

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

**FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 2018**

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34

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

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

**OFFICIALS**

Regional Superintendent  
(Current and During the Audit Period)

Honorable Roycealee J. Wood

Assistant Regional Superintendent  
(July 1, 2018 through current)

Mr. Mike Munda

Assistant Regional Superintendent  
(July 1, 2017 through June 30, 2018)

Mr. Gary E. Pickens

Office is located at:

500 West Winchester Road  
Suite 202  
Libertyville, Illinois 60048

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

**Financial Report Summary  
Year Ended June 30, 2018**

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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	-	2
Repeated Audit Findings	-	2
Prior Recommendations Implemented or Not Repeated	2	-

**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)*

None

*Prior Audit Findings Not Repeated (Government Auditing Standards)*

2017-001	12	Controls Over Financial Statement Preparation	Material Weakness
2017-002	12	Inadequate Controls Over Bank Reconciliations	Material Weakness

**EXIT CONFERENCE**

An informal exit conference was held with the Regional Office of Education No. 34 on June 8<sup>th</sup>, 2020. Attending were Lisa Wolf, Accountant and Tim Gavin, Manager.

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

**Financial Statement Report Summary  
Year Ended June 30, 2018**

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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.

## FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- 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*
- Schedule of Findings and Responses
- Corrective Action Plan for Current Year Audit Findings
- Summary of Prior Audit Findings Not Repeated
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information



## **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, 2018, 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, 2018, 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.

## **Emphasis of Matter**

For the year ended June 30, 2018, the ROE adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Illinois Municipal Retirement Fund – Lake County Schedule of Employer's Proportionate Share of the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Lake County Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions, Teacher's Health Insurance Security Fund Schedule of Employer's Proportionate Share of the Collective Net OPEB Liability, Teacher's Health Insurance Security Fund Schedule of Employer Contributions, Health Insurance Plan Schedule of Changes in the Net OPEB Liability and Related Ratios and Health Insurance Plan Schedule of Employer's Contributions, on pages 13 through 19 and 74 through 79 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, 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 July 29, 2020 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  
July 29, 2020



**INDEPENDENT AUDITOR’S 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, 2018, and the related notes to the financial statements, which collectively comprise the ROE’s basic financial statements, and have issued our report thereon dated July 29, 2020.

**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 opinion(s) 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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  
July 29, 2020

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

**Schedule of Findings and Responses  
Year Ended June 30, 2018**

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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

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

**Schedule of Findings and Responses  
Year Ended June 30, 2018**

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**Section II: Financial Statement Findings**

Not applicable in the current year

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

**Corrective Action Plan for Current Year Findings  
Year Ended June 30, 2018**

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**Corrective Action Plan**

Not applicable in the current year

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

**Summary Schedule of Prior Audit Findings Not Repeated  
Year Ended June 30, 2018**

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**FINDING NO. 2017-001 - Controls Over Financial Statement Preparation** **Not Repeated**

During the current audit, audit testing results indicated the Regional Office implemented corrective action in the preparation of the Financial Statements.

**FINDING NO. 2017-002 - Inadequate Controls Over Bank Reconciliations** **Not Repeated**

During the current audit, audit testing results indicated the Regional Office implemented corrective action in the controls over the bank reconciliations.



**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

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 ended June 30, 2018. We encourage readers to consider this information in conjunction with ROE No. 34's financial statements, which follow.

2018 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased from \$4,507,344 in 2017 to \$4,701,108 in 2018 while General Fund expenditures increased from \$4,078,725 in 2017 to \$4,820,838 in 2018. The increase is mainly due to the revenues and expenses related to the Regional Safe School program. In FY2018, the ROE No. 34 started to account for a portion of the Regional Safe School program's activities under the General Fund.
- Within the Governmental Funds, the Special Revenue Fund revenues increased from \$2,501,857 in 2017 to \$3,206,370 in 2018. The Special Revenue Fund expenditures decreased from \$3,047,880 in 2017 to \$2,029,670 in 2018. The increase in revenues is mainly attributable to an increase in local sources of revenues received in relation to educational services at the Lake County Juvenile Detention Center while the decrease in expenditures is mainly due to a decrease in payment to other local governments in relation to the Regional Safe School program. Starting in FY2018, this expenditure was mostly accounted for under the General Fund.
- The Proprietary Fund revenues increased from \$159,887 in 2017 to \$761,146 in 2018 and the Proprietary Fund expenditures increased from \$152,795 in 2017 to \$554,730 in 2018. The increase is mainly due to the revenues and expenses related to the Regional Safe School program. In FY2018, the ROE No. 34 started to account for a portion of the Regional Safe School program's activities under the Proprietary Fund.

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.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

- *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.
- *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 (ATD), 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:

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

- *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.
- *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 fiscal year 2018 and 2017 totaled \$3,402,225 and \$3,360,560, respectively. The analysis that follows provides a summary of the ROE No. 34's net position as of June 30, 2018 and 2017.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current assets	\$ 5,458,565	\$ 5,360,311	\$ (265,973)	\$ (611,832)	\$ 5,192,592	\$ 4,748,479
Capital Assets	10,326	\$ 26,989	7,472	9,987	17,798	36,976
Other Noncurrent Assets	12,861	–	–	–	12,861	–
<b>TOTAL ASSETS</b>	5,481,752	5,387,300	(258,501)	(601,845)	5,223,251	4,785,455
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions and OPEB	178,593	315,685	–	–	178,593	315,685
<b>LIABILITIES</b>						
Current liabilities	392,961	485,445	129,941	1,706	522,902	487,151
Noncurrent liabilities	894,629	624,068	–	–	894,629	624,068
<b>TOTAL LIABILITIES</b>	1,287,590	1,109,513	129,941	1,706	1,417,531	1,111,219
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions and OPEB	582,088	629,361	–	–	582,088	629,361
<b>NET POSITION</b>						
Net investment in capital assets	64	(118)	7,472	9,987	7,536	9,869
Restricted for educational purposes	4,011,776	3,806,115	–	–	4,011,776	3,806,115
Unrestricted	(221,173)	158,114	(395,914)	(613,538)	(617,087)	(455,424)
<b>TOTAL NET POSITION</b>	\$ 3,790,667	\$ 3,964,111	\$ (388,442)	\$ (603,551)	\$ 3,402,225	\$ 3,360,560

ROE No. 34's net position increased by \$41,665 (1%) from fiscal year 2017. 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 \$(617,087) 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 Non-Major Funds are considered restricted for educational purposes.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

**CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 567,238	\$ 402,098	\$ 761,146	\$ 159,887	\$ 1,328,384	\$ 561,985
Operating grants and contributions	157,823	136,114	–	–	157,823	136,114
General revenues:						
Local sources	1,045,699	1,422,748	–	–	1,045,699	1,422,748
State sources	4,333,345	4,562,756	–	–	4,333,345	4,562,756
Administrative:						
On-behalf payments	1,245,557	1,306,886	–	–	1,245,557	1,306,886
Total revenues	<u>7,349,662</u>	<u>7,830,602</u>	<u>761,146</u>	<u>159,887</u>	<u>8,110,808</u>	<u>7,990,489</u>
Expenses:						
Program Expenses:						
Salaries	1,553,830	1,089,724	243,521	12,057	1,797,351	1,101,781
Benefits	546,258	392,498	78,759	5,336	625,017	397,834
Pension expense (benefit)	(176,783)	(166,736)	–	1,505	(176,783)	(165,231)
OPEB expense	44,476	–	–	–	44,476	–
Purchased services	562,146	506,585	136,186	79,479	698,332	586,064
Supplies and materials	44,174	42,653	18,191	30,421	62,365	73,074
Depreciation	16,663	19,118	2,515	2,515	19,178	21,633
Miscellaneous	72,185	162,120	50,931	14,966	123,116	177,086
Intergovernmental:						
Payments to other governments	3,078,549	3,918,043	2,263	–	3,080,812	3,918,043
Capital outlay	10,074	1,208	22,364	6,516	32,438	7,724
Administrative						
On-behalf payments	1,245,557	1,306,886	–	–	1,245,557	1,306,886
Total expenses	<u>6,997,129</u>	<u>7,272,099</u>	<u>554,730</u>	<u>152,795</u>	<u>7,551,859</u>	<u>7,424,894</u>
Other financing sources (uses)						
Transfers in (out)	(8,693)	–	8,693	–	–	–
Change in net position	<u>343,840</u>	<u>558,503</u>	<u>215,109</u>	<u>7,092</u>	<u>558,949</u>	<u>565,595</u>
Net position, beginning of year, as previously stated	3,964,111	3,405,608	(603,551)	(610,643)	3,360,560	2,794,965
Prior period adjustment	(517,284)	–	–	–	(517,284)	–
Net position, beginning of year, as restated	<u>3,446,827</u>	<u>3,405,608</u>	<u>(603,551)</u>	<u>(610,643)</u>	<u>2,843,276</u>	<u>2,794,965</u>
Net position, ending	<u>\$ 3,790,667</u>	<u>\$ 3,964,111</u>	<u>\$ (388,442)</u>	<u>\$ (603,551)</u>	<u>\$ 3,402,225</u>	<u>\$ 3,360,560</u>

**Governmental Activities**

In fiscal year 2018, revenues from governmental activities decreased by \$480,940 and expenses decreased by \$274,970. The decrease in revenues was primarily due to decrease in overall local and 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 (UNAUDITED)  
JUNE 30, 2018**

**Business-type Activities**

In fiscal year 2018, revenues and expenses for business-type activities increased by \$601,259 and \$401,935, respectively. The increase in revenues and expenses was primarily due to tuition fund charged 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 \$5,034,183, above last year's ending fund balance of \$4,003,822.

**Governmental Fund Highlights**

The General Fund's fund balance increased from \$1,091,496 in FY2017 to \$1,132,530 in FY2018 due mainly to the transfer of funds made from Regional Safe School program under the Education Fund to the General State Aid fund under the General Fund in FY2018. Funds used in the Regional Safe School program in FY2017 to cover temporary cash shortage were returned.

The Education Fund's fund balance increased from \$1,721,206 in FY2017 to \$2,484,285 in FY2018 due to an increase in local sources revenues received in relation to educational services at the Lake County Juvenile Detention Center in FY2018.

The Institute Fund's fund balance increased from \$915,226 in FY2017 to \$1,128,908 in FY2018 due to an increase in number of fees collected for the registration and renewal of teacher licenses in FY2018.

The Nonmajor Special Revenue Funds' fund balance slightly increased from \$275,894 in FY2017 to \$288,460 in FY2018 due to an increase in Bus Driving Training program income. Moreover, the Learning Technology Center grant has ended during FY2018, thus, no revenues and expenses were recorded.

**Proprietary Fund Highlights**

The proprietary fund net position increased by \$215,109 or 36% from (\$603,551) in 2017 to (\$388,442) in 2018. The increase is mainly due to an increase in tuition fund charges to the school districts for providing services to the students during the year.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

**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 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 fiscal year 2018, there were no asset additions or retirements. The depreciation expense for fiscal year 2018 amounted to \$19,178. 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, 2018 was \$10,262. 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 fiscal year 2018 funding level.
- Federal funding and State funding is expected to have no significant changes from fiscal year 2018.

**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, 800 Lancer Lane, Suite E-128, Grayslake, Illinois 60030.

## **BASIC FINANCIAL STATEMENTS**



LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
STATEMENT OF NET POSITION  
JUNE 30, 2018

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 4,115,869	\$ 389,521	\$ 4,505,390
Investments	115,298	-	115,298
Accounts receivable	29,095	15,911	45,006
Due from (to) other funds	856,145	(856,145)	-
Due from other governments	337,890	176,880	514,770
Prepaid expenses	4,268	7,860	12,128
Total current assets	5,458,565	(265,973)	5,192,592
<b>Noncurrent assets</b>			
Capital assets, net of depreciation	10,326	7,472	17,798
Net pension asset - IMRF	12,861	-	12,861
Total noncurrent assets	23,187	7,472	30,659
<b>TOTAL ASSETS</b>	<b>5,481,752</b>	<b>(258,501)</b>	<b>5,223,251</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions - IMRF	35,807	-	35,807
Deferred outflows related to pensions - TRS	139,099	-	139,099
Deferred outflows related to OPEB	3,687	-	3,687
	178,593	-	178,593
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	151,752	12	151,764
Due to other governments	230,017	86,965	316,982
Unearned revenue	930	42,964	43,894
Capital lease payable	10,262	-	10,262
Total current liabilities	392,961	129,941	522,902
<b>Noncurrent liabilities</b>			
Accrued compensated absences	49,957	-	49,957
Net pension liability - TRS	208,472	-	208,472
Net OPEB liability	636,200	-	636,200
Total noncurrent liabilities	894,629	-	894,629
<b>TOTAL LIABILITIES</b>	<b>1,287,590</b>	<b>129,941</b>	<b>1,417,531</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions - IMRF	133,571	-	133,571
Deferred inflows related to pensions - TRS	364,117	-	364,117
Deferred inflows related to OPEB	84,400	-	84,400
	582,088	-	582,088
<b>NET POSITION</b>			
Net investment in capital assets	64	7,472	7,536
Restricted for educational purposes	4,011,776	-	4,011,776
Unrestricted	(221,173)	(395,914)	(617,087)
<b>TOTAL NET POSITION</b>	<b>\$ 3,790,667</b>	<b>\$ (388,442)</b>	<b>\$ 3,402,225</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, 2018

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	\$ 1,553,830	\$ 73,741	\$ 49,714	\$ (1,430,375)	\$ -	\$ (1,430,375)
Employee benefits	546,258	11,345	-	(534,913)	-	(534,913)
Pension expense (benefit)	(176,783)	260,930	16,729	454,442	-	454,442
OPEB expense	44,476	-	-	(44,476)	-	(44,476)
Purchased services	562,146	22,689	19,728	(519,729)	-	(519,729)
Supplies and materials	44,174	158,827	317	114,970	-	114,970
Miscellaneous	72,185	-	1,578	(70,607)	-	(70,607)
Capital expenditures	10,074	-	2,367	(7,707)	-	(7,707)
Depreciation	16,663	-	-	(16,663)	-	(16,663)
<b>Intergovernmental</b>						
Payments to other governments	3,078,549	39,706	67,390	(2,971,453)	-	(2,971,453)
<b>Administrative</b>						
On-behalf payments - local	675,519	-	-	(675,519)	-	(675,519)
On-behalf payments - State	570,038	-	-	(570,038)	-	(570,038)
<b>Total governmental activities</b>	<u>6,997,129</u>	<u>567,238</u>	<u>157,823</u>	<u>(6,272,068)</u>	<u>-</u>	<u>(6,272,068)</u>
<b>Business-type activities:</b>						
Professional development	554,730	761,146	-	-	206,416	206,416
<b>Total business-type activities</b>	<u>554,730</u>	<u>761,146</u>	<u>-</u>	<u>-</u>	<u>206,416</u>	<u>206,416</u>
<b>Total primary government</b>	<u>\$ 7,551,859</u>	<u>\$ 1,328,384</u>	<u>\$ 157,823</u>	<u>(6,272,068)</u>	<u>206,416</u>	<u>(6,065,652)</u>
General revenues						
Local sources:						
Intergovernmental				1,042,739	-	1,042,739
Interest income, net				2,960	-	2,960
State sources				4,333,345	-	4,333,345
On-behalf payments - local				675,519	-	675,519
On-behalf payments - State				570,038	-	570,038
Transfers in (out)				(8,693)	8,693	-
Total general revenues				<u>6,615,908</u>	<u>8,693</u>	<u>6,624,601</u>
Change in net position				343,840	215,109	558,949
Net position, beginning of year, restated (see Note 12)				<u>3,446,827</u>	<u>(603,551)</u>	<u>2,843,276</u>
Net position, end of year				<u>\$ 3,790,667</u>	<u>\$ (388,442)</u>	<u>\$ 3,402,225</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, 2018

EXHIBIT C

	Special Revenue Funds					Total Governmental Funds
	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 449,979	\$ 2,368,059	\$ 1,027,272	\$ 270,559	\$ -	\$ 4,115,869
Investments	-	-	115,298	-	-	115,298
Accounts receivable	-	-	-	29,095	-	29,095
Due from other funds	867,880	29,945	-	73,153	(114,833)	856,145
Due from other governments	-	337,890	-	-	-	337,890
Prepaid expenses	492	3,776	-	-	-	4,268
<b>TOTAL ASSETS</b>	<b>1,318,351</b>	<b>2,739,670</b>	<b>1,142,570</b>	<b>372,807</b>	<b>(114,833)</b>	<b>5,458,565</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	88,516	43,060	9,912	10,264	-	151,752
Due to other funds	-	41,680	-	73,153	(114,833)	-
Due to other governments	97,305	128,962	3,750	-	-	230,017
Unearned revenue	-	-	-	930	-	930
Total liabilities	185,821	213,702	13,662	84,347	(114,833)	382,699
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	41,683	-	-	-	41,683
<b>FUND BALANCES</b>						
Nonspendable	492	3,776	-	-	-	4,268
Restricted	-	2,546,837	1,128,908	344,039	-	4,019,784
Assigned	63,910	-	-	-	-	63,910
Unassigned	1,068,128	(66,328)	-	(55,579)	-	946,221
Total fund balances	1,132,530	2,484,285	1,128,908	288,460	-	5,034,183
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,318,351</b>	<b>\$ 2,739,670</b>	<b>\$ 1,142,570</b>	<b>\$ 372,807</b>	<b>\$ (114,833)</b>	<b>\$ 5,458,565</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, 2018**

**EXHIBIT D**

Total fund balances - governmental funds		\$ 5,034,183
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.		10,326
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
Noncurrent assets related to pension benefits are collected but are not payable in the current period and, therefore, are not reported in the governmental funds. Net pension asset - IMRF		12,861
Capital lease payable that does not require current financial resources, therefore capital lease payable is not reported in the governmental funds		(10,262)
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	\$ 35,807	
TRS	139,099	
OPEB	3,687	178,593
Deferred inflows of resources:		
IMRF	(133,571)	
TRS	(364,117)	
OPEB	(84,400)	(582,088)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(49,957)	
Net pension liability - TRS	(208,472)	
Net OPEB liability	(636,200)	(894,629)
Net position of governmental activities		<u>\$ 3,790,667</u>

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT E

	Special Revenue Funds				Total Governmental Funds
	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	
<b>REVENUES</b>					
Federal sources	\$ -	\$ 71,573	\$ -	\$ 86,250	\$ 157,823
State sources	3,527,923	1,009,099	-	4,090	4,541,112
Local sources:					
Intergovernmental	222,989	1,457,366	500	6,223	1,687,078
Fees for services	-	33,930	413,223	120,085	567,238
Interest income	-	-	1,882	2,149	4,031
On-behalf payments	950,196	-	-	-	950,196
Total revenues	<u>4,701,108</u>	<u>2,571,968</u>	<u>415,605</u>	<u>218,797</u>	<u>7,907,478</u>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries	501,138	945,952	38,783	80,744	1,566,617
Employee benefits	215,660	277,904	22,943	356	516,863
Pension expense	725	35,031	-	7,019	42,775
OPEB expense	2,423	4,458	-	48	6,929
Purchased services	145,651	325,732	36,774	53,989	562,146
Supplies and materials	9,838	11,104	1,939	21,293	44,174
Miscellaneous	7,682	13,786	935	49,782	72,185
On-behalf payments	950,196	-	-	-	950,196
Intergovernmental					
Payments to other governments	2,987,525	-	91,024	-	3,078,549
Capital expenditures	-	549	9,525	-	10,074
Total expenditures	<u>4,820,838</u>	<u>1,614,516</u>	<u>201,923</u>	<u>213,231</u>	<u>6,850,508</u>
<b>EXCESS (DEFICIENCY) OF</b>					
<b>REVENUES OVER EXPENDITURES</b>	<u>(119,730)</u>	<u>957,452</u>	<u>213,682</u>	<u>5,566</u>	<u>1,056,970</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out)	178,680	(194,373)	-	7,000	(8,693)
Repayment of long-term lease payable	(16,845)	-	-	-	(16,845)
Interest expense	(1,071)	-	-	-	(1,071)
Total other financing sources (uses)	<u>160,764</u>	<u>(194,373)</u>	<u>-</u>	<u>7,000</u>	<u>(26,609)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>41,034</u>	<u>763,079</u>	<u>213,682</u>	<u>12,566</u>	<u>1,030,361</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>1,091,496</u>	<u>1,721,206</u>	<u>915,226</u>	<u>275,894</u>	<u>4,003,822</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,132,530</u>	<u>\$ 2,484,285</u>	<u>\$ 1,128,908</u>	<u>\$ 288,460</u>	<u>\$ 5,034,183</u>

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, 2018**

**EXHIBIT F**

Net change in fund balances \$ 1,030,361

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.

Depreciation expense (16,663)

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	\$ (893,789)	
Current year unavailable revenue	41,683	(852,106)

Deferred outflows (inflows) of resources related to the  
Pensions and OPEB not reported in the funds.

Change in deferred items - IMRF	(195,181)	
Change in deferred items - TRS	186,075	
Change in deferred items - OPEB	(84,025)	(93,131)

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:

Addition to compensated absences payable	(20,459)	
Deduction to net pension liability - IMRF	167,407	
Addition to net pension liability - TRS	60,774	
Addition to net OPEB liability	50,812	
Decrease in capital lease payable	16,845	275,379

Change in net position of governmental activities \$ 343,840

*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, 2018**

**EXHIBIT G**

	<b>Business Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Education Services Division</b>	<b>Regional Safe School</b>	<b>Nonmajor Enterprise Funds</b>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 193,199	\$ 87,267	\$ 109,055	\$ 389,521
Accounts receivable	15,716	-	195	15,911
Due from other governments	-	176,880	-	176,880
Prepaid expenses	-	-	7,860	7,860
Total current assets	<u>208,915</u>	<u>264,147</u>	<u>117,110</u>	<u>590,172</u>
<b>Noncurrent assets</b>				
Capital assets, net of depreciation	-	-	7,472	7,472
<b>TOTAL ASSETS</b>	<u>208,915</u>	<u>264,147</u>	<u>124,582</u>	<u>597,644</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	-	12	12
Due to other funds	856,145	-	-	856,145
Due to other governments	-	86,965	-	86,965
Unearned revenues	42,964	-	-	42,964
<b>TOTAL LIABILITIES</b>	<u>899,109</u>	<u>86,965</u>	<u>12</u>	<u>986,086</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	7,472	7,472
Unrestricted	(690,194)	177,182	117,098	(395,914)
<b>TOTAL NET POSITION</b>	<u>\$ (690,194)</u>	<u>\$ 177,182</u>	<u>\$ 124,570</u>	<u>\$ (388,442)</u>

*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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2018**

**EXHIBIT H**

	<b>Business Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Education Services Division</b>	<b>Regional Safe School</b>	<b>Nonmajor Enterprise Funds</b>	
<b>OPERATING REVENUES</b>				
Intergovernmental	\$ -	\$ 631,689	\$ -	\$ 631,689
Fees for services	103,730	-	25,727	129,457
Total operating revenues	<u>103,730</u>	<u>631,689</u>	<u>25,727</u>	<u>761,146</u>
<b>OPERATING EXPENSES</b>				
Salaries	7,182	236,339	-	243,521
Employee benefits	303	78,456	-	78,759
Purchased services	37,517	84,168	14,501	136,186
Supplies and materials	10,158	4,546	3,487	18,191
Payments to other governments	-	2,263	-	2,263
Miscellaneous	7,963	42,060	908	50,931
Capital expenditures	-	16,368	5,996	22,364
Depreciation	-	-	2,515	2,515
Total operating expenses	<u>63,123</u>	<u>464,200</u>	<u>27,407</u>	<u>554,730</u>
<b>OPERATING INCOME (LOSS)</b>	40,607	167,489	(1,680)	206,416
<b>OPERATING TRANSFERS</b>				
Transfers in (out)	<u>(1,000)</u>	<u>9,693</u>	<u>-</u>	<u>8,693</u>
<b>CHANGE IN NET POSITION</b>	39,607	177,182	(1,680)	215,109
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>(729,801)</u>	<u>-</u>	<u>126,250</u>	<u>(603,551)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ (690,194)</u>	<u>\$ 177,182</u>	<u>\$ 124,570</u>	<u>\$ (388,442)</u>

*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, 2018**

**EXHIBIT I**

	<b>Business Type Activities - Enterprise Funds</b>			
	<b>Education Services Division</b>	<b>Regional Safe School</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts for workshops and services	\$ 133,608	\$ 454,809	\$ 25,899	\$ 614,316
Payments to suppliers and providers of goods and services	(57,344)	(62,440)	(32,740)	(152,524)
Payments to employees	(7,485)	(314,795)	-	(322,280)
Net cash provided by (used in) operating activities	<u>68,779</u>	<u>77,574</u>	<u>(6,841)</u>	<u>139,512</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash transfers from (to) other funds	(1,000)	9,693	-	8,693
Payments for interfund borrowing, net	(104,806)	-	-	(104,806)
Net cash provided by (used in) noncapital financing activities	<u>(105,806)</u>	<u>9,693</u>	<u>-</u>	<u>(96,113)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(37,027)</u>	<u>87,267</u>	<u>(6,841)</u>	<u>43,399</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>230,226</u>	<u>-</u>	<u>115,896</u>	<u>346,122</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 193,199</u>	<u>\$ 87,267</u>	<u>\$ 109,055</u>	<u>\$ 389,521</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 40,607	\$ 167,489	\$ (1,680)	\$ 206,416
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	2,515	2,515
Effects of changes in assets and liabilities:				
Accounts receivable	(13,086)	-	(195)	(13,281)
Prepaid expense	-	-	(7,860)	(7,860)
Due from other governments	-	(176,880)	367	(176,513)
Accounts payable and accrued expenses	(1,706)	-	12	(1,694)
Due to other governments	-	86,965	-	86,965
Unearned revenue	42,964	-	-	42,964
Net cash provided by (used in) operating activities	<u>\$ 68,779</u>	<u>\$ 77,574</u>	<u>\$ (6,841)</u>	<u>\$ 139,512</u>

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

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**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 Grayslake office. The ROE No. 34's Regional Superintendent of Schools is the administrative and fiscal agent for the Educational Services Division.

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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 Grayslake 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 Grayslake 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 Grayslake 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.

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

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

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

**D. Fund Financial Statements**

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

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

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

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

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

**Governmental Funds**

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

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

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

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

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

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

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

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

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

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

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

Juvenile Detention - 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.

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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 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.

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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.

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.

Education 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.



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

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

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.

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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 ROE No. 34 to make deposits or invest in obligations of states and their political subdivisions, saving accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

G. Receivables

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

H. Prepays

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

I. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at 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.

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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.

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

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

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

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.

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These hours must be used by August 31 following that fiscal year. Any unused general leave not used by August 31 following a fiscal year will be lost and not paid out upon subsequent termination. Any grant-funded employees hired before the effective date will not lose their carryover balance as of June 30, 2010 to a maximum of 330 hours. However, at August 31 following a ROE No. 34's fiscal year the grant-funded employees' carryover balance cannot exceed their carryover balance as of the beginning of the fiscal year. Any unused general leave earned during a fiscal year starting July 1, 2010 not used by August 31 following that fiscal year end will be lost and not paid out upon subsequent termination. Employees will not be able to carryover additional general leave that they earned starting on July 1, 2010; the only carryover allowed is their balance as of June 30, 2010 that has not been used subsequent to that date. The allowed carryover will be paid as of the date of termination.

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

Eligible employees with at least 30 unused sick leave days in their sick bank may elect to receive cash reimbursement for sick leave days that they accrued during the current fiscal year, less any sick leave days taken that year, at 50% value. This reimbursement option is only offered to employees once a year, usually at the end of the fiscal year. The ROE No. 34 records accrued sick leave for amounts payable to employees who elected to be paid for sick days that accumulated during the current year. Accrued sick leave reimbursement amounted to \$0 as of June 30, 2018. 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.

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

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

**Q. Revenue**

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

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

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

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

**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, 2018; 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, 2018, 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.

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S. Deficit Fund Balance/Net Position

The following funds had deficit fund balance/net position as of June 30, 2018:

<b>Fund</b>	<b>Amount</b>
Education - Regional Safe School	\$ 30,888
Education - Truants Alternative/Optional Education	29,542
Education - Teacher Mentoring Program	242
Education - ROE/ISC Operations	1,880
Nonmajor Special Revenue - Learning Technology Center	4,441
Nonmajor Special Revenue - Education Services Division	51,138
Proprietary - Education Services Division	690,194

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 fiscal year 2018, the ROE No. 34 implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenditures and identified the note disclosure and required supplementary information reporting requirements. The implementation of GASB Statement No. 81 improved the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance. The implementation of GASB Statement No. 85 addressed practice issues identified during the implementation and application of certain GASB statements such as issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and other postemployment benefits). The implementation of GASB Statement No. 86 established uniform guidance for recognizing debt that is defeased in-

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substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing debt were acquired. The implementation of GASB Statement No. 75 resulted in prior period adjustment to net position in order to reflect the related deferred outflows, inflows, and other postemployment benefits (OPEB) liability. The implementation of GASB Statement Nos. 81, 85 and 86 had no impact on the ROE No. 34's financial statements.

V. Subsequent Events

Subsequent events have been evaluated through July 29, 2020 which is the date when the financial statements were available to be issued. The review and evaluation revealed no new material events or transactions which would require an additional adjustment or disclosure in the accompanying 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 \$4,505,390 and the bank balances totaled \$5,480,228. Of the total bank balances, \$3,050 was invested in the Illinois Funds Money Market as of June 30, 2018. The ROE No. 34 held sufficient collateral for all bank balances as of June 30, 2018.

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.



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As of June 30, 2018, the ROE No. 34 had investments with a carrying value of \$115,298 invested in certificates of deposits, with interest rates ranging from 0.25% to 1.24% 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, 2018.

Credit Risk

At June 30, 2018, the Illinois Funds Money Market Fund had a Standards and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that unless authorized specifically by the Treasurer, a minimum

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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/TO OTHER GOVERNMENTS**

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

Due from Other Governmental Agencies:

Local school districts	\$	429,252
ISBE		83,371
Others		2,147
Total	\$	514,770

Due to Other Governmental Agencies:

Local school districts	\$	316,982
Total	\$	316,982

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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, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2018</b>
Furniture and equipment	\$ 183,551	\$ -	\$ -	\$ 183,551
Less accumulated depreciation	<u>156,562</u>	<u>16,663</u>	<u>-</u>	<u>173,225</u>
Total capital assets, net	<u>\$ 26,989</u>	<u>\$ (16,663)</u>	<u>\$ -</u>	<u>\$ 10,326</u>

Depreciation expense of \$16,663 was charged to the instructional services function of the governmental funds.

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**Business-type Activities**

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

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2018</b>
Furniture and equipment	\$ 36,244	\$ -	\$ -	\$ 36,244
Less accumulated depreciation	26,257	2,515	-	28,772
Total capital assets, net	<u>\$ 9,987</u>	<u>\$ (2,515)</u>	<u>\$ -</u>	<u>\$ 7,472</u>

Depreciation expense of \$2,515 was charged to the Nonmajor Proprietary Fund - Fingerprinting Assessment Fund.

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

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

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

**Illinois Municipal Retirement Fund**

Plan Description

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

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).

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

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Active Plan Members	<u>16</u>
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A detailed breakdown of IMRF membership for the County and the ROE combined is available in the Lake County's comprehensive annual financial report.

Contributions

Participating members are required to contribute 4.50% of their annual covered salary to IMRF. Lake County and the ROE No, 34 are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2017 was 10.88% of covered payroll. For the fiscal year ended June 30, 2018, salaries totaling \$292,702 were paid that required employer contributions of \$31,846, which was equal to the Regional Office of Education's actual contributions.

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Net Pension Liability

At June 30, 2018, the ROE No. 34 reported an asset of \$12,861 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2017, 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, 2018 relative to the actual contributions of Lake County as a whole. At June 30, 2018, the ROE No. 34's proportion was 0.22%, which was an increase of 0.01% from its proportion measured as of June 30, 2017.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF-specific rates for **Mortality** were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

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<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	6.85%
International Equity	18	6.75
Fixed Income	28	3.00
Real Estate	9	5.75
Alternative Investments	7	2.65-7.35
Cash Equivalents	1	2.25
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

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, 2016</b>	\$ 1,618,535	\$ 1,463,989	\$ 154,546
<b>Changes for the year:</b>			
Service Cost	31,297	-	31,297
Interest on the Total Pension Liability	127,446	-	127,446
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	4,258	-	4,258

(continued)

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	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
Changes of Assumptions	53,259	-	53,259
Contributions - Employer	-	32,087	(32,087)
Contributions - Employees	-	13,621	(13,621)
Net Investment Income	-	271,566	(271,566)
Benefit Payment, including Refunds of Employee Contributions	(82,991)	(82,991)	-
Other (Net Transfer)	-	66,393	(66,393)
Net Changes	<u>133,269</u>	<u>300,676</u>	<u>(167,407)</u>
<b>Balances as of December 31, 2017</b>	<u><u>\$ 1,751,804</u></u>	<u><u>\$ 1,764,665</u></u>	<u><u>\$ (12,861)</u></u>

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

The following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, 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 (6.50%)</b>	<b>Current Discount (7.50%)</b>	<b>1% Higher (8.50%)</b>
<b>Net Pension Liability (Asset)</b>	\$ 204,670	\$ (12,861)	\$ (190,703)

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

For the year ending June 30, 2018, the ROE No. 34 recognized pension expense of \$60,649. At June 30, 2018, 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	\$ 12,002	\$ (14,607)
Changes in assumptions	8,003	(44,180)
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(74,784)</u>

(continued)



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<b>Deferred Amounts Related to Pensions</b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Total deferred amounts to be recognized in pension expense in future periods	20,005	(133,571)
Pension contributions made subsequent to the measurement date	<u>15,802</u>	<u>—</u>
Total Deferred Amounts Related to Pension	<u>\$ 35,807</u>	<u>\$ (133,571)</u>

\$15,802 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b><u>Year Ending December 31</u></b>	<b><u>Net Deferred Inflows of Resources</u></b>
2018	\$ (9,845)
2019	(21,927)
2020	(43,578)
2021	(38,216)
Thereafter	<u>—</u>
Total	<u>\$ (113,566)</u>

**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/fy2017>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

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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.

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, 2019.

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, 2017, 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, 2018, State of Illinois contributions recognized by the ROE No. 34 were based on the State's proportionate share of the collective net

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pension liability associated with the ROE No. 34, and the ROE No. 34 recognized revenue and expenditures of \$290,417 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, 2018 were \$2,430, and are deferred because they were paid after the June 30, 2017 measurement date.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$68,755 were paid from federal and special trust funds that required employer contributions of \$6,944. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the ROE No. 34 paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The ROE No. 34 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the ROE No. 34 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 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

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At June 30, 2018, 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 employer follows below:

ROE No. 34's proportionate share of the net pension liability	\$	208,472
State's proportionate share of the net pension liability associated with the ROE No. 34		2,950,935
Total	\$	3,159,407

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the ROE No. 34's proportion was .0002728757 percent, which was a decrease of .0000682183 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the ROE No. 34 recognized pension expense of \$290,417 and revenue of \$290,417 for support provided by the state. For the year ended June 30, 2018, the ROE recognized a pension benefit of \$237,432. At June 30, 2018, 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	\$ 2,264	\$ 96
Net difference between projected and actual earnings on pension plan investments	143	-
Changes of assumptions	13,914	5,991
Changes in proportion and differences between employer contributions and proportionate share of contributions	113,404	358,030
Employer contributions subsequent to the measurement date	9,374	-
Total	\$ 139,099	\$ 364,117

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\$9,374 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, 2019.

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

<b>Year Ending June 30</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2019	\$ (254,424)
2020	(1,391)
2021	26,884
2022	(4,006)
2023	(1,455)
Total	\$ (234,392)

The total pension liability in the June 30, 2017 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

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experiences. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

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 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:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds core	10.7	2.44
International debt developed	5.3	1.70
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private equity	14.0	10.63
Total	<u>100.0%</u>	

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 percent. 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, 2017 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.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier 2 were not sufficient to cover all projected benefit payments.

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.

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	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
ROE No. 34's proportionate share of the net pension liability	\$ 256,135	\$ 208,472	\$ 169,432

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 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.

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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, 2018, 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 \$4,944 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund

The ROE No. 34 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018 and 0.84 and 0.80 percent during the years ended June 30, 2017 and June 30, 2016, respectively. For the year ended June 30, 2018, the ROE No. 34 paid \$3,687 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and June 30, 2016, the ROE No. 34 paid \$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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, 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 0.59% is added to non-Medicare costs on and after 2020 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



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were based on the RP-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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Single Discount Rate

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

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

Sensitivity of the employer’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 (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	<b>1% Decrease (2.56%)</b>	<b>Current Discount Rate (3.56%)</b>	<b>1% Increase (4.56%)</b>
ROE NO. 34’s proportionate share of the collective net OPEB liability	\$ 533,728	\$ 444,748	\$ 373,599

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

The following table shows the ROE No. 34’s net OPEB liability as of June 30, 2017, 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 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 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	\$ 358,979	\$ 444,748	\$ 567,921

<sup>a</sup> *One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate rate of 4.09% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.*

<sup>b</sup> *One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.*

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

At June 30, 2018, the ROE No. 34 reported a liability for its proportionate share of the 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 net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the ROE No. 34 were as follow:

ROE No. 34's proportionate share of the net OPEB liability	\$ 444,748
State's proportionate share of the net OPEB liability associated with the ROE No. 34	584,082
Total	\$ 1,028,830

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016, and was rolled forward to the June 30, 2017 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, 2017, the ROE No. 34 proportion was 0.001714 percent, which was a decrease of 0.000113 from its proportion measured as of June 30, 2016 (0.001827 percent). The State's support and total are for disclosure purposes only.

For the year ended June 30, 2018, the ROE No. 34 recognized OPEB expense of \$4,944 and revenue of \$4,944 for the support provided by the State. For the year ended June 30, 2018, the ROE No. 34 recognized OPEB expense of \$28,907.

At June 30, 2018, 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	\$ —	\$ 252
Changes of assumptions	—	52,953
Net difference between projected and actual earnings on OPEB plan investments	—	5
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	27,033
Employer contributions subsequent to the measurement date	3,687	—
<b>Total</b>	<b>\$ 3,687</b>	<b>\$ 80,243</b>

\$3,687 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, 2019. 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>
2019	\$ (12,327)
2020	(12,327)
2021	(12,327)
2022	(12,327)
2023	(12,325)
Thereafter	(18,610)
Total	\$ (80,243)

**THIS Fiduciary Net Position**

Detailed information about the THIS Fund fiduciary net position as of June 30, 2017, is available in the separately issued THIS Financial Report.

**Health Insurance Plan**

**Plan Descriptions, Provisions, and Funding Policies**

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*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, 2018, 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	<hr style="border: 0.5px solid black;"/> 22
Participating Employer	<hr style="border: 0.5px solid black;"/> 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 no contributions or benefit payments from other Regional Office of Education resources.

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Total OPEB Liability

The ROE No. 34's total OPEB liability was measured as of June 30, 2018. 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	3.87%
Medical Consumer Price Index Trend	Chained-CPI (C-CPI) of 2.00% per annum
Census Data and Valuation Date	Valuation date of July 1, 2017 based on the census provided by the County as of November 2018.
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	RP-2014 generational table scaled using MP-2018 and applied on a gender-specific basis.

Changes in Benefits

In the June 30, 2018 actuarial valuation, there have been no changes of benefit terms from the prior period.

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Changes in assumptions

In the June 30, 2018 actuarial valuation, changes include updating the mortality to be a generational table with updated projection scales released by the Society of Actuaries, an interest rate using 20-year bond rates and a change in Actuarial Cost methodology to the Entry Age Normal (EAN) method as per GASB Statement No. 75.

The plan experience and assumption changes mentioned above are not reflected in the GASB Statement No. 75 schedule of statement of changes, as they were liabilities represented under GASB Statement No. 45. In the transition year, there were no changes (other than discount rate) to assumptions nor experience.

Changes in Net OPEB Liability

	<b>Total OPEB Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net OPEB Liability (A) - (B)</b>
<b>Balances at July 1, 2017 (as restated, see Note 12)</b>	\$ 187,615	\$ -	\$ 187,615
<b>Changes for the year:</b>			
Service Cost	6,183	-	6,183
Interest on the Total OPEB Liability	6,860	-	6,860
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	-	-	-
Changes of Assumptions	(4,873)	-	(4,873)
Contributions - Employer	-	-	-
Contributions - Employees	-	-	-
Net Investment Income	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(4,333)	-	(4,333)
Other (Net Transfer)	-	-	-
<b>Net Changes</b>	<b>3,837</b>	<b>-</b>	<b>3,837</b>
<b>Balances at June 30, 2018</b>	<b>\$ 191,452</b>	<b>\$ -</b>	<b>\$ 191,452</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 28, 2018 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 net 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 3.87%, 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 (4.87%) or 1-percentage-point lower (2.87%) than the current discount rate:

	<b>1% Lower</b>	<b>Current Discount</b>	<b>1% Higher</b>
	<u><b>2.87%</b></u>	<u><b>3.87%</b></u>	<u><b>4.87%</b></u>
<b>Net OPEB Liability</b>	\$175,927	\$191,452	\$209,034

Sensitivity of the ROE No. 34’s proportionate share of the net 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>Health Trend Rates Varies</b>	<b>1% Higher Varies</b>
<b>Net OPEB Liability</b>	\$167,015	\$191,452	\$219,919

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

For the year ended June 30, 2018, the ROE No. 34 recognized OPEB expense of \$12,326. At June 30, 2018 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 Expense in Future Periods</i>		
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	-	(4,157)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total OPEB expense to be recognized in future periods	-	(4,157)
OPEB contributions made subsequent to the measurement date	-	-
<b>Total Deferred Amounts Related to OPEB</b>	<b>\$ -</b>	<b>\$ (4,157)</b>

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

<b>Year Ending December 31</b>	<b>Net Deferred Inflows of Resources</b>
2019	\$ (717)
2020	(717)
2021	(717)
2022	(717)
2023	(717)
Thereafter	(572)
<b>Total</b>	<b>\$ (4,157)</b>



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**NOTE 7 - INTERFUND ACTIVITY**

**Interfund Balances**

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

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund		
General State Aid	\$ 11,735	\$ -
Educational Services Division Local Operations	856,145	-
Education Fund		
Regional Safe School	-	11,735
Truants Alternative/Optional Education	-	29,703
Juvenile Detention Fund	29,945	-
Teacher Mentoring Pilot	-	242
Nonmajor Special Revenue Funds		
General Education Development	6,111	-
Bus Driver Training	67,042	-
Regional Board of School Trustees	-	1,126
Learning Technology Center	-	4,441
Attendance and Truancy Division	-	544
Educational Services Division	-	67,042
Proprietary Funds		
Education Services Division	-	856,145
Total	<u>\$ 970,978</u>	<u>\$ 970,978</u>

**Interfund Transfers**

Interfund transfers for the year consisted of the following:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General Fund		
General State Aid	\$ 177,680	\$ -
Attendance and Truancy Division	1,000	-
Education Fund		
Regional Safe Schools	-	194,373
Nonmajor Special Revenue Funds		
Attendance and Truancy Division	7,000	-

(continued)

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<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
Proprietary Funds		
Education Services Division	-	1,000
Regional Safe School	9,693	-
Total	<u>\$ 195,373</u>	<u>\$ 195,373</u>

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

**NOTE 8 - LONG TERM LIABILITIES**

Capital Leases

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 \$78,163 and the accumulated amortization as of June 30, 2018 was \$69,043. 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>
2019	\$ 10,451
Interest Portion	<u>(189)</u>
Present value of minimum lease payments	<u>\$ 10,262</u>

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 Grayslake, IL.

For fiscal year 2018, the lease for the Safe Schools program located in Zion, IL required a monthly lease payment of \$11,225. Total rental expense for this facility for the year ended June 30, 2018 was \$134,702. Moreover, during fiscal year 2018, the ROE No. 34 ended the lease agreement with Zion-Benton and entered into a new lease agreement with Grace Missionary church. The new lease agreement has commenced on July 1, 2018 with a 5-year initial term and 1-year additional renewal option.

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Future minimum rentals are as follows for the years ending June 30:

2019	\$	45,312
2020		45,312
2021		45,312
2022		56,640
2023		67,968
Total	\$	260,544

For fiscal year 2018, the lease agreement for the Educational Services Division required quarterly lease payments of \$9,033 with an option for annual renewal. Total rental expense for the year ended June 30, 2018, was \$36,133. During fiscal year 2018, this lease was renewed for fiscal year 2019. The new lease agreement requires monthly lease payments of \$3,100 with an option for annual renewal. Future minimum lease payments under the lease total \$37,196 for fiscal year 2019.

Long-term Liability Activities

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

Type of debt	Restated Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental activities:				
Compensated absences	\$ 29,498	\$ 37,847	\$ (17,388)	\$ 49,957
Net pension liability - TRS	269,246	-	(60,774)	208,472
Net OPEB liability	687,012	-	(50,812)	636,200
Total	\$ 985,756	\$ 37,847	\$ (128,974)	\$ 894,629

**NOTE 9 - ON-BEHALF PAYMENTS**

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

Regional Superintendent salary	\$	115,176
Assistant Regional Superintendents salary		103,656
Regional Superintendent fringe benefits (includes State paid insurance)		22,914
Assistant Regional Superintendent fringe benefits (includes State paid insurance)		32,931
Total	\$	274,677

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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	\$ 420,321
Lake County's share in health insurance contributions	114,854
Lake County's share in retirement contribution	36,534
Other administrative expense	<u>103,810</u>
Total	<u><u>\$ 675,519</u></u>

The ROE No. 34 also recorded \$290,417 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 \$4,944 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	\$ 274,677
ROE No. 34's share of TRS pension expense	290,417
THIS fund contributions	<u>4,944</u>
Total	<u><u>\$ 570,038</u></u>

**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 General Fund - Educational Services Division Local Operations and Education Fund - Regional Safe Schools have 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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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 - Principal Mentoring Program, 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 Installation Fees, 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. General Fund - General State Aid and General Fund - Attendance and Truancy Division represent 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, Education Fund - Teacher Mentoring Program, Education Fund - ROE/ISC Operations, Nonmajor Special Revenue Fund - Learning Technology Center and Nonmajor Special Revenue Fund - Educational Services Division.

**Net Position Classifications**

Net investment in capital assets was comprised of the following as of June 30, 2018:

Governmental activities:

Capital assets - net of accumulated depreciation	\$ 10,326
Less capital related debt	
Capital lease payable	(10,262)
Net investment in capital assets	\$ 64

Business-type activities:

Capital assets - net of accumulated depreciation	\$ 7,472
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**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 - RESTATEMENT**

The ROE No. 34 restated its net position as of July 1, 2017 to recognize deferred outflows of resources, deferred inflows of resources, and net OPEB liability in the current year due to the implementation of GASB Statement Nos. 74 and 75. This adjustment decreased the ROE No. 34’s net position by \$517,284.

A reconciliation of net position reported on prior period financial statements and as restated follows:

**Governmental Activities Net Position:**

Net position - beginning of year	\$	3,964,111
Cumulative effect of change in accounting principle		<u>(517,284)</u>
Net position, restated - beginning of year	\$	<u><u>3,446,827</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

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

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

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

**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, 2018**

**Schedule of Employer Contributions  
Illinois Municipal Retirement Fund - Lake County**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 30,765 *	\$ 32,087	\$ (1,322)	\$ 294,963	10.88%
2016	29,461 *	30,155	(694)	280,047	10.77%
2015	32,532 *	33,010	(478)	302,345	10.92%

**Notes to Schedule:**

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate\***

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2017 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>	26-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% - approximate; No explicit price inflation assumption is used in this valuation.
<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, 2015, 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, 2018**

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

	<b>FY2017*</b>	<b>FY2016*</b>	<b>FY2015*</b>	<b>FY2014*</b>
Employer's proportion of the net pension liability	0.00027288%	0.00034109%	0.00841894%	0.00462350%
Employer's proportionate share of the net pension liability	\$ 208,472	\$ 269,246	\$ 55,153	\$ 28,138
State's proportionate share of the net pension liability associated with the employer	2,950,935	3,294,512	3,293,339	2,750,897
<b>Total</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	\$ 390,931	\$ 425,523	\$ 496,744	\$ 481,505
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	53.3%	63.3%	11.1%	5.8%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

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

	<b>FY2018**</b>	<b>FY2017**</b>	<b>FY2016**</b>	<b>FY2015**</b>	<b>FY2014**</b>
Statutorily-required contribution	\$ 37,709	\$ 35,184	\$ 13,295	\$ 2,881	\$ 1,650
Contributions in relation to the statutorily-required contribution	37,709	35,184	13,400	2,881	1,650
Contribution deficiency (excess)	\$ -	\$ -	\$ (105)	\$ -	\$ -
Employer's covered payroll	\$ 418,985	\$ 390,931	\$ 425,523	\$ 496,744	\$ 481,505
Contributions as a percentage of covered payroll	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 2017 and 2016 measurement year, 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.

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.

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

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

	<u>2017</u>	<u>2016</u>
Employer's proportion of the collective net OPEB liability	0.0017140000%	0.0018270000%
Employer's proportionate share of the collective net OPEB liability	\$ 444,748	\$ 499,397
State's proportionate share of the collective net OPEB liability associated with the employer	584,082	692,441
<b>Total</b>	<u>1,028,830</u>	<u>1,191,838</u>
Employer's covered payroll	\$ 390,931	\$ 425,523
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	113.8%	117.4%
Plan fiduciary net position as a percentage of the total OPEB liability	-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  
Teacher's Health Insurance Security Fund  
Last Three Fiscal Years\***

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

*\*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.*

**Changes of Benefit Term**

In the June 30, 2018 actuarial valuation, there have been no changes of benefit terms from the prior period.

**Changes of Assumptions**

Because this is implementation year of GASB 74/75, the beginning Total OPEB Liability is based on the same assumptions, data and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB Liability for GASB 74/75 reporting, there have been no changes in assumptions from the prior period.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

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

Fiscal Year Ended June 30,	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 6,183
Interest	6,860
Changes of assumptions	(4,873)
Benefit payments	(4,333)
<b>Net change in total OPEB liability</b>	<u>3,837</u>
<b>Total OPEB liability - beginning</b>	<u>187,615</u>
<b>Total OPEB liability - ending (A)</b>	<u><u>\$ 191,452</u></u>
 <b>OPEB plan net position</b>	
Contributions - employer	\$ -
Contributions - employees	-
Net investment income	-
Benefit payments	-
Administrative expense	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>
<b>Plan fiduciary net position - beginning</b>	<u>-</u>
<b>Plan fiduciary net position - ending (B)</b>	<u><u>\$ -</u></u>
 <b>Net OPEB (asset) liability - ending (A) - (B)</b>	<u><u>\$ 191,452</u></u>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%
 <b>Covered valuation payroll</b>	<u><u>\$ -</u></u>
 <b>Net OPEB (asset) liability as a percentage of covered valuation payroll</b>	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, 2018 actuarial valuation, there have been no changes of benefit terms from the prior period.

**Changes of Assumptions**

Changes include updating the mortality to be a generational table with updated projection scales released by the Society of Actuaries, an interest rate using 20 year bond rates and a change in Actuarial Cost methodology to the Entry Age Normal (EAN) method as per GASB Statement No. 75.

The plan experience and assumption changes mentioned above are not reflected in the GASB Statement No. 75 schedule of statement of changes, as they were liabilities represented under GASB Statement No. 45. In the transition year, There were no changes (other than discount rate) to assumptions nor experience.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2018**

**Schedule of Employer's Contributions  
 Health Insurance Plan**

	<b>2018*</b>
Actuarially-determined contribution	N/A
Contributions in relation to the actuarially-determined contribution	-
Contribution deficiency (excess)	N/A
Employer's covered payroll	\$ -
Contributions as a percentage of covered payroll	0.00%

*There is no actuarially-determined contribution or employer contribution in relation to actuarially-determined contribution, as there is no Trust that exist for funding the OPEB liabilities.*

*\*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.*

## **OTHER SUPPLEMENTARY INFORMATION**

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**JUNE 30, 2018**

**SCHEDULE 1**

	<b>General State Aid</b>	<b>Educational Services Division Local Operations</b>	<b>Attendance and Truancy Division</b>	<b>Regional Safe Schools</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 188,989	\$ 159,426	\$ 4,200	\$ 97,364	\$ 449,979
Due from other funds	11,735	856,145	-	-	867,880
Prepaid expenses	-	492	-	-	492
<b>TOTAL ASSETS</b>	<b>200,724</b>	<b>1,016,063</b>	<b>4,200</b>	<b>97,364</b>	<b>1,318,351</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	64,397	24,119	-	-	88,516
Due to other governments	-	-	-	97,305	97,305
Total liabilities	<u>64,397</u>	<u>24,119</u>	<u>-</u>	<u>97,305</u>	<u>185,821</u>
<b>FUND BALANCES</b>					
Nonspendable	-	492	-	-	492
Assigned	59,710	-	4,200	-	63,910
Unassigned	76,617	991,452	-	59	1,068,128
Total fund balances	<u>136,327</u>	<u>991,944</u>	<u>4,200</u>	<u>59</u>	<u>1,132,530</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 200,724</b>	<b>\$ 1,016,063</b>	<b>\$ 4,200</b>	<b>\$ 97,364</b>	<b>\$ 1,318,351</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, 2018

	General State Aid	Educational Services Division Local Operations	Attendance and Truancy Division	Regional Safe Schools	Total
<b>REVENUES</b>					
State sources	\$ 3,087,659	\$ -	\$ -	\$ 440,264	\$ 3,527,923
Local sources:					
Intergovernmental	60,000	162,449	540	-	222,989
On-behalf payments	950,196	-	-	-	950,196
Total revenues	4,097,855	162,449	540	440,264	4,701,108
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries	212,205	72,395	640	215,898	501,138
Employee benefits	61,726	27,404	49	126,481	215,660
Pension expense	725	-	-	-	725
OPEB expense	1,477	946	-	-	2,423
Purchased services	41,824	66,669	-	37,158	145,651
Supplies and materials	5,059	836	860	3,083	9,838
Miscellaneous	5,151	800	1,731	-	7,682
On-behalf payments	950,196	-	-	-	950,196
Intergovernmental:					
Payment to other governments	2,929,940	-	-	57,585	2,987,525
Total expenditures	4,208,303	169,050	3,280	440,205	4,820,838
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(110,448)	(6,601)	(2,740)	59	(119,730)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in, net	177,680	-	1,000	-	178,680
Repayment of long-term lease payable	-	(16,845)	-	-	(16,845)
Interest expense	-	(1,071)	-	-	(1,071)
Total other financing sources (uses)	177,680	(17,916)	1,000	-	160,764
<b>NET CHANGE IN FUND BALANCES</b>	67,232	(24,517)	(1,740)	59	41,034
<b>FUND BALANCES, BEGINNING OF YEAR</b>	69,095	1,016,461	5,940	-	1,091,496
<b>FUND BALANCES, END OF YEAR</b>	\$ 136,327	\$ 991,944	\$ 4,200	\$ 59	\$ 1,132,530



LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2018

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	\$ -	\$ -	\$ 11,453
Due from other funds	-	-	-	-
Due from other governments	-	61,781	21,590	-
Prepaid expenses	-	3,776	-	-
<b>TOTAL ASSETS</b>	<b>663</b>	<b>65,557</b>	<b>21,590</b>	<b>11,453</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	-	10,634	-
Due to other funds	-	11,735	29,703	-
Due to other governments	-	53,822	-	-
Total liabilities	-	65,557	40,337	-
<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>\$ 65,557</b>	<b>\$ 21,590</b>	<b>\$ 11,453</b>

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2018

SCHEDULE 3  
 (CONTINUED)

	Juvenile Detention	Teacher Mentoring Program	Principal Mentoring Program	ROE/ISC Operations
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,302,932	\$ -	\$ 22,290	\$ 28,400
Due from other funds	29,945	-	-	-
Due from other governments	252,373	-	-	2,146
Prepaid expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<b>2,585,250</b>	<b>-</b>	<b>22,290</b>	<b>30,546</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	-	-	32,426
Due to other funds	-	242	-	-
Due to other governments	75,140	-	-	-
Total liabilities	<u>75,140</u>	<u>242</u>	<u>-</u>	<u>32,426</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	-	-	-
Restricted	2,510,110	-	22,290	-
Unassigned	-	(242)	-	(1,880)
Total fund balances (deficit)	<u>2,510,110</u>	<u>(242)</u>	<u>22,290</u>	<u>(1,880)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>	<u>\$ 2,585,250</u>	<u>\$ -</u>	<u>\$ 22,290</u>	<u>\$ 30,546</u>

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2018

SCHEDULE 3  
 (CONTINUED)

	EFAST Pilot Program	Title II - Teacher Quality Leadership	Soaring with SAVE	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,716	\$ -	\$ 605	\$ 2,368,059
Due from other funds	-	-	-	29,945
Due from other governments	-	-	-	337,890
Prepaid expenses	-	-	-	3,776
<b>TOTAL ASSETS</b>	<b>1,716</b>	<b>-</b>	<b>605</b>	<b>2,739,670</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	-	-	43,060
Due to other funds	-	-	-	41,680
Due to other governments	-	-	-	128,962
Total liabilities	-	-	-	213,702
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	41,683
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	-	-	3,776
Restricted	1,716	-	605	2,546,837
Unassigned	-	-	-	(66,328)
Total fund balances (deficit)	1,716	-	605	2,484,285
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>	<b>\$ 1,716</b>	<b>\$ -</b>	<b>\$ 605</b>	<b>\$ 2,739,670</b>

**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, 2018**

	<b>Title I - Reading First Part B SEA Funds</b>	<b>Regional Safe Schools</b>	<b>Truants Alternative/ Optional Education</b>	<b>McKinney Education for Homeless Children</b>
<b>REVENUES</b>				
Federal sources	\$ -	\$ -	\$ -	\$ 59,400
State sources	-	524,503	161,933	-
Local sources:				
Intergovernmental	-	-	-	-
Fees for services	-	-	-	-
Total revenues	<u>-</u>	<u>524,503</u>	<u>161,933</u>	<u>59,400</u>
<b>EXPENDITURES</b>				
Instructional services:				
Salaries	-	166,120	76,809	-
Employee benefits	-	-	17,151	-
Pension expense	-	-	183	-
OPEB expense	-	-	275	-
Purchased services	-	204,591	12,460	55,649
Supplies and materials	-	-	1,080	6,994
Miscellaneous	-	-	-	-
Capital expenditures	-	-	-	549
Total expenditures	<u>-</u>	<u>370,711</u>	<u>107,958</u>	<u>63,192</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	153,792	53,975	(3,792)
<b>OTHER FINANCING USES</b>				
Transfers out	-	(194,373)	-	-
<b>NET CHANGE IN FUND BALANCES</b>	-	(40,581)	53,975	(3,792)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>663</u>	<u>9,693</u>	<u>(83,517)</u>	<u>15,245</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 663</u>	<u>\$ (30,888)</u>	<u>\$ (29,542)</u>	<u>\$ 11,453</u>

**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, 2018**

**SCHEDULE 4  
(CONTINUED)**

	<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	-	-	-	322,663
Local sources:				
Intergovernmental	1,457,366	-	-	-
Fees for services	-	-	-	33,930
Total revenues	<u>1,457,366</u>	<u>-</u>	<u>-</u>	<u>356,593</u>
<b>EXPENDITURES</b>				
Instructional services:				
Salaries	473,928	-	-	229,095
Employee benefits	199,888	-	-	60,865
Pension expense	-	-	-	34,848
OPEB expense	-	-	-	4,183
Purchased services	14,562	-	-	26,297
Supplies and materials	1,725	-	-	1,305
Miscellaneous	13,786	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	<u>703,889</u>	<u>-</u>	<u>-</u>	<u>356,593</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>753,477</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>753,477</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>1,756,633</u>	<u>(242)</u>	<u>22,290</u>	<u>(1,880)</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 2,510,110</u>	<u>\$ (242)</u>	<u>\$ 22,290</u>	<u>\$ (1,880)</u>

**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, 2018**

**SCHEDULE 4  
(CONTINUED)**

	<b>EFAST Pilot Program</b>	<b>Title II - Teacher Quality Leadership</b>	<b>Soaring with SAVE</b>	<b>Total</b>
<b>REVENUES</b>				
Federal sources	\$ -	\$ 12,173	\$ -	\$ 71,573
State sources	-	-	-	1,009,099
Local sources:				
Intergovernmental	-	-	-	1,457,366
Fees for services	-	-	-	33,930
Total revenues	-	12,173	-	2,571,968
<b>EXPENDITURES</b>				
Instructional services:				
Salaries	-	-	-	945,952
Employee benefits	-	-	-	277,904
Pension expense	-	-	-	35,031
OPEB expense	-	-	-	4,458
Purchased services	-	12,173	-	325,732
Supplies and materials	-	-	-	11,104
Miscellaneous	-	-	-	13,786
Capital expenditures	-	-	-	549
Total expenditures	-	12,173	-	1,614,516
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	957,452
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	-	(194,373)
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	763,079
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	1,716	-	605	1,721,206
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 1,716	\$ -	\$ 605	\$ 2,484,285

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 5

	Regional Safe Schools				Truants Alternative/Optional Education			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
<b>REVENUES</b>								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	370,711	370,711	524,503	153,792	107,958	107,958	161,933	53,975
Local sources:								
Fees for services	-	-	-	-	-	-	-	-
Total revenues	370,711	370,711	524,503	153,792	107,958	107,958	161,933	53,975
<b>EXPENDITURES</b>								
Instructional Services:								
Salaries	-	-	166,120	(166,120)	76,069	76,069	76,809	(740)
Employee benefits	-	-	-	-	20,663	18,869	17,151	1,718
Pension expense	-	-	-	-	-	-	183	(183)
OPEB expense	-	-	-	-	-	-	275	(275)
Purchased services	134,702	134,702	204,591	(69,889)	10,404	12,198	12,460	(262)
Supplies and materials	-	-	-	-	822	822	1,080	(258)
Intergovernmental:								
Payment to other governments	236,009	236,009	-	236,009	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-
Total expenditures	370,711	370,711	370,711	-	107,958	107,958	107,958	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	153,792	<u>\$ 153,792</u>	<u>\$ -</u>	<u>\$ -</u>	53,975	<u>\$ 53,975</u>
<b>OTHER FINANCING USES</b>								
Transfers out			(194,373)				-	
<b>NET CHANGE IN FUND BALANCES</b>			(40,581)				53,975	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			9,693				(83,517)	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>			<u>\$ (30,888)</u>				<u>\$ (29,542)</u>	

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 5  
 (CONTINUED)

	McKinney Education for Homeless Children				ROE/ISC Operations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
<b>REVENUES</b>								
Federal sources	\$ 57,522	\$ 63,022	\$ 59,400	\$ (3,622)	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	321,754	322,663	322,663	-
Local sources:								
Fees for services	-	-	-	-	-	-	33,930	33,930
Total revenues	<u>57,522</u>	<u>63,022</u>	<u>59,400</u>	<u>(3,622)</u>	<u>321,754</u>	<u>322,663</u>	<u>356,593</u>	<u>33,930</u>
<b>EXPENDITURES</b>								
Instructional Services:								
Salaries	-	-	-	-	229,095	229,095	229,095	-
Employee benefits	-	-	-	-	65,966	65,966	60,865	5,101
Pension expense	-	-	-	-	-	-	34,848	(34,848)
OPEB expense	-	-	-	-	-	-	4,183	(4,183)
Purchased services	53,969	55,594	55,649	(55)	26,297	26,297	26,297	-
Supplies and materials	3,553	7,428	6,994	434	396	1,305	1,305	-
Intergovernmental:								
Payment to other governments	-	-	-	-	-	-	-	-
Capital expenditures	-	-	549	(549)	-	-	-	-
Total expenditures	<u>57,522</u>	<u>63,022</u>	<u>63,192</u>	<u>(170)</u>	<u>321,754</u>	<u>322,663</u>	<u>356,593</u>	<u>(33,930)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,792)</u>	<u>\$ (3,792)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OTHER FINANCING USES</b>								
Transfers out			-				-	
<b>NET CHANGE IN FUND BALANCES</b>			(3,792)				-	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			15,245				(1,880)	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>			<u>\$ 11,453</u>				<u>\$ (1,880)</u>	



LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2018

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		
<b>REVENUES</b>								
Federal sources	\$ 12,173	\$ 12,173	\$ 12,173	\$ -	\$ 69,695	\$ 75,195	\$ 71,573	\$ (3,622)
State sources	-	-	-	-	800,423	801,332	1,009,099	207,767
Local sources:								
Fees for services	-	-	-	-	-	-	33,930	33,930
Total revenues	12,173	12,173	12,173	-	870,118	876,527	1,114,602	238,075
<b>EXPENDITURES</b>								
Instructional Services:								
Salaries	-	-	-	-	305,164	305,164	472,024	(166,860)
Employee benefits	-	-	-	-	86,629	84,835	78,016	6,819
Pension expense	-	-	-	-	-	-	35,031	(35,031)
OPEB expense	-	-	-	-	-	-	4,458	(4,458)
Purchased services	12,173	12,173	12,173	-	237,545	240,964	311,170	(70,206)
Supplies and materials	-	-	-	-	4,771	9,555	9,379	176
Intergovernmental:								
Payment to other governments	-	-	-	-	236,009	236,009	-	236,009
Capital expenditures	-	-	-	-	-	-	549	(549)
Total expenditures	12,173	12,173	12,173	-	870,118	876,527	910,627	(34,100)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>203,975</u>	<u>\$ 203,975</u>
<b>OTHER FINANCING USES</b>								
Transfers out			-				(194,373)	
<b>NET CHANGE IN FUND BALANCES</b>			-				9,602	
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>			-				(60,459)	
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>			<u>\$ -</u>				<u>\$ (50,857)</u>	

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

**SCHEDULE 6**

	<b>General Education Development</b>	<b>Bus Driver Training</b>	<b>Regional Board of School Trustees</b>	<b>Reading Recovery Installation Fees</b>	<b>Reading Recovery Operations</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 46,242	\$ 73,195	\$ -	\$ 56,249	\$ 37,090
Accounts receivable	-	-	2,222	-	-
Due from other funds	6,111	67,042	-	-	-
<b>TOTAL ASSETS</b>	<b>52,353</b>	<b>140,237</b>	<b>2,222</b>	<b>56,249</b>	<b>37,090</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	-	-	-	-	-
Due to other funds	-	-	1,126	-	-
Unearned revenue	-	930	-	-	-
Total liabilities	-	930	1,126	-	-
<b>FUND BALANCES (DEFICIT)</b>					
Restricted	52,353	139,307	1,096	56,249	37,090
Unassigned	-	-	-	-	-
Total fund balances (deficit)	52,353	139,307	1,096	56,249	37,090
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 52,353</b>	<b>\$ 140,237</b>	<b>\$ 2,222</b>	<b>\$ 56,249</b>	<b>\$ 37,090</b>

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

**SCHEDULE 6  
(CONTINUED)**

	<b>Distributive Interest</b>	<b>Learning Technology Center</b>	<b>Attendance and Truancy Division</b>	<b>Educational Services Division</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,620	\$ -	\$ 54,163	\$ -	\$ 270,559
Accounts receivable	3,105	-	-	23,768	29,095
Due from other funds	-	-	-	-	73,153
<b>TOTAL ASSETS</b>	<b>6,725</b>	<b>-</b>	<b>54,163</b>	<b>23,768</b>	<b>372,807</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	2,400	-	-	7,864	10,264
Due to other funds	-	4,441	544	67,042	73,153
Unearned revenue	-	-	-	-	930
Total liabilities	2,400	4,441	544	74,906	84,347
<b>FUND BALANCES (DEFICIT)</b>					
Restricted	4,325	-	53,619	-	344,039
Unassigned	-	(4,441)	-	(51,138)	(55,579)
Total fund balances (deficit)	4,325	(4,441)	53,619	(51,138)	288,460
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 6,725</b>	<b>\$ -</b>	<b>\$ 54,163</b>	<b>\$ 23,768</b>	<b>\$ 372,807</b>

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 7**

	<b>General Education Development</b>	<b>Bus Driver Training</b>	<b>Regional Board of School Trustees</b>	<b>Reading Recovery Installation Fees</b>	<b>Reading Recovery Operations</b>
<b>REVENUES</b>					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	4,090	-	-	-
Local sources:					
Intergovernmental	-	-	6,223	-	-
Fees for services	7,454	32,128	-	-	67,000
Interest	-	-	-	-	-
Total revenues	<u>7,454</u>	<u>36,218</u>	<u>6,223</u>	<u>-</u>	<u>67,000</u>
<b>EXPENDITURES</b>					
Salaries	-	-	-	-	10,000
Employee benefits	-	-	-	-	-
Pension expense	-	-	-	-	-
OPEB expense	-	-	-	-	-
Purchased services	7,000	12,898	5,974	-	14,258
Supplies and materials	423	1,047	-	-	2,855
Miscellaneous	34	405	334	-	42,260
Total expenditures	<u>7,457</u>	<u>14,350</u>	<u>6,308</u>	<u>-</u>	<u>69,373</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(3)	21,868	(85)	-	(2,373)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(3)	21,868	(85)	-	(2,373)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	52,356	117,439	1,181	56,249	39,463
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 52,353</u>	<u>\$ 139,307</u>	<u>\$ 1,096</u>	<u>\$ 56,249</u>	<u>\$ 37,090</u>

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 7  
(CONTINUED)**

	<b>Distributive Interest</b>	<b>Learning Technology Center</b>	<b>Attendance and Truancy Division</b>	<b>Educational Services Division</b>	<b>Total</b>
<b>REVENUES</b>					
Federal sources	\$ -	\$ -	\$ -	\$ 86,250	\$ 86,250
State sources	-	-	-	-	4,090
Local sources:					
Intergovernmental	-	-	-	-	6,223
Fees for services	13,503	-	-	-	120,085
Interest	2,149	-	-	-	2,149
Total revenues	<u>15,652</u>	<u>-</u>	<u>-</u>	<u>86,250</u>	<u>218,797</u>
<b>EXPENDITURES</b>					
Salaries	-	-	-	70,744	80,744
Employee benefits	64	-	-	292	356
Pension expense	74	-	-	6,945	7,019
OPEB expense	48	-	-	-	48
Purchased services	4,430	-	2,850	6,579	53,989
Supplies and materials	3,313	-	-	13,655	21,293
Miscellaneous	6,749	-	-	-	49,782
Total expenditures	<u>14,678</u>	<u>-</u>	<u>2,850</u>	<u>98,215</u>	<u>213,231</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	974	-	(2,850)	(11,965)	5,566
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	7,000	-	7,000
<b>NET CHANGE IN FUND BALANCES</b>	974	-	4,150	(11,965)	12,566
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	3,351	(4,441)	49,469	(39,173)	275,894
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 4,325</u>	<u>\$ (4,441)</u>	<u>\$ 53,619</u>	<u>\$ (51,138)</u>	<u>\$ 288,460</u>

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018**

**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	\$ 3,308	\$ 105,747	\$ 109,055
Accounts receivable	-	195	195
Prepaid expenses	-	7,860	7,860
Total current assets	<u>3,308</u>	<u>113,802</u>	<u>117,110</u>
<b>Noncurrent assets</b>			
Capital assets, net of depreciation	-	7,472	7,472
<b>TOTAL ASSETS</b>	<u>3,308</u>	<u>121,274</u>	<u>124,582</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	-	12	12
<b>NET POSITION</b>			
Net investment in capital assets	-	7,472	7,472
Unrestricted	<u>3,308</u>	<u>113,790</u>	<u>117,098</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,308</u>	<u>\$ 121,262</u>	<u>\$ 124,570</u>

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR PROPRIETARY FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ -	\$ 25,727	\$ 25,727
Total Operating revenues	-	25,727	25,727
<b>OPERATING EXPENSES</b>			
Purchased services	-	14,501	14,501
Supplies and materials	-	3,487	3,487
Miscellaneous	-	908	908
Capital expenditures	-	5,996	5,996
Depreciation	-	2,515	2,515
Total Operating Expenses	-	27,407	27,407
<b>OPERATING INCOME (LOSS)</b>	-	(1,680)	(1,680)
<b>NET POSITION, BEGINNING OF YEAR</b>	3,308	122,942	126,250
<b>NET POSITION, END OF YEAR</b>	\$ 3,308	\$ 121,262	\$ 124,570

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ -	\$ 25,899	\$ 25,899
Payments to suppliers and providers of goods and services	-	(32,740)	(32,740)
Net cash used in operating activities	-	(6,841)	(6,841)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	-	(6,841)	(6,841)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	3,308	112,588	115,896
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 3,308	\$ 105,747	\$ 109,055
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	\$ -	\$ (1,680)	\$ (1,680)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	-	2,515	2,515
Effects of changes in assets and liabilities:			
Accounts receivable	-	(195)	(195)
Prepaid expenses	-	(7,860)	(7,860)
Due from other governments	-	367	367
Accounts payable and accrued expenses	-	12	12
Net cash used in operating activities	\$ -	\$ (6,841)	\$ (6,841)