772	1,770	-	30,542
Total capital assets, net	<u>\$ 7,472</u>	<u>\$ (1,770)</u>	<u>\$ -</u>	<u>\$ 5,702</u>

Depreciation expense of \$1,770 was charged to the Nonmajor Proprietary Fund - Fingerprinting Assessment Fund.

**NOTE 5 - DEFINED BENEFIT PENSION PLANS**

**Employee Retirement System - Defined Benefit Pension Plans**

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

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**Illinois Municipal Retirement Fund**

Plan Description

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

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.

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Plan Membership

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

Active Plan Members      16

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

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 calendar year 2018 was 10.14%. For the fiscal year ended June 30, 2019, the ROE No. 34 contributed \$27,876 to the plan. The ROE No. 34 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

At June 30, 2019, the ROE No. 34 reported a liability of \$234,577 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ROE No. 34's proportion of the net pension liability was based on the ROE No. 34's actual contribution to the plan for the year ended June 30, 2019 relative to the actual contributions of Lake County as a whole. At June 30, 2019, the ROE No. 34's proportion was 0.23%, which was an increase of 0.01% from its proportion measured as of June 30, 2018.

Actuarial Assumptions

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.25%.

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

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

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**Single Discount Rate**

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

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

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

Changes in the Net Pension Liability

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances as of December 31, 2017</b>	\$ 1,751,804	\$ 1,764,665	\$ (12,861)
<b>Changes for the year:</b>			
Service Cost	30,066	-	30,066
Interest on the Total Pension Liability	136,128	-	136,128
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	1,477	-	1,477
Changes of Assumptions	148,922	-	148,922
Contributions - Employer	-	31,855	(31,855)
Contributions - Employees	-	14,795	(14,795)
Net Investment Income	-	(100,900)	100,900
Benefit Payment, including Refunds of			
Employee Contributions	(93,130)	(93,130)	-
Other (Net Transfer)	-	123,405	(123,405)
Net Changes	223,463	(23,975)	247,438
<b>Balances as of December 31, 2018</b>	<u>\$ 1,975,267</u>	<u>\$ 1,740,690</u>	<u>\$ 234,577</u>

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

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

	<b>1% Lower (6.25%)</b>	<b>Current Discount (7.25%)</b>	<b>1% Higher (8.25%)</b>
<b>Net Pension Liability</b>	\$ 481,212	\$ 234,577	\$ 32,933

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

For the year ending June 30, 2019, the ROE No. 34 recognized pension expense of \$41,168. At June 30, 2019, the ROE No. 34 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Difference between expected and actual experience	\$ 7,008	\$ (8,520)
Changes in assumptions	42,276	(33,495)
Net difference between projected and actual earnings on pension plan investments	118,042	-
Total deferred amounts to be recognized in pension expense in future periods	167,326	(42,015)
Pension contributions made subsequent to the measurement date	11,071	-
<b>Total Deferred Amounts Related to Pension</b>	<b>\$ 178,397</b>	<b>\$ (42,015)</b>

\$11,071 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

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<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>
2019	\$ 37,590
2020	14,766
2021	20,418
2022	52,537
Thereafter	—
Total	\$ 125,311

**Teachers' Retirement System**

Plan Description

The ROE No. 34 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 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. Disability and death benefits are also provided.

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



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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the Pension Code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the 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, 2019, State of Illinois contributions recognized by the ROE No. 34 were based on the State's proportionate share of the collective net pension liability associated with the ROE No. 34, and the ROE No. 34 recognized revenue and expenditures of \$293,299 in pension contributions from the State of Illinois.

***2.2 formula contributions.*** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019 were \$2,740, and are deferred because they were paid after the June 30, 2018 measurement date.

***Federal and special trust fund contributions.*** When TRS members are paid from federal and special trust funds administered by the 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

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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.

Since these contributions are normal cost contributions, which are considered employer specific liability contributions under GASB 68, the “federal funds” contributions are no longer includable for purposes of allocating collective pension amounts. Any change in proportionate share resulting from this statutory change for individual employers will be recognized and amortized over the remaining service lives of all members beginning in the fiscal year 2018.

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

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the ROE No. 34 paid \$32,250 to TRS for employer contribution due to salary increases in excess of 6 percent, \$0 for salary increases in excess of 3 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2019, the ROE No. 34 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the ROE No. 34 as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the ROE No. 34 follows:

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ROE No. 34's proportionate share of the net pension liability	\$	45,588
State's proportionate share of the net pension liability associated with the ROE No. 34		3,122,981
<b>Total</b>	<b>\$</b>	<b>3,168,569</b>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The ROE No. 34's proportion of the net pension liability was based on the ROE No. 34's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the ROE No. 34's proportion was .0000584877 percent, which was a decrease of .0002143880 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the ROE No. 34 recognized pension expense of \$293,299 and revenue of \$293,299 for support provided by the State. For the year ended June 30, 2019, the ROE No. 34 recognized pension benefit of \$275,072. At June 30, 2019, the ROE No. 34 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 916	\$ 10
Net difference between projected and actual earnings on pension plan investments	-	140
Changes of assumptions	2,000	1,291
Changes in proportion and differences between employer contributions and proportionate share of contributions	76,114	190,418
Employer contributions subsequent to the measurement date	34,990	-
<b>Total</b>	<b>\$ 114,020</b>	<b>\$ 191,859</b>

\$34,990 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred

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outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

<b>Year Ending June 30</b>	<b>Net Deferred Inflows of Resources</b>
2020	\$ (33,983)
2021	(4,585)
2022	(31,298)
2023	(29,869)
2024	(13,094)
Total	\$ (112,829)

Actuarial Assumptions

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

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

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

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. equities large cap	15.0%	6.7%
U.S. equities small/mid cap	2.0	7.9
International equities developed	13.6	7.0
Emerging market equities	3.4	9.4

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.4
International debt developed	2.2	1.3
Emerging international debt	2.6	4.5
Real estate	16.0	5.4
Real return	4.0	1.8
Absolute return	14.0	3.9
Private equity	15.0	10.2
<b>Total</b>	<b>100.0%</b>	

Discount Rate

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

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

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

The following presents the ROE No. 34’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the ROE No. 34’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
ROE No. 34’s proportionate share of the net pension liability	\$ 55,910	\$ 45,588	\$ 37,276

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TRS Fiduciary Net Position

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

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS**

**Teachers' Health Insurance Security**

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, 2019, State of Illinois contributions recognized by the ROE No. 34 were based on the State's proportionate share of the collective net OPEB liability associated with the ROE No. 34, and recognized revenue and expenditures of \$32,213 in OPEB contributions from the State of Illinois.

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

Further Information on the THIS Fund

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

Actuarial Assumptions

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

<b>Inflation</b>	2.75%
<b>Salary increases</b>	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
<b>Investment rate of return</b>	0%, net of OPEB plan investment expense, including inflation, for all plan years
<b>Healthcare cost trend rates</b>	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP2014-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

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

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Single Discount Rate

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

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

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

The following presents the ROE No. 34’s proportionate share of the collective net OPEB liability, as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	<b>1% Decrease (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>1% Increase (4.62%)</b>
ROE No. 34’s proportionate share of the collective net OPEB liability	\$ 555,630	\$ 462,155	\$ 388,278

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

The following table shows the ROE No. 34’s collective net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.



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	<b>1% Decrease<sup>a</sup></b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase<sup>b</sup></b>
ROE No. 34's proportionate share of the collective net OPEB liability	\$ 374,694	\$ 462,155	\$ 579,873

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

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

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

At June 30, 2019, the ROE No. 34 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the ROE No. 34. The amount recognized by the ROE No. 34 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the ROE No. 34 were as follow:

ROE No. 34's proportionate share of the collective net OPEB liability	\$	462,155
State's proportionate share of the collective net OPEB liability associated with the ROE No. 34		620,502
Total		\$ 1,082,657

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and was rolled forward to the June 30, 2018 measurement date. The ROE No. 34's proportion of the collective net OPEB liability was based on a projection of the ROE No. 34's long-term share of contributions to the OPEB plan relative to the projected contributions of the ROE No. 34, actuarially determined. At June 30, 2018, the ROE No. 34 proportion was 0.001754 percent, which was an increase of 0.000040 from its proportion measured as of June 30, 2017 (0.001714 percent). The State's support and total are for disclosure purposes only.

For the year ended June 30, 2019, the ROE No. 34 recognized OPEB expense of \$32,213 and revenue of \$32,213 for the support provided by the State. For the year ended June 30, 2019, the ROE No. 34 recognized OPEB expense of \$22,558.

At June 30, 2019, the ROE No. 34 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ 1,658
Changes of assumptions	—	67,298
Net difference between projected and actual earnings on OPEB plan investments	—	14
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,143	22,880
Employer contributions subsequent to the measurement date	4,347	—
Total	\$ 14,490	\$ 91,850

\$4,347 reported as deferred outflows of resources related to OPEB resulting from ROE No. 34 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the ROE No. 34's OPEB expense as follows:

<b>Year Ending June 30,</b>	<b>Net Deferred Inflows of Resources</b>
2020	\$ (12,649)
2021	(12,649)
2022	(12,649)
2023	(12,649)
2024	(12,649)
Thereafter	(18,462)
Total	\$ (81,707)

**THIS Fiduciary Net Position**

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

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**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.* The ROE No. 34 provides continued health insurance coverage at the blended employer rate to all eligible ROE No. 34 retirees in accordance with the Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The ROE No. 34 offers one of three self-insured plans: PPO, HMO, and HMO Blue. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services and prescriptions. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by Lake County and is the basis for the OPEB obligation accounted for under GASB Statement No. 75. Additionally, a dental and vision insurance benefit is made available to eligible retired employees on a fully contributory basis. Since retirees pay the full premium for dental and vision benefits, there is no liability associated with either benefit. There are no assets accumulated in a trust that meets the criteria of GASB Statement No. 75.

*Membership.* At June 30, 2019, membership consisted of the following:

Inactive employee currently receiving benefit payment	1
Inactive employees entitled to but not yet receiving benefit payments	–
Active employees	21
Total	22
Participating Employer	1

Funded Policies and Contributions

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

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

Contributions from other 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 \$7,366 and paid from other Regional Office of Education resources and benefit payments of \$7,366 made from the OPEB Plan that were not directly made to or from the OPEB Trust.

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Total OPEB Liability

The ROE No. 34's total OPEB liability has been developed based on the July 1, 2017 actuarial valuation date and adjusted to the June 30, 2019 measurement date based on procedures that conform to generally accepted actuarial principles and practices. The total OPEB liability is the portion of the actuarial present value of the total projected benefits allocated to years of employment prior to the measurement date.

Actuarial Methods and Assumptions

Discount Rate	3.50%
Spousal Coverage	For current retirees, the assumed number of eligible dependents is based on the current proportions of single and family contracts. For active employees, we have assumed that 35% of spouses will participate in the retiree benefit plans. Males were assumed to be 3 years older than their spouse.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	<i>Experience/Assumptions</i> gains and losses are amortized over a closed period of 6.8 years, equal to the average remaining service of active and inactive plan members (who have no future service) for the fiscal year.
Plan Participation Percentage	It is assumed that 80% of all employees and their dependents who are eligible for pre-Medicare retiree benefits will participate in the retiree medical plan. If Medicare eligible, then it is assumed that 10% will participate. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	Generational RP-2014, back-projected to 2006, projected forward using scale MP-18
Pre-Medicare Trend Rate Post-Medicare Trend Rate	Select: 6.0%, Ultimate 4.5% Select: 6.0%, Ultimate 4.5%
Termination Tables	Illinois Retirement System Fund Actuarial Valuation as of December 31, 2017
Retirement Tables	Illinois Retirement System Fund Actuarial Valuation as of December 31, 2017

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Changes in Benefits

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

Changes in assumptions

In the June 30, 2019 actuarial valuation, the assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.87% to 3.50%. The rate has been updated based on changes in market conditions as reflected in the index. Since the ROE No. 34 does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the total OPEB liability was also changed from 3.87% to 3.50%.

Additionally, in December 2019, a bill repealing the Cadillac Tax on high-cost employer provided health plans (“Excise Tax”) was passed. This new legislation was reflected in the actuarial valuation and as a result the Excise Tax load have been removed from the valuation. The impact on the valuation was a liability decrease of approximately \$41,000.

Changes in Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balances as of July 1, 2018</b>	\$ 191,452
<b>Changes for the year:</b>	
Service Cost	6,422
Interest on the Total OPEB Liability	7,514
Changes of Benefit Terms	–
Difference Between Expected and Actual Experience of the Total OPEB Liability	–
Changes of Assumptions	(34,547)
Contributions - Employer	–
Contributions - Employees	–
Net Investment Income	–
Benefit Payments, including Refunds of Employee Contributions	(7,366)
Other (Net Transfer)	–
Net Changes	(27,977)
<b>Balances as of June 30, 2019</b>	<b>\$ 163,475</b>

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Discount rate

Discount rate is based on employer’s assets and calculation of Actuarial Determined Contribution (ADC) if prefunding. If plan is unfunded, 20-year tax exempt municipal bond yield used.

Municipal Bond Rate

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

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

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

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

The following presents the ROE No. 34’s total OPEB liability calculated using a discount rate of 3.50%, as well as what the ROE No. 34’s total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.50%) or 1-percentage-point lower (2.50%) than the current discount rate:

	<b>1% Lower</b>	<b>Current Discount</b>	<b>1% Higher</b>
	<u><b>2.50%</b></u>	<u><b>3.50%</b></u>	<u><b>4.50%</b></u>
<b>Total OPEB Liability</b>	\$151,366	\$163,475	\$178,188

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

The following presents the ROE No. 34’s total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates.

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	<b>1% Lower Varies</b>	<b>Healthcare Trend Rates Varies</b>	<b>1% Higher Varies</b>
<b>Total OPEB Liability</b>	\$144,668	\$163,475	\$187,996

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

For the year ended June 30, 2019, the ROE No. 34 recognized OPEB expense of \$8,140. At June 30, 2019 the ROE No. 34 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Deferred Amounts Related to OPEB</b>		
<i>Deferred Amounts to be Recognized in OPEB</i>		
<i>Expense in Future Periods</i>		
Difference between expected and actual experience	\$ —	\$ —
Change in assumptions	—	32,906
Net difference between projected and actual earnings on OPEB plan investments	—	—
Total OPEB expense to be recognized in future periods	—	32,906
OPEB contributions made subsequent to the measurement date	—	—
<b>Total Deferred Amounts Related to OPEB</b>	<b>\$ —</b>	<b>\$ 32,906</b>

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

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<b>Year Ending June 30,</b>	<b>Net Deferred Inflows of Resources</b>
2020	\$ (5,797)
2021	(5,797)
2022	(5,797)
2023	(5,797)
2024	(5,654)
Thereafter	(4,064)
<b>Total</b>	<b>\$ (32,906)</b>

**NOTE 7 - INTERFUND ACTIVITIES**

**Interfund Balances**

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

<b>Fund</b>	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
General Fund		
General State Aid	\$ 21,369	\$ —
Regional Safe Schools	—	97,305
Education Fund		
Regional Safe Schools	—	53,822
Truants Alternative/Optional Education	—	21,369
Proprietary Funds		
Regional Safe Schools	151,127	—
<b>Total</b>	<b>\$ 172,496</b>	<b>\$ 172,496</b>

**Interfund Transfers**

Interfund transfers for the year consisted of the following:

<b>Fund</b>	<b>Transfers in</b>	<b>Transfers out</b>
General Fund		
General State Aid	\$ —	\$ 7,000
Educational Services Division - Local Operations	—	770,030
Attendance and Truancy Division	3,308	—
Education Fund		
Teacher Mentoring Program	242	—



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<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Principal Mentoring Program	–	22,290
Institute Fund	2,555	–
Nonmajor Special Revenue Funds		
Reading Recovery Installation Fees		56,249
Reading Recovery Operations	53,694	–
Learning Technology Center	4,441	–
Attendance and Truancy Division	7,000	–
Educational Services Division	51,138	–
Proprietary Funds		
Educational Services Division	736,499	–
Attendance and Truancy Division	–	3,308
Total	\$ 858,877	\$ 858,877

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 8 - LONG TERM LIABILITIES**

Capital Leases

During the fiscal year June 30, 2019, the ROE No. 34 has entered into a lease agreement as lessee for financing the acquisition of a copier. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account. The gross amount of assets recorded under the capital lease is \$31,708 and the accumulated amortization as of June 30, 2019 was \$6,342. The lease includes an end of term purchase option of \$1.

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

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 7,356
2021	7,356
2022	7,356
2023	7,356
2024	613
Total minimum lease payments	30,037
Less: amount representing interest	3,455
Present value of minimum lease payments	\$ 26,582

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

Operating Leases

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

In fiscal year 2018, the ROE No. 34 entered into a lease agreement with Grace Missionary church. The lease agreement has commenced on July 1, 2018 with a 5-year initial term and 1-year additional renewal option. Total rental expense for this facility for the year ended June 30, 2019 was \$45,312.

Future minimum rentals are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 45,312
2021	45,312
2022	56,640
2023	67,968
Total	<u>\$ 215,232</u>

In fiscal year 2018, the ROE No. 34 renewed its lease agreement for the Educational Services Division for fiscal year 2019. The renewed lease agreement requires monthly lease payments of \$3,100 with an option for annual renewal. Total rental expense for the facility for the year ended June 30, 2019 was \$37,196.

Long-term Liability Activities

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

<u>Type of debt</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due within One Year</u>
Governmental activities					
Compensated absences	\$ 49,957	\$ 30,576	\$ (45,251)	\$ 35,282	\$ -
Net pension liability (asset) - IMRF	(12,861)	247,438	-	234,577	-
Net pension liability - TRS	208,472	-	(162,884)	45,588	-
OPEB liabilities	636,200	-	(10,570)	625,630	-
Capital lease payable	10,262	31,708	(15,388)	26,582	5,922
	<u>\$ 892,030</u>	<u>\$ 309,722</u>	<u>\$ (234,093)</u>	<u>\$ 967,659</u>	<u>\$ 5,922</u>

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9 - ON-BEHALF PAYMENTS**

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

Regional Superintendent salary	\$ 117,600
Assistant Regional Superintendents salary	105,840
Regional Superintendent fringe benefits (includes State paid insurance)	22,533
Assistant Regional Superintendent fringe benefits (includes State paid insurance)	<u>21,800</u>
Total	<u>\$ 267,773</u>

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent were calculated based on data provided by the ISBE. The ROE No. 34 recorded the on-behalf payments as both revenues and expenditures in the General Fund.

Lake County paid the following on behalf of the ROE No. 34:

Salaries of office workers paid by Lake County	\$ 385,880
Lake County's share in health insurance contributions	99,002
Lake County's share in retirement contribution	29,613
Other administrative expense	<u>103,814</u>
Total	<u>\$ 618,309</u>

The ROE No. 34 also recorded \$293,299 in revenues and expenses as on-behalf payments from ISBE for the ROE No. 34's share of the State's TRS pension expense in the Statement of Activities. In addition, the ROE No. 34 recorded \$32,213 in revenue and expenses on-behalf payments from CMS for Regional Office's share of the State's THIS contributions in the Statement of Activities. Further, the ROE No. 34 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 267,773
Lake County on-behalf payments	618,309
ROE No. 34's share of TRS pension expense	293,299
ROE No. 34's share of THIS OPEB expense	<u>32,213</u>
Total	<u>\$ 1,211,594</u>

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 10 - NET POSITION/FUND BALANCE**

**Fund Balance Classifications**

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

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

*Restricted Fund Balance* - the portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following fund balance accounts are restricted by grant agreements or contracts: Education Fund - Title I - Reading First Part B SEA Funds, Education Fund - McKinney Education for Homeless Children, Education Fund - Juvenile Detention, Education Fund - EFAST Pilot Program, Education Fund - Soaring with SAVE, Nonmajor Special Revenue Fund - Regional Board of School Trustees, Nonmajor Special Revenue Fund - Reading Recovery Operations, Nonmajor Special Revenue Fund - Distributive Interest, and Nonmajor Special Revenue Fund - Attendance and Truancy Division. The following funds are restricted by Illinois Statute: Institute Fund, Nonmajor Special Revenue Fund - General Education Development, and Nonmajor Special Revenue Fund - Bus Driver Training.

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

*Assigned Fund Balance* - the portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The General Fund - Attendance and Truancy Division represents assigned fund balance.

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Net Position Classifications**

Net investment in capital assets was comprised of the following as of June 30, 2019:

Governmental Activities:

Capital assets - net of accumulated depreciation	\$	34,414
Less capital related debt		
Capital lease payable		(26,582)
Net investment in capital assets	\$	<u>7,832</u>

Business-type Activities:

Capital assets - net of accumulated depreciation	\$	<u>5,702</u>
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**NOTE 11 - RISK MANAGEMENT**

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

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

**NOTE 12 - IMPACT OF COVID-19 PANDEMIC**

As a result of the spread of the COVID-19 coronavirus pandemic, economic uncertainties have arisen, which may negatively impact the ROE No. 34's operations and financial condition. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued.

The ROE has taken steps to ensure that it can continue to function efficiently while many of its staff work from home to mitigate the effects of the pandemic. The ROE No. 34 has established remote connectivity, telephone line transfer to home office, zoom account access for all administrators, and flexible work scheduling including staggered schedules to allow fewer people in the office. The ROE No. 34 already had established VPN logins for all users which has enabled users to access internal networking operations securely and without interruptions.

Much of the revenue for the operation of the ROE No. 34 is contingent on State of Illinois grant funding streams. If the pandemic continues for much longer than anticipated, it is possible that the ROE No. 34 revenue for the year 2021 could be negatively impacted.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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

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

**Notes to Schedule:**

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**Schedule of Employer Contributions  
Illinois Municipal Retirement Fund - Lake County  
Last Five Fiscal Years**

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2019	\$ 26,912 *	\$ 27,876	\$ (964)	\$ 158,850	17.55%
2018	31,315 *	32,036	(721)	315,997	10.14%
2017	32,100 *	32,863	(763)	309,083	10.63%
2016	28,728 *	32,962	(4,234)	276,115	11.94%
2015	33,611	33,010	601	315,218	10.47%

**Notes to Schedule:**

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

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

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

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

***Other Information:***

Notes: There were no benefit changes during the year.

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

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



**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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

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

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

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

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

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

**Notes to Required Supplementary Information**

**Changes of assumptions**

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

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

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's proportion of the collective net OPEB liability	0.0017540000%	0.0017140000%	0.0018270000%
Employer's proportionate share of the collective net OPEB liability	\$ 462,155	\$ 444,748	\$ 499,397
State's proportionate share of the collective net OPEB liability associated with the employer	620,502	584,082	692,441
Total	<u>\$ 1,082,657</u>	<u>\$ 1,028,830</u>	<u>\$ 1,191,838</u>
Employer's covered payroll	\$ 418,985	\$ 390,931	\$ 425,523
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	110.3%	113.8%	117.4%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%	-0.22%

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 4,347	\$ 3,687	\$ 3,284	\$ 3,404
Contributions in relation to the statutorily-required contribution	4,347	3,687	3,284	3,404
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 472,445	\$ 418,985	\$ 390,931	\$ 425,523
Contributions as a percentage of covered payroll	0.92%	0.88%	0.84%	0.80%

**Changes of Benefit Term**

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

**Changes of assumptions**

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

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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

Fiscal Year Ended June 30,	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>		
Service cost	\$ 6,422	\$ 6,183
Interest	7,514	6,860
Changes of assumptions	(34,547)	(4,873)
Benefit payments	(7,366)	(4,333)
<b>Net change in total OPEB liability</b>	(27,977)	3,837
<b>Total OPEB liability - beginning</b>	191,452	187,615
<b>Total OPEB liability - ending</b>	\$ 163,475	\$ 191,452
 <b>Covered payroll</b>	 \$ -	 \$ -
 <b>Total OPEB liability as a percentage of covered payroll</b>	 N/A	 N/A

**Notes to Schedule:**

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

**Changes of Benefit Term**

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

**Changes of Assumptions**

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

In December 2019, a Bill repealing the Cadillac Tax on high cost employer provided health plans (“Excise Tax”) was passed. This new legislation was reflected and therefore, Excise Tax load have been removed from the valuation. The impact on the valuation was a liability decrease of approximately \$41,000.

## **OTHER SUPPLEMENTARY INFORMATION**

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
GENERAL FUND  
COMBINING SCHEDULE OF ACCOUNTS  
JUNE 30, 2019**

**SCHEDULE 1**

	General State Aid	Educational Services Division Local Operations	Attendance and Truancy Division	Regional Safe Schools	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,731	\$ 220,532	\$ 6,876	\$ 230,715	\$ 485,854
Accounts receivable	-	900	-	-	900
Due from other funds	21,369	-	-	-	21,369
Due from other governments	-	5,691	-	-	5,691
<b>TOTAL ASSETS</b>	<b>49,100</b>	<b>227,123</b>	<b>6,876</b>	<b>230,715</b>	<b>513,814</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	68,131	23,090	-	69,931	161,152
Due to other funds	-	-	-	97,305	97,305
Unearned revenue	-	23,187	-	-	23,187
Total liabilities	<b>68,131</b>	<b>46,277</b>	<b>-</b>	<b>167,236</b>	<b>281,644</b>
<b>FUND BALANCES (DEFICIT)</b>					
Assigned	-	-	6,876	-	6,876
Unassigned	(19,031)	180,846	-	63,479	225,294
Total fund balances (deficit)	<b>(19,031)</b>	<b>180,846</b>	<b>6,876</b>	<b>63,479</b>	<b>232,170</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 49,100</b>	<b>\$ 227,123</b>	<b>\$ 6,876</b>	<b>\$ 230,715</b>	<b>\$ 513,814</b>

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34

SCHEDULE 2

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	General State Aid	Educational Services Division Local Operations	Attendance and Truancy Division	Regional Safe Schools	Total
<b>REVENUES</b>					
State sources	\$ 2,930,255	\$ -	\$ -	\$ 440,264	\$ 3,370,519
Local sources:					
Intergovernmental	60,000	124,977	-	-	184,977
Fees for services	-	5,691	-	-	5,691
On-behalf payments	886,082	-	-	-	886,082
Total revenues	3,876,337	130,668	-	440,264	4,447,269
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries	223,882	90,858	-	142,949	457,689
Employee benefits	58,356	52,860	-	93,783	204,999
Pension expense	16,553	1,023	-	-	17,576
Purchased services	50,882	15,770	-	71,089	137,741
Supplies and materials	12,278	13	217	11,438	23,946
Miscellaneous	1,918	-	415	-	2,333
On-behalf payments	886,082	-	-	-	886,082
Intergovernmental:					
Payment to other governments	2,770,338	-	-	57,585	2,827,923
Capital expenditures	4,406	34,684	-	-	39,090
Total expenditures	4,024,695	195,208	632	376,844	4,597,379
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(148,358)	(64,540)	(632)	63,420	(150,110)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	3,308	-	3,308
Transfers out	(7,000)	(770,030)	-	-	(777,030)
Proceeds from long-term lease payable	-	31,708	-	-	31,708
Repayment of long-term lease payable	-	(6,572)	-	-	(6,572)
Interest expense	-	(1,664)	-	-	(1,664)
Total other financing sources (uses)	(7,000)	(746,558)	3,308	-	(750,250)
<b>NET CHANGE IN FUND BALANCES</b>	(155,358)	(811,098)	2,676	63,420	(900,360)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	136,327	991,944	4,200	59	1,132,530
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ (19,031)	\$ 180,846	\$ 6,876	\$ 63,479	\$ 232,170

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2019

SCHEDULE 3

	Title I - Reading First Part B SEA Funds	Regional Safe Schools	Truants Alternative/ Optional Education	McKinney Education for Homeless Children
<b>ASSETS</b>				
Cash and cash equivalents	\$ 663	\$ 72,734	\$ -	\$ 11,453
Accounts receivable	-	-	-	-
Due from other governments	-	30,888	10,795	-
Prepaid expenses	-	3,776	-	-
<b>TOTAL ASSETS</b>	<b>663</b>	<b>107,398</b>	<b>10,795</b>	<b>11,453</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	53,576	8,173	-
Due to other funds	-	53,822	21,369	-
Total liabilities	-	107,398	29,542	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	30,888	10,795	-
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	3,776	-	-
Restricted	663	-	-	11,453
Unassigned	-	(34,664)	(29,542)	-
Total fund balances (deficit)	663	(30,888)	(29,542)	11,453
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 663</b>	<b>\$ 107,398</b>	<b>\$ 10,795</b>	<b>\$ 11,453</b>

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2019

SCHEDULE 3  
 (CONTINUED)

	Juvenile Detention	Teacher Mentoring Program	Principal Mentoring Program	ROE/ISC Operations
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,636,816	\$ -	\$ -	19,277
Accounts receivable	-	-	-	540
Due from other governments	323,605	-	-	1,999
Prepaid expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<b>2,960,421</b>	<b>-</b>	<b>-</b>	<b>21,816</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	56,016	-	-	23,696
Due to other funds	-	-	-	-
Total liabilities	56,016	-	-	23,696
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	-	-	-
Restricted	2,904,405	-	-	-
Unassigned	-	-	-	(1,880)
Total fund balances (deficit)	2,904,405	-	-	(1,880)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 2,960,421</b>	<b>\$ -</b>	<b>\$ -</b>	<b>21,816</b>



LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2019

SCHEDULE 3  
 (CONTINUED)

	EFAST Pilot Program	Title II - Teacher Quality Leadership	Soaring with SAVE	Total
Cash and cash equivalents	\$ 1,716	\$ -	\$ 605	\$ 2,743,264
Accounts receivable	-	-	-	540
Due from other governments	-	-	-	367,287
Prepaid expenses	-	-	-	3,776
<b>TOTAL ASSETS</b>	1,716	-	605	3,114,867

**LIABILITIES, DEFERRED INFLOWS OF  
 RESOURCES AND FUND BALANCES (DEFICIT)**

**LIABILITIES**

Accounts payable and accrued expenses	-	-	-	141,461
Due to other funds	-	-	-	75,191
Total liabilities	-	-	-	216,652

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue	-	-	-	41,683
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**FUND BALANCES (DEFICIT)**

Nonspendable	-	-	-	3,776
Restricted	1,716	-	605	2,918,842
Unassigned	-	-	-	(66,086)
Total fund balances (deficit)	1,716	-	605	2,856,532

**TOTAL LIABILITIES, DEFERRED INFLOWS  
 OF RESOURCES AND FUND BALANCES (DEFICIT)**

\$	1,716	\$ -	\$ 605	\$ 3,114,867
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LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
EDUCATION FUND

SCHEDULE 4

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

	Title I - Reading First Part B SEA Funds	Regional Safe Schools	Truants Alternative/ Optional Education	McKinney Education for Homeless Children
<b>REVENUES</b>				
Federal sources	\$ -	\$ -	\$ -	\$ 60,900
State sources	-	370,711	107,958	-
Local sources:				
Intergovernmental	-	-	-	-
Fees for services	-	-	-	-
Total revenues	-	370,711	107,958	60,900
<b>EXPENDITURES</b>				
Instructional Services:				
Salaries	-	45,312	75,468	-
Employee benefits	-	-	16,680	-
Pension expense	-	-	4,051	-
Purchased services	-	325,399	10,942	50,313
Supplies and materials	-	-	817	10,587
Miscellaneous	-	-	-	-
Total expenditures	-	370,711	107,958	60,900
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	663	(30,888)	(29,542)	11,453
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 663	\$ (30,888)	\$ (29,542)	\$ 11,453

**SCHEDULE 4  
(CONTINUED)**

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
EDUCATION FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Juvenile Detention</b>	<b>Teacher Mentoring Program</b>	<b>Principal Mentoring Program</b>	<b>ROE/ISC Operations</b>
<b>REVENUES</b>				
Federal sources	\$ -	\$ -	\$ -	-
State sources	-	-	-	321,272
Local sources:				
Intergovernmental	1,150,136	-	-	-
Fees for services	-	-	-	38,464
Total revenues	1,150,136	-	-	359,736
<b>EXPENDITURES</b>				
Instructional Services:				
Salaries	457,868	-	-	229,938
Employee benefits	165,803	-	-	92,228
Pension expense	-	-	-	8,210
Purchased services	120,727	-	-	29,360
Supplies and materials	-	-	-	-
Miscellaneous	11,443	-	-	-
Total expenditures	755,841	-	-	359,736
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	394,295	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	242	-	-
Transfers out	-	-	(22,290)	-
Total other financing sources (uses)	-	242	(22,290)	-
<b>NET CHANGE IN FUND BALANCES</b>	394,295	242	(22,290)	-
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	2,510,110	(242)	22,290	(1,880)
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 2,904,405	\$ -	\$ -	(1,880)

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
EDUCATION FUND

SCHEDULE 4  
(CONTINUED)

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

	EFAST Pilot Program	Title II - Teacher Quality Leadership	Soaring with SAVE	Total
<b>REVENUES</b>				
Federal sources	\$ -	\$ 9,739	\$ -	\$ 70,639
State sources	-	-	-	799,941
Local sources:				
Intergovernmental	-	1,000	-	1,151,136
Fees for services	-	-	-	38,464
Total revenues	-	10,739	-	2,060,180
<b>EXPENDITURES</b>				
Instructional Services:				
Salaries	-	-	-	808,586
Employee benefits	-	-	-	274,711
Pension expense	-	-	-	12,261
Purchased services	-	10,739	-	547,480
Supplies and materials	-	-	-	11,404
Miscellaneous	-	-	-	11,443
Total expenditures	-	10,739	-	1,665,885
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-	394,295
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	242
Transfers out	-	-	-	(22,290)
Total other financing sources (uses)	-	-	-	(22,048)
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	372,247
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	1,716	-	605	2,484,285
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 1,716	\$ -	\$ 605	\$ 2,856,532

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5

	Regional Safe Schools				Truants Alternative/Optional Education			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
<b>REVENUES</b>								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	370,711	370,711	370,711	-	107,958	107,958	107,958	-
Local sources:								
Intergovernmental	-	-	-	-	-	-	-	-
Fees for services	-	-	-	-	-	-	-	-
Total revenues	370,711	370,711	370,711	-	107,958	107,958	107,958	-
<b>EXPENDITURES</b>								
Instructional Services:								
Salaries	56,912	56,912	45,312	11,600	76,069	76,069	75,468	601
Employee benefits	-	-	-	-	18,869	18,869	16,680	2,189
Pension expense	-	-	-	-	-	-	4,051	(4,051)
Purchased services	313,799	313,799	325,399	(11,600)	12,198	12,198	10,942	1,256
Supplies and materials	-	-	-	-	822	822	817	5
Total expenditures	370,711	370,711	370,711	-	107,958	107,958	107,958	-
<b>NET CHANGE IN FUND BALANCES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			(30,888)				(29,542)	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>			\$ (30,888)				\$ (29,542)	

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5  
 (CONTINUED)

	McKinney Education for Homeless Children				ROE/ISC Operations			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
<b>REVENUES</b>								
Federal sources	\$ 60,900	\$ 60,900	\$ 60,900	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	321,272	321,272	321,272	-
Local sources:								
Intergovernmental	-	-	-	-	-	-	-	-
Fees for services	-	-	-	-	-	-	38,464	38,464
Total revenues	60,900	60,900	60,900	-	321,272	321,272	359,736	38,464
<b>EXPENDITURES</b>								
Instructional Services:								
Salaries	-	-	-	-	229,938	229,938	229,938	-
Employee benefits	-	-	-	-	59,938	59,938	92,228	(32,290)
Pension expense	-	-	-	-	-	-	8,210	(8,210)
Purchased services	54,181	54,181	50,313	3,868	29,361	29,361	29,360	1
Supplies and materials	6,719	6,719	10,587	(3,868)	2,035	2,035	-	2,035
Total expenditures	60,900	60,900	60,900	-	321,272	321,272	359,736	(38,464)
<b>NET CHANGE IN FUND BALANCES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			11,453				(1,880)	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$	\$	11,453		\$	\$	(1,880)	

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5  
 (CONTINUED)

	Title II - Teacher Quality Leadership						Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget		Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Original	Final	Original				Final
<b>REVENUES</b>										
Federal sources	\$ 9,739	\$ 9,739	\$ 9,739	\$ -	\$ -	\$ 70,639	\$ 70,639	\$ -	\$ -	
State sources	-	-	-	-	-	799,941	799,941	-	-	
Local sources:										
Intergovernmental	-	-	1,000	1,000	-	-	1,000	1,000	-	
Fees for services	-	-	-	-	-	-	38,464	38,464	-	
Total revenues	9,739	9,739	10,739	1,000	-	870,580	910,044	39,464	39,464	
<b>EXPENDITURES</b>										
Instructional Services:										
Salaries	-	-	-	-	-	362,919	350,718	12,201	12,201	
Employee benefits	-	-	-	-	-	78,807	108,908	(30,101)	(30,101)	
Pension expense	-	-	-	-	-	-	12,261	(12,261)	(12,261)	
Purchased services	9,739	9,739	10,739	(1,000)	419,278	419,278	426,753	(7,475)	(7,475)	
Supplies and materials	-	-	-	-	-	9,576	11,404	(1,828)	(1,828)	
Total expenditures	9,739	9,739	10,739	(1,000)	870,580	870,580	910,044	(39,464)	(39,464)	
<b>NET CHANGE IN FUND BALANCES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>										
									(50,857)	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>									\$ (50,857)	

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2019

SCHEDULE 6

	General Education Development	Bus Driver Training	Regional Board of School Trustees	Reading Recovery Installation Fees	Reading Recovery Operations
ASSETS					
Cash and cash equivalents	\$ 48,558	\$ 160,307	\$ 1,080	\$ -	\$ 110,658
Due from other governments	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>48,558</b>	<b>160,307</b>	<b>1,080</b>	<b>-</b>	<b>110,658</b>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	551	-	-	-
Unearned revenue	-	2,280	-	-	-
Total liabilities	-	2,831	-	-	-
FUND BALANCES					
Restricted	48,558	157,476	1,080	-	110,658
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 48,558</b>	<b>\$ 160,307</b>	<b>\$ 1,080</b>	<b>\$ -</b>	<b>\$ 110,658</b>



LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019

SCHEDULE 6  
(CONTINUED)

	Distributive Interest	Learning Technology Center	Attendance and Truancy Division	Educational Services Division	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 22,448	\$ -	\$ 57,248	\$ -	\$ 400,299
Due from other governments	6,000	-	-	-	6,000
<b>TOTAL ASSETS</b>	<b>28,448</b>	<b>-</b>	<b>57,248</b>	<b>-</b>	<b>406,299</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	138	-	-	-	689
Unearned revenue	-	-	-	-	2,280
Total liabilities	138	-	-	-	2,969
<b>FUND BALANCES</b>					
Restricted	28,310	-	57,248	-	403,330
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 28,448</b>	<b>\$ -</b>	<b>\$ 57,248</b>	<b>\$ -</b>	<b>\$ 406,299</b>

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34

SCHEDULE 7

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	General Education Development	Bus Driver Training	Regional Board of School Trustees	Reading Recovery Installation Fees	Reading Recovery Operations
<b>REVENUES</b>					
State sources	\$ -	\$ 3,963	\$ -	\$ -	\$ -
Local sources:					
Fees for services	7,940	32,480	-	-	93,330
Interest	-	-	-	-	-
Total revenues	7,940	36,443	-	-	93,330
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries	-	-	-	-	10,000
Employee benefits	-	-	-	-	-
Pension expense	-	-	-	-	-
Purchased services	5,715	12,616	-	-	21,513
Supplies and materials	2,905	4,863	-	-	127
Miscellaneous	-	420	16	-	41,816
Capital expenditures	3,115	375	-	-	-
Total expenditures	11,735	18,274	16	-	73,456
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(3,795)	18,169	(16)	-	19,874
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	53,694
Transfers out	-	-	-	(56,249)	-
Total other financing sources (uses)	-	-	-	(56,249)	53,694
<b>NET CHANGE IN FUND BALANCES</b>	(3,795)	18,169	(16)	(56,249)	73,568
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	52,353	139,307	1,096	56,249	37,090
<b>FUND BALANCES, END OF YEAR</b>	\$ 48,558	\$ 157,476	\$ 1,080	\$ -	\$ 110,658

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	Distributive Interest	Learning Technology Center	Attendance and Truancy Division	Educational Services Division	Total
<b>REVENUES</b>					
State sources	\$ -	\$ -	\$ -	\$ -	\$ 3,963
Local sources:					
Fees for services	11,390	-	-	-	145,140
Interest	44,363	-	-	-	44,363
Total revenues	55,753	-	-	-	193,466
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries	-	-	-	-	10,000
Employee benefits	198	-	390	-	588
Pension expense	45	-	-	-	45
Purchased services	19,928	-	2,981	-	62,753
Supplies and materials	2,414	-	-	-	10,309
Miscellaneous	3,326	-	-	-	45,578
Capital expenditures	5,857	-	-	-	9,347
Total expenditures	31,768	-	3,371	-	138,620
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	23,985	-	(3,371)	-	54,846
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	4,441	7,000	51,138	116,273
Transfers out	-	-	-	-	(56,249)
Total other financing sources (uses)	-	4,441	7,000	51,138	60,024
<b>NET CHANGE IN FUND BALANCES</b>	23,985	4,441	3,629	51,138	114,870
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	4,325	(4,441)	53,619	(51,138)	288,460
<b>FUND BALANCES, END OF YEAR</b>	\$ 28,310	\$ -	\$ 57,248	\$ -	\$ 403,330

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NONMAJOR PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

**SCHEDULE 8**

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Attendance and Truancy Division</b>	<b>Fingerprinting Assessment</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ -	\$ 101,971	\$ 101,971
Accounts receivable	-	390	390
Prepaid expenses	-	7,281	7,281
Total current assets	-	109,642	109,642
<b>Noncurrent assets</b>			
Capital assets, net of depreciation	-	5,702	5,702
<b>TOTAL ASSETS</b>	-	115,344	115,344
<b>LIABILITIES</b>			
None	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	5,702	5,702
Unrestricted	-	109,642	109,642
<b>TOTAL NET POSITION</b>	\$ -	\$ 115,344	\$ 115,344

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 9**

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Attendance and Truancy Division</b>	<b>Fingerprinting Assessment</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Local sources:			
Fees for services	\$ -	\$ 24,270	\$ 24,270
<b>OPERATING EXPENSES</b>			
Purchased services	-	18,129	18,129
Supplies and materials	-	7,500	7,500
Miscellaneous	-	99	99
Capital expenditures	-	2,690	2,690
Depreciation	-	1,770	1,770
Total operating expenses	-	30,188	30,188
<b>OPERATING LOSS</b>	-	(5,918)	(5,918)
<b>OPERATING TRANSFER</b>			
Transfers out	(3,308)	-	(3,308)
<b>CHANGE IN NET POSITION</b>	(3,308)	(5,918)	(9,226)
<b>NET POSITION, BEGINNING OF YEAR</b>	3,308	121,262	124,570
<b>NET POSITION, END OF YEAR</b>	\$ -	\$ 115,344	\$ 115,344

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 10**

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Attendance and Truancy Division</b>	<b>Fingerprinting Assessment</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts for workshops and services	\$ -	\$ 24,075	\$ 24,075
Payments to suppliers and providers of goods and services	-	(27,851)	(27,851)
Net cash used by operating activities	-	(3,776)	(3,776)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY:</b>			
Transfers to other funds	(3,308)	-	(3,308)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,308)</b>	<b>(3,776)</b>	<b>(7,084)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,308</b>	<b>105,747</b>	<b>109,055</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 101,971</b>	<b>\$ 101,971</b>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>			
Operating loss	\$ -	\$ (5,918)	\$ (5,918)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	-	1,770	1,770
Effects of changes in assets and liabilities:			
Accounts receivable	-	(195)	(195)
Prepaid expenses	-	579	579
Accounts payable and accrued expenses	-	(12)	(12)
Net cash used by operating activities	\$ -	\$ (3,776)	\$ (3,776)