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***SPECIAL EDUCATION DISTRICT OF LAKE COUNTY
SEJA DISTRICT NO. 825
STATE OF ILLINOIS***

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

eder, casella & co

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY
SEJA DISTRICT NO. 825

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INDEPENDENT AUDITOR'S OPINION

To the Executive Board
Special Education District of Lake County
SEJA District No. 825
Gages Lake, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of

Special Education District of Lake County

as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SEDOL'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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SEDOL'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 SEDOL'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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Special Education District of Lake County as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SEDOL's basic financial statements. The supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of Special Education District of Lake County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Special Education District of Lake County's internal control over financial reporting and compliance.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
December 13, 2021



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

To the Executive Board
Special Education District of Lake County
SEJA District No. 825
Gages Lake, Illinois

We have audited, 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, the financial statements of the governmental activities and each major fund of

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY
SEJA DISTRICT NO. 825

as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise SEDOL's basic financial statements, and have issued our report thereon dated December 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Special Education District of Lake County, SEJA District No. 825's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Special Education District of Lake County, SEJA District No. 825's internal control. Accordingly, we do not express an opinion on the effectiveness of Special Education District of Lake County, SEJA District No. 825'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 SEDOL'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 Special Education District of Lake County, SEJA District No. 825'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 SEDOL's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SEDOL's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
December 13, 2021

REQUIRED SUPPLEMENTARY INFORMATION

**SPECIAL EDUCATION DISTRICT OF LAKE COUNTY
SEJA DISTRICT NO. 825
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of Special Education District of Lake County, SEJA District No. 825 (SEDOL), we offer readers of SEDOL's statements this narrative overview and analysis of the financial activities of SEDOL for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of SEDOL exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$26,472,885 (net position). Of this amount, \$(14,284,999) is unrestricted net position (deficit).
- SEDOL's net position increased by \$621,620 from current year activities.
- At June 30, 2021, SEDOL reported combined ending fund balances of \$18,086,684, a decrease of \$961,689 in comparison with the prior year.
- SEDOL's capital assets, net of depreciation, decreased by \$27,641 (0.07%) during the year ended June 30, 2021. The key factor in the decrease was current year depreciation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to SEDOL's basic financial statements. SEDOL's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. This Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of SEDOL's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of SEDOL's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SEDOL is improving or deteriorating.

The Statement of Activities presents information showing how SEDOL's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows during future fiscal periods.

Both of the government-wide financial statements distinguish functions of SEDOL that are principally supported by tuition and intergovernmental revenues (governmental activities). The governmental activities of SEDOL include instruction, supporting services, operation and maintenance of facilities, transportation services, and certain other activities and expenses such as payments to other districts and governmental units, interest and fees, and unallocated depreciation.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SEDOL, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SEDOL are governmental funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of SEDOL's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

SEDOL maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Operations and Maintenance Fund, Debt Services Fund, Transportation Fund, and Illinois Municipal Retirement/Social Security Fund, all of which are considered to be major funds.

SEDOL adopts an annual budget for each of the funds listed above. A budgetary comparison statement, which is Required Supplementary Information, has been provided for the General Fund and each major Special Revenue Fund to demonstrate compliance with this budget.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements, accompanying notes, and Required Supplementary Information this report also presents certain supplemental information concerning SEDOL's progress in meeting its obligation to provide as fully adequate as possible services to its students.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of SEDOL, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,472,885 at June 30, 2021.

A large portion of SEDOL's net position (\$39,073,561) reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements other than buildings, vehicles, and equipment other than transportation/food service). SEDOL uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although SEDOL's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of SEDOL's net position (\$1,684,323) represents resources that are subject to external restrictions on how they may be used.

Special Education District of Lake County's Net Position

	Governmental Activities	
	6/30/2021	6/30/2020
Assets		
Current and Other Assets	\$ 29,874,977	\$ 29,552,415
Long-Term Assets Outstanding	2,060,000	2,425,000
Capital Assets	39,322,064	39,349,705
Total Assets	\$ 71,257,041	\$ 71,327,120
Deferred Outflows of Resources		
Defeasance Asset, net of amortization	\$ 267,040	\$ 302,645
Pension and OPEB Expense	1,644,024	8,183,195
Total Deferred Outflows of Resources	\$ 1,911,064	\$ 8,485,840
Liabilities		
Other Liabilities	\$ 7,257,864	\$ 10,504,042
Long-Term Liabilities Outstanding	26,012,752	29,266,313
Total Liabilities	\$ 33,270,616	\$ 39,770,355
Deferred Inflows of Resources		
Pension and OPEB Revenue	\$ 13,424,604	\$ 14,191,340
Total Deferred Inflows of Resources	\$ 13,424,604	\$ 14,191,340
Net Position		
Invested in Capital Assets, net of related debt	\$ 39,073,561	\$ 39,068,068
Restricted	1,684,323	1,042,679
Unrestricted	(14,284,999)	(14,259,482)
Total Net Position	\$ 26,472,885	\$ 25,851,265

Governmental activities - Governmental activities in the current year increased net position by \$621,620. Key elements of this increase are as follows:

Special Education District of Lake County's Change in Net Position

	Governmental Activities	
	FY 2021	FY 2020
Revenues:		
Program Revenues		
Charges for Services	\$ 42,151,980	\$ 41,965,857
Operating Grants and Contributions	23,294,153	40,638,034
General Revenues:		
Unrestricted Investment Earnings	197,043	452,687
Total Revenues	\$ 65,643,176	\$ 83,056,578
Expenses:		
Instruction	\$ 40,190,217	\$ 44,117,941
Support Services	22,063,049	24,771,765
Community Services	1,791	451
Intergovernmental Payments	1,311,006	11,138,584
Interest and Fees on Long-Term Debt	105,421	119,721
Depreciation - Unallocated	1,350,072	1,311,388
Total Expenses	\$ 65,021,556	\$ 81,459,850
Increase/(Decrease) in Net Position	\$ 621,620	\$ 1,596,728
Net Position - Beginning	25,851,265	24,254,537
Net Position - Ending	\$ 26,472,885	\$ 25,851,265

- Operating Grants and Contributions decreased mainly due to a large decrease in Federal grant revenue received. This funding is now mostly going directly to other school districts.
- The total expenses decreased mainly due to the decrease in intergovernmental payments. This is due to Federal Grants being awarded directly to the school districts.
- Decrease in support services due to a decrease of days students were in class due to COVID.

FINANCIAL ANALYSIS OF SEDOL'S FUNDS

As noted earlier, SEDOL uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of SEDOL's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SEDOL's financing requirements. In particular, unassigned fund balance may serve as a useful measure of SEDOL's net resources available for spending at the end of the fiscal year.

The General Fund's fund balance decreased \$1,270,932. This includes a \$725,000 transfer to the Operations and Maintenance Fund and a \$350,000 transfer to the Transportation Fund.

The Operations and Maintenance Fund's fund balance decreased by \$98,864. This decreased from the prior year due to a smaller transfer of \$725,000 transfer from the Education Fund than in prior years.

The Debt Services Fund experienced net revenues and expenditures that remained relatively consistent with the prior year.

The Transportation Fund's fund balance increased by \$606,632. This is primarily due to a decrease in transportation costs during the year due to COVID-19.

The Illinois Municipal Retirement/Social Security Fund's fund balance decreased by (\$199,726) due to an increase in special education program expenditures during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the budget and the actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$12,173,811 (favorable). The majority of this difference was due to On-Behalf payments not being budgeted.
- The difference between the estimated expenditures and the actual expenditures was (\$10,646,908)(unfavorable). The difference is primarily due to the district not budgeting On-Behalf payments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - SEDOL's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$39,322,064 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, vehicles, and equipment other than transportation/food service. The total decrease in SEDOL's investment in capital assets for the year ended June 30, 2021 was (0.07)%.

Special Education District of Lake County's Capital Assets
(net of depreciation)

	Governmental Activities	
	6/30/2021	6/30/2020
Land	\$ 1,260,625	\$ 1,260,625
Construction in Progress	111,029	4,105,983
Buildings	32,838,377	28,486,317
Improvements Other than Buildings	4,612,432	4,911,509
Vehicles	89,714	99,910
Equipment Other than Transportation/Food Service	409,887	485,361
Total	<u>\$ 39,322,064</u>	<u>\$ 39,349,705</u>

Long-term debt - At June 30, 2021, SEDOL had total debt outstanding of \$2,308,503.

Special Education District of Lake County's Outstanding Debt

	Governmental Activities	
	6/30/2021	6/30/2020
Special Education Bonds	\$ 2,060,000	\$ 2,425,000
Unamortized Bond Premium	248,503	281,637
Total	<u>\$ 2,308,503</u>	<u>\$ 2,706,637</u>

Significant debt activity for the year ended June 30, 2021 was as follows:

- Principal payments on all debt were \$365,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Education Fund – SEDOL was awarded an American Rescue Plan (ESSER III) grant in the amount of \$2,500,000 which will be used to offset learning loss and to fund after school and summer school programs.

All other funds – all other revenues and expenses are expected to remain fairly constant in comparison with fiscal year 2020-2021.

Fiscal Year 2020-2021 – Tuition rates were adjusted last year in response to the IDEA procedural change in which all IDEA funds flowed directly to school districts instead of flowing through the cooperative. Rates will remain the same for fiscal year 2021-2022.

COVID-19 Impact – while the total cost of COVID-19 is hard to calculate at this time, there are costs that are known for certain; this includes personal protective equipment (PPE), additional cleaning/disinfecting costs and additional purchases of staff and student technology. SEDOL estimates these costs to be in the range of \$100,000 - \$200,000 during the 2021-2022 school year. SEDOL continues to closely track COVID related expenditures, and to apply for any FEMA funds available to offset those costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of SEDOL's finances for all those with an interest in SEDOL's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Special Education District of Lake County, 18160 Gages Lake Road, Gages Lake, Illinois 60030-1819.

BASIC FINANCIAL STATEMENTS

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 21,672,426
Investments, at Fair Value	999,100
Tuition Billing Receivable, net of allowance of \$0	1,942,405
Miscellaneous Billings Receivable, net of allowance of \$0	877
Due from Other Governments, net of allowance of \$0	702,709
Prepaid Expenses	3,206
Interest Receivable	23,825
Notes Receivable (Note 5)	2,060,000
Net Pension Asset - IMRF	4,530,429
Capital Assets (Note 6):	
Land	1,260,625
Construction in Progress	111,029
Depreciable Buildings, Property, and Equipment, net of depreciation	37,950,410
Total Assets	\$ 71,257,041
DEFERRED OUTFLOWS OF RESOURCES	
Defeasance Asset, net of amortization	\$ 267,040
Pension Expense - IMRF	1,070,229
Pension Expense - TRS	191,402
Pension Expense - THIS	221,022
OPEB Expense - IMRF/TRS	161,371
Total Deferred Outflows of Resources	\$ 1,911,064
LIABILITIES	
Accounts Payable and Accrued Expenditures	\$ 135,101
Payroll Liabilities	4,658,905
Employee Health Insurance Account Liability	2,414,846
Flexible Spending Account Liability	49,012
Non-Current Liabilities	
Due Within One Year	522,062
Due in More Than One Year	25,490,690
Total Liabilities	\$ 33,270,616
DEFERRED INFLOWS OF RESOURCES	
Pension Revenue - IMRF	\$ 7,377,554
Pension Revenue - TRS	429,979
Pension Revenue - THIS	5,599,859
OPEB Revenue - IMRF/TRS	17,212
Total Deferred Inflows of Resources	\$ 13,424,604
NET POSITION	
Net Investment in Capital Assets	\$ 39,073,561
Restricted for:	
Grants and Contributions	\$ 1,432,459
Transportation	251,864
Unrestricted/(Deficit)	(14,284,999)
Total Net Position	\$ 26,472,885

The Notes to Financial Statements are an integral part of this statement.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
Instruction				
Special Education Programs	\$ 21,282,068	\$ 17,754,381	\$ 1,795,242	\$ (1,732,445)
Other Instructional Programs	1,786,939	1,823,034	448,047	484,142
State Retirement Contributions	17,121,210	-	17,121,210	-
Support Services				
Pupils	11,831,713	11,643,735	1,326,409	1,138,431
Instructional Staff	1,651,567	1,276,949	137,275	(237,343)
General Administration	1,846,840	1,324,540	202,137	(320,163)
School Administration	2,849,279	2,061,384	236,827	(551,068)
Business	697,768	522,518	57,997	(117,253)
Operations and Maintenance	2,552,297	4,770,211	266,142	2,484,056
Transportation	455,061	370,412	745,826	661,177
Food Services	90,977	66,297	103,070	78,390
Central	87,547	69,642	7,277	(10,628)
Community Services	1,791	1,277	961	447
Intergovernmental Payments				
Payments to Other Districts and Governmental Units	1,311,006	-	845,733	(465,273)
Interest and Fees on Long-Term Debt	105,421	467,600	-	362,179
Depreciation - Unallocated	1,350,072	-	-	(1,350,072)
Total Governmental Activities	\$ 65,021,556	\$ 42,151,980	\$ 23,294,153	\$ 424,577
General Revenues				
Unrestricted Investment Earnings				\$ 197,043
Total General Revenues				\$ 197,043
Change in Net Position				\$ 621,620
Net Position - July 1, 2020				25,851,265
Net Position - June 30, 2021				\$ 26,472,885

The Notes to Financial Statements are an integral part of this statement.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2021

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 16,071,138	\$ 2,665,501	\$ 177,243	\$ 1,031,593	\$ 1,726,951	\$ 21,672,426
Investments, at Fair Value	999,100	-	-	-	-	999,100
Tuition Billing Receivable, net of allowance of \$0	1,942,405	-	-	-	-	1,942,405
Miscellaneous Billings Receivable, net of allowance of \$0	-	-	-	-	877	877
Due from Other Governments, net of allowance of \$0	527,474	-	-	175,235	-	702,709
Prepaid Payroll Deductions	3,206	-	-	-	-	3,206
Total Assets	\$ 19,543,323	\$ 2,665,501	\$ 177,243	\$ 1,206,828	\$ 1,727,828	\$ 25,320,723
LIABILITIES						
Current Liabilities						
Accounts Payable and Accrued Expenditures	\$ 47,796	\$ 60,673	\$ -	\$ 2,807	\$ -	\$ 111,276
Payroll Liabilities	4,474,991	-	-	15,006	168,908	4,658,905
Employee Health Insurance Account Liability	2,414,846	-	-	-	-	2,414,846
Flexible Spending Account Liability	49,012	-	-	-	-	49,012
Total Current Liabilities	\$ 6,986,645	\$ 60,673	\$ -	\$ 17,813	\$ 168,908	\$ 7,234,039
FUND BALANCE						
Nonspendable						
Prepaid Expenses	\$ 3,206	\$ -	\$ -	\$ -	\$ -	\$ 3,206
Restricted						
Grants and Contributions	1,432,459	-	-	-	-	1,432,459
Transportation	-	-	-	251,864	-	251,864
Assigned						
Operations and Maintenance	-	2,604,828	-	-	-	2,604,828
Debt Service	-	-	177,243	-	-	177,243
Transportation	-	-	-	937,151	-	937,151
Illinois Municipal Retirement	-	-	-	-	1,558,920	1,558,920
Unassigned	11,121,013	-	-	-	-	11,121,013
Total Fund Balance	\$ 12,556,678	\$ 2,604,828	\$ 177,243	\$ 1,189,015	\$ 1,558,920	\$ 18,086,684
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 19,543,323	\$ 2,665,501	\$ 177,243	\$ 1,206,828	\$ 1,727,828	\$ 25,320,723

The Notes to Financial Statements are an integral part of this statement.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2021

Total Fund Balances - Governmental Funds		\$ 18,086,684
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets	\$ 59,335,638	
Accumulated Depreciation on Capital Assets	<u>(20,013,574)</u>	39,322,064
<p>Deferred pension/OPEB amounts in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Deferred Outflows - IMRF	\$ 1,070,229	
Deferred Inflows - IMRF	(7,377,554)	
Deferred Outflows - TRS	191,402	
Deferred Inflows - TRS	(429,979)	
Deferred Outflows - OPEB THIS	221,022	
Deferred Inflows - OPEB THIS	(5,599,859)	
Deferred Outflows - OPEB IMRF/TRS	161,371	
Deferred Inflows - OPEB IMRF/TRS	<u>(17,212)</u>	(11,780,580)
<p>Other assets/liabilities are not available to pay for current period expenditures and therefore are deferred inflows/outflows of resources in the funds.</p>		
Interest Receivable	\$ 23,825	
Notes Receivable	<u>2,060,000</u>	2,083,825
<p>Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.</p>		
Defeasance Asset, net of related amortization	\$ 267,040	
Bond Premiums, net of related amortization	<u>(248,503)</u>	18,537
<p>Some assets/liabilities are not available/due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds Payable	\$ (2,060,000)	
Accrued Interest	(23,825)	
Compensated Absences Payable	(113,928)	
Net Pension (Liability)/Asset - IMRF	4,530,429	
Net Pension Liability - TRS	(2,023,012)	
Net OPEB Liability - THIS	(20,850,297)	
Total OPEB Liability - IMRF/TRS	<u>(717,012)</u>	<u>(21,257,645)</u>
Net Position of Governmental Activities		<u><u>\$ 26,472,885</u></u>

The Notes to Financial Statements are an integral part of this statement.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Total Governmental Funds
REVENUES						
Tuition	\$ 32,443,243	\$ -	\$ -	\$ -	\$ -	\$ 32,443,243
Earnings on Investments	157,866	15,979	1,551	4,768	16,879	197,043
Food Service	1,437	-	-	-	-	1,437
Other Local Sources	5,112,618	2,955,690	467,600	-	1,301,456	9,837,364
State Aid	4,035,564	-	-	708,002	-	4,743,566
Federal Aid	1,299,313	-	-	-	-	1,299,313
State Retirement Contributions	17,121,210	-	-	-	-	17,121,210
	<u>\$ 60,171,251</u>	<u>\$ 2,971,669</u>	<u>\$ 469,151</u>	<u>\$ 712,770</u>	<u>\$ 1,318,335</u>	<u>\$ 65,643,176</u>
EXPENDITURES						
Current						
Instruction						
Special Education Programs	\$ 21,348,575	\$ -	\$ -	\$ -	\$ 612,547	\$ 21,961,122
Other Instructional Programs	1,783,908	-	-	-	92,334	1,876,242
State Retirement Contributions	17,121,210	-	-	-	-	17,121,210
Support Services						
Pupils	11,844,686	-	-	-	504,212	12,348,898
Instructional Staff	1,653,262	-	-	-	35,084	1,688,346
General Administration	1,854,383	-	-	-	29,261	1,883,644
School Administration	2,860,670	-	-	-	57,113	2,917,783
Business	699,602	-	-	-	53,697	753,299
Operations and Maintenance	248	2,547,457	-	-	116,184	2,663,889
Transportation	-	-	-	456,138	9,190	465,328
Food Services	90,996	-	-	-	-	90,996
Central	87,490	-	-	-	8,439	95,929
Community Services	1,791	-	-	-	-	1,791
Intergovernmental Payments	946,006	-	-	-	-	946,006
Debt Service						
Principal	-	-	365,000	-	-	365,000
Interest and Fees	-	-	102,950	-	-	102,950
Capital Outlay	74,356	1,248,076	-	-	-	1,322,432
	<u>\$ 60,367,183</u>	<u>\$ 3,795,533</u>	<u>\$ 467,950</u>	<u>\$ 456,138</u>	<u>\$ 1,518,061</u>	<u>\$ 66,604,865</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (195,932)	\$ (823,864)	\$ 1,201	\$ 256,632	\$ (199,726)	\$ (961,689)
OTHER FINANCING SOURCES (USES)						
Interfund Transfers	(1,075,000)	725,000	-	350,000	-	-
NET CHANGE IN FUND BALANCES	\$ (1,270,932)	\$ (98,864)	\$ 1,201	\$ 606,632	\$ (199,726)	\$ (961,689)
FUND BALANCES - JULY 1, 2020	13,827,610	2,703,692	176,042	582,383	1,758,646	19,048,373
FUND BALANCES - JUNE 30, 2021	<u>\$ 12,556,678</u>	<u>\$ 2,604,828</u>	<u>\$ 177,243</u>	<u>\$ 1,189,015</u>	<u>\$ 1,558,920</u>	<u>\$ 18,086,684</u>

The Notes to Financial Statements are an integral part of this statement.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (961,689)

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 and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (1,350,072)	
Capital Outlays	<u>1,322,431</u>	(27,641)

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

Amortization of Bond Premiums	\$ (2,471)	
Pension Expense - IMRF	(101,939)	
Pension Expense - TRS	179,361	
OPEB Expense - IMRF/TRS	(128,524)	
OPEB Expense - THIS	(288,809)	
Compensated Absences	<u>5,480</u>	(336,902)

Receipt of long-term receivables increases current financial resources in the governmental funds and is therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balance, but the receipt reduces long-term receivables in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Notes Receivable		(365,000)
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Employer contributions are expensed in the fund financial statements but are treated as a reduction in the Net Position Liability on the government-wide financial statements.

Employer Pension Contributions - IMRF	\$ 1,529,282	
Employer Pension Contributions - TRS	106,986	
OPEB Contributions - IMRF/TRS	148,997	
OPEB Contributions - THIS	<u>162,587</u>	1,947,852

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>365,000</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 621,620</u></u>
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The Notes to Financial Statements are an integral part of this statement.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY
SEJA DISTRICT NO. 825
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - DESCRIPTION OF JOINT AGREEMENT

The Special Education District of Lake County, SEJA District No. 825 (SEDOL) is a joint agreement district organized under Section 10-22.31 of the Illinois School Code for the purpose of providing education and services for children with disabilities of its member school districts as defined and mandated by the provisions of the Illinois School Code. SEDOL is governed by provisions of the Illinois Code and the Articles of Joint Agreement of the Special Education District of Lake County.

Membership in SEDOL may be obtained upon application and must demonstrate the ability to comply with these Articles and the policies and procedures of the Governing Board and Executive Board. Membership is continuous except as provided in the Articles of Joint Agreement for removal or withdrawal.

The following Districts are members of SEDOL at June 30, 2021:

DISTRICT NO.

Winthrop Harbor District #1
Beach Park Community Consolidated School District #3
Zion School District #6
Millburn Community Consolidated School District #24
Emmons School District #33
Antioch Community Consolidated School District #34
Grass Lake School District #36
Gavin School District #37
Big Hollow School District #38
Lake Villa Community Consolidated School District #41
Grayslake Community Consolidated School District #46
Woodland Community Consolidated School District #50
Gurnee School District #56
Oak Grove School District #68
Libertyville School District #70
Rondout School District #72
Hawthorn Community Consolidated School District #73
Mundelein School District #75
Diamond Lake School District #76
Fremont School District #79
Aptakisic-Tripp Community Consolidated School District #102
Round Lake Community Unit School District #116
Community High School District #117
Wauconda Community Unit School District #118
Mundelein Consolidated High School District #120
Warren Township High School District #121
Grant Community High School District #124
Zion-Benton Township High School District #126
Grayslake Community High School District #127
Community High School District #128
North Chicago Community Unit School District #187

The purpose of SEDOL is to provide for the administration to oversee the Special Education programs described in Article 14 of the School Code as programs for:

NOTES TO FINANCIAL STATEMENTS (Continued)

Orthopedic Impairment
Specific Learning Disability
Visual Impairment including Blindness
Deafness
Deaf/Blindness
Other Health Impairment
Developmental Delay
Autism
Traumatic Brain Injury
Multiple Disabilities
Emotional Disability
Hearing Impairment
Intellectual Disability

Excluded, however, are programs for the hospitalized, the homebound, and the speech/language disability which each district shall provide at its own expense. If additional mandatory categories are added to Article 14, SEDOL governing board shall determine whether they shall be included in the programs operated by SEDOL. Member districts may employ services of support staff and itinerant teachers on a contractual basis through SEDOL.

SEDOL is under the direction of a governing board composed of one Board of Education member from each member district selected by the local Board of Education. Under the Articles of Joint Agreement, the Governing Board is responsible for the following:

1. Amendments to the Articles of Joint Agreement
2. Appointment of the Executive Board
3. Setting overall policies
4. Holding an annual budget hearing, approval of which shall be a majority vote of the entire Governing Board reflecting the decision of member school districts
5. Purchase or sale of property
6. Approval of bond issues

The Governing Board shall appoint an Executive Board consisting of nine members: four superintendents of SEDOL District Members, four members of the Governing Board, and the Lake County Regional Superintendent of Schools. The primary responsibilities of the Executive Board are as follows:

1. Preparation of the annual budget for submission to the Governing Board
2. Establishing policies of operation
3. Entering into agreements with other community or state agencies for the benefit of students in SEDOL programs
4. To let contracts for new construction
5. Employment of personnel

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SEDOL's accounting policies conform to generally accepted accounting principles as applicable to local education agencies.

SEDOL's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental

NOTES TO FINANCIAL STATEMENTS (Continued)

accounting and financial reporting principles. The most significant accounting policies established by GAAP and used by SEDOL are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statements, in that the financial statements include all organizations, activities, and functions that comprise SEDOL. Component units are legally separate entities for which SEDOL (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) SEDOL's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, SEDOL. Using these criteria, SEDOL has no component units. In addition, SEDOL is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Statements*

SEDOL's basic financial statements include both government-wide (reporting SEDOL as a whole) and fund (reporting SEDOL's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of SEDOL as governmental activities. SEDOL does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. SEDOL's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. SEDOL first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of SEDOL's functions. The functions are also supported by general government revenues (unrestricted investment earnings). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (special education programs, non-programmed services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (unrestricted investment earnings).

SEDOL does not allocate indirect costs.

This government-wide focus is more on the sustainability of SEDOL as an entity and the change in SEDOL's net position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of SEDOL 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 comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of all governmental funds) for the determination of major funds. SEDOL electively made all governmental funds major funds.

NOTES TO FINANCIAL STATEMENTS (Continued)

The following fund types are used by SEDOL:

Governmental Fund Types - 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 SEDOL:

General Fund – The General Fund (Educational Fund) is the general operating fund of SEDOL. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – The Special Revenue Funds (Operations and Maintenance Fund, Transportation Fund, and Illinois Municipal Retirement/Social Security Fund) are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

Debt Services Fund – The Debt Services Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest and related fees on general long-term debt.

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to the general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all of SEDOL's funds. Instead, the funds maintain their cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other SEDOL funds and are, therefore, interfund loans that have not been authorized by SEDOL Board action.

No SEDOL fund had a cash overdraft at June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (Continued)

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Expenses*

Prepaid expenses are for payments made by SEDOL in the current year for goods and services received in the subsequent fiscal year, and the reserve for prepaid expenses in the governmental funds has been recorded to signify that a portion of fund balance is not available for subsequent expenditures.

H. *Inventories*

It is SEDOL's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Improvements Other than Buildings	20 years
Vehicles	5 years
Equipment Other than Transportation/Food Service	3-10 years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource until that time.

L. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts up to specified maximums depending on tenure with SEDOL.

NOTES TO FINANCIAL STATEMENTS (Continued)

M. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures in the year they occur.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. *Government-Wide Fund Net Position*

Government-wide fund net position is divided into three components:

- Net Investment in Capital Assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted Net Position – consists of net position that is restricted by SEDOL's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted Net Position – all other net position is reported in this category.

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of a resolution of the Executive Board. Committed amounts cannot be used for any other purpose unless the Executive Board removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by SEDOL's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Executive Board has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. Pursuant to a resolution by the Executive Board, the Assistance Superintendent of Business, CSBO has been delegated this authority.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects or debt

NOTES TO FINANCIAL STATEMENTS (Continued)

services fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of SEDOL itself.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to represent negative fund balances in special revenue, debt services, and capital projects funds.

SEDOL permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

P. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in SEDOL's name.

SEDOL is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 30, Section 235/2 and 6; and Chapter 105, Section 5/8-7.

As of June 30, 2021, SEDOL had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)	
		Less than 1	
State Investment Pool - ISDLAF	\$ 10,101,216	\$ 10,101,216	
	\$ 10,101,216	\$ 10,101,216	

The fair value of investments in the State Investment Pool and Term Series securities is the same as cost. The State Investment Pool and Term Series securities are not SEC-registered but do have regulatory oversight through the State of Illinois.

Interest Rate Risk. SEDOL's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. SEDOL's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2021, SEDOL's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool - ISDLAF	AAAm	Standard and Poor's

NOTE 4 - FAIR VALUE MEASUREMENT

SEDOL categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark

NOTES TO FINANCIAL STATEMENTS (Continued)

quoted prices; Level 3 inputs are significant unobservable inputs. SEDOL has the following recurring fair value measurements as of June 30, 2021:

Investments by fair value level	6/30/2021	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 999,100	\$ -	\$ 999,100
Total Investments by fair value level	\$ 999,100	\$ -	\$ 999,100

NOTE 5 - NOTES RECEIVABLE

SEDOL has notes receivable from its member districts reflecting the principal due on the 2015B Special Education Refunding Bond issued as described in Note 7. The member districts are liable for the repayment of the debt regardless of continued membership in SEDOL and are billed annually according to the debt repayment schedule. At June 30, 2021, the balance due on these notes was \$2,060,000.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Adjustment	Balance June 30, 2021
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 1,260,625	\$ -	\$ -	\$ -	\$ 1,260,625
Construction in Progress	4,105,983	1,110,759	5,105,713	-	111,029
Total Capital Assets not being depreciated	\$ 5,366,608	\$ 1,110,759	\$ 5,105,713	\$ -	\$ 1,371,654
Other Capital Assets					
Buildings	\$ 43,318,704	\$ 5,294,206	\$ -	\$ -	\$ 48,612,910
Improvements Other than Buildings	6,637,747	12,260	-	-	6,650,007
Vehicles	434,134	-	12,170	49,236	471,200
Equipment Other than Transportation/Food Service	2,246,012	10,919	27,064	-	2,229,867
Total Other Capital Assets at Historical Cost	\$ 53,032,575	\$ 5,317,385	\$ 39,234	\$ 49,236	\$ 57,963,984
Less Accumulated Depreciation					
Buildings	\$ 14,832,387	\$ 942,146	\$ -	\$ -	\$ 15,774,533
Improvements Other than Buildings	1,726,238	311,337	-	-	2,037,575
Vehicles	334,224	10,196	12,170	49,236	381,486
Equipment Other than Transportation/Food Service	1,760,651	86,393	27,064	-	1,819,980
Total Accumulated Depreciation	\$ 18,653,500	\$ 1,350,072	\$ 39,234	\$ 49,236	\$ 20,013,574
Other Capital Assets, Net	\$ 33,983,097	\$ 3,967,313	\$ -	\$ -	\$ 37,950,410
Governmental Activities Capital Assets, Net	\$ 39,349,705	\$ 5,078,072	\$ 5,105,713	\$ -	\$ 39,322,064

Adjustment for fully depreciated vehicles not included on prior year schedule.

All depreciation expense is unallocated.

NOTE 7 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2021 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Special Education Refunding Bonds					
Series 2015B	\$ 2,425,000	\$ -	\$ 365,000	\$ 2,060,000	\$ 375,000
Unamortized Bond Premium	281,637	-	33,134	248,503	33,134
Total Bonds and Notes Payable	<u>\$ 2,706,637</u>	<u>\$ -</u>	<u>\$ 398,134</u>	<u>\$ 2,308,503</u>	<u>\$ 408,134</u>
Other Long -Term Liabilities					
Net Pension Liability - IMRF	\$ 2,125,959	\$ -	\$ 2,125,959	\$ -	\$ -
Net Pension Liability - TRS	2,108,322	-	85,310	2,023,012	-
Net IMRF/TRS OPEB Liability	672,990	44,022	-	717,012	-
Net Pension Liability - THIS OPEB	21,532,997	-	682,700	20,850,297	-
Compensated Absences	119,408	113,928	119,408	113,928	113,928
Total Other Long-Term Liabilities	<u>\$ 26,559,676</u>	<u>\$ 157,950</u>	<u>\$ 3,013,377</u>	<u>\$ 23,704,249</u>	<u>\$ 113,928</u>
Governmental Activities Long-Term Obligations	<u>\$ 29,266,313</u>	<u>\$ 157,950</u>	<u>\$ 3,411,511</u>	<u>\$ 26,012,752</u>	<u>\$ 522,062</u>

Bonds and notes payable consisted of the following at June 30, 2021:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities				
Refunding Bonds 2015B, Dated 4/23/15	10/1/2028	2.00% - 5.00%	\$ 4,845,000	\$ 2,060,000

At June 30, 2021 the annual debt service requirements to service all long-term debt are:

Year Ending June 30	Principal	Interest	Total
2022	\$ 375,000	\$ 87,800	\$ 462,800
2023	395,000	72,400	467,400
2024	410,000	54,250	464,250
2025	240,000	38,000	278,000
2026	150,000	28,250	178,250
2027	155,000	20,625	175,625
2028	165,000	12,625	177,625
2029	170,000	4,250	174,250
	<u>\$ 2,060,000</u>	<u>\$ 318,200</u>	<u>\$ 2,378,200</u>

Reconciliation to the Statement of Net Position

The following summarizes non-current liabilities as shown on the Statement of Net Position:

	Due Within One Year	Due in More Than One Year	Total
Bonds and Notes Payable	\$ 375,000	\$ 1,685,000	\$ 2,060,000
Bond Premiums, net of amortization	33,134	215,369	248,503
Other Long-Term Liabilities	113,928	23,590,321	23,704,249
	<u>\$ 522,062</u>	<u>\$ 25,490,690</u>	<u>\$ 26,012,752</u>

NOTE 8 - DEFICIT FUND BALANCE

No SEDOL fund had a deficit fund balance at June 30, 2021.

NOTE 9 - LEASE OBLIGATIONS

SEDOL has several lease agreements for copiers, police presence, technology equipment/services and classrooms. The balance due on these leases at June 30, 2021 is \$299,027.

NOTES TO FINANCIAL STATEMENTS (Continued)

Annual requirements to cover outstanding lease agreements are:

<u>Year Ending June 30</u>	<u>Total Payments</u>
2022	\$ 192,440
2023	106,587
	<u>\$ 299,027</u>

Total rental expense for lease agreements for the year ended June 30, 2021 was \$190,245.

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. *Teachers' Retirement System of the State of Illinois*

General Information About the Pension Plan

Plan Description

SEDOL participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2020>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with ten years, or age 55 with twenty years. The benefit is determined by the average of the four highest consecutive years of creditable earnings within the last ten 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% of final average salary up to a maximum of 75% with 34 years of service.

Tier II members qualify for retirement benefits at age 67 with ten years of service, or a discounted annuity can be paid at age 62 with ten 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 highest four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3% increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of 3% of the original benefit or ½% of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout program that expire on June 30, 2024. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows

NOTES TO FINANCIAL STATEMENTS (Continued)

inactive vested Tier I and II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and were funded by bonds issued by the state of Illinois.

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% 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, 2020 was 9.0% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of SEDOL. For the year ended June 30, 2021, State of Illinois contributions recognized by SEDOL were based on the State's proportionate share of the collective net pension liability associated with SEDOL, and SEDOL recognized revenue and expenditures of \$16,875,330 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2021, were \$103,103 and are deferred because they were paid after the June 30, 2020 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, 2021, SEDOL pension contribution was 10.41% of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$0 were paid from federal and special trust funds that required SEDOL contributions of \$0. These contributions are deferred because they were paid after the June 30, 2020 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 granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2021, SEDOL paid \$5,961 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2020, SEDOL 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 SEDOL. The State's support and total are for disclosure purposes only. The amount recognized by SEDOL 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 SEDOL follows below:

NOTES TO FINANCIAL STATEMENTS (Continued)

SEDOL's proportionate share of the net pension liability	\$ 2,023,012
State's proportionate share of the net pension liability associated with SEDOL	158,452,837
Total Net Pension Liability	<u>\$ 160,475,849</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The employer's proportion of the net pension liability was based on SEDOL's share of contributions to TRS for the measurement year ended June 30, 2020, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2020, SEDOL's proportion was 0.00234647%, which was a decrease of 0.00025293% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, SEDOL recognized pension expense of \$16,875,330 and revenue of \$16,875,330 for support provided by the State. At June 30, 2021, SEDOL reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 19,605	\$ 540	\$ 19,065
Net difference between projected and actual earnings on pension plan investments	60,405	-	60,405
Changes of assumptions	8,289	21,226	(12,937)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	408,213	(408,213)
Employer contributions subsequent to the measurement date	103,103	-	103,103
	<u>\$ 191,402</u>	<u>\$ 429,979</u>	<u>\$ (238,577)</u>

\$103,103 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30	
2022	\$ (217,359)
2023	(55,050)
2024	(28,878)
2025	(24,783)
2026	(15,610)
	<u>\$ (341,680)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	varies by amount of service credit
Investment Rate of Return	7.0%, net of pension plan investment expenses, including inflation

In the June 30, 2020 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2019 actuarial valuation, mortality rates were also based on

NOTES TO FINANCIAL STATEMENTS (Continued)

the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	16.5%	6.1%
U.S. equities small/mid cap	2.3%	7.2%
International equities developed	12.2%	7.0%
Emerging market equities	3.0%	9.4%
U.S. bonds core	7.0%	2.2%
U.S. bonds high yield	2.5%	4.1%
International debt developed	3.1%	1.5%
Emerging international debt	3.2%	4.5%
Real estate	16.0%	5.7%
Private Debt	5.2%	6.3%
Hedge Funds	10.0%	4.3%
Private Equity	15.0%	10.5%
Infrastructure	4.0%	6.2%
Total	100.0%	

Discount Rate

At June 30, 2020, the discount rate used to measure total pension liability was 7.00%, which was the same as the June 30, 2019 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2020 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of SEDOL’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents SEDOL’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what SEDOL’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%) or 1-percentage-point-higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer’s proportionate share of the net pension liability	\$ 2,455,569	\$ 2,023,012	\$ 1,666,894

NOTES TO FINANCIAL STATEMENTS (Continued)

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2020 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

B. *Illinois Municipal Retirement Fund*

Plan Description

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2020, the following employees were covered by the benefit terms:

NOTES TO FINANCIAL STATEMENTS (Continued)

Retirees and beneficiaries currently receiving benefits	338
Inactive plan members entitled to but not yet receiving benefits	680
Active plan members	359
Total	1,377

Contributions

As set by statute, SEDOL's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. SEDOL's annual contribution rate for calendar year 2020 was 11.92%. For the fiscal year ended June 30, 2021, SEDOL contributed \$1,513,721 to the plan. SEDOL also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset)

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2020, and a measurement date as of December 31, 2020, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 82,170,982
IMRF Fiduciary Net Position	86,701,411
SEDOL's Net Pension Liability/(Asset)	(4,530,429)
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	105.51%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2020 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.25%
Salary Increases	2.85% to 13.75% including inflation
Interest Rate	7.25%
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation pursuant to an experience study from years 2017 to 2019.

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used.

NOTES TO FINANCIAL STATEMENTS (Continued)

Long-Term Expected Rate of Return

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, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	37.0%	5.00%
International Equities	18.0%	6.00%
Fixed Income	28.0%	1.30%
Real Estate	9.0%	6.20%
Alternatives	7.0%	
Private Equity		6.95%
Hedge Funds		N/A
Commodities		2.85%
Cash	1.0%	0.70%
	<u>100.0%</u>	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. 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 this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.75%; and resulting single discount rate is 7.25%. The prior year single discount rate was 7.25% and increased 0.00% to the current year single discount rate.

NOTES TO FINANCIAL STATEMENTS (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A)-(B)
Balances at December 31, 2019	\$ 80,203,896	\$ 78,077,937	\$ 2,125,959
Changes for the year:			
Service Cost	\$ 1,329,391	\$ -	\$ 1,329,391
Interest on the Total Pension Liability	5,712,105	-	5,712,105
Differences Between Expected and Actual Experience of the Total Pension Liability	(389,885)	-	(389,885)
Changes of Assumptions	(522,653)	-	(522,653)
Contributions - Employer	-	1,530,321	(1,530,321)
Contributions - Employee	-	575,499	(575,499)
Net Investment Income	-	11,305,357	(11,305,357)
Benefit Payments, including Refunds of Employee Contributions	(4,161,872)	(4,161,872)	-
Other (Net Transfer)	-	(625,831)	625,831
Net Changes	<u>\$ 1,967,086</u>	<u>\$ 8,623,474</u>	<u>\$ (6,656,388)</u>
Balances at December 31, 2020	<u>\$ 82,170,982</u>	<u>\$ 86,701,411</u>	<u>\$ (4,530,429)</u>

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 4,759,142	\$ (4,530,429)	\$ (12,091,635)

Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, SEDOL recognized pension expense of \$101,939. At June 30, 2021, SEDOL reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ 288,619	\$ 234,787	\$ 53,832
Changes of assumptions	-	314,739	(314,739)
Net difference between projected and actual earnings on pension investment	-	6,828,028	(6,828,028)
Total deferred amounts to be recognized in pension expense in future periods	\$ 288,619	\$ 7,377,554	\$ (7,088,935)
Pension contributions made subsequent to the measurement date	781,610	-	781,610
Total deferred amounts related to pensions	<u>\$ 1,070,229</u>	<u>\$ 7,377,554</u>	<u>\$ (6,307,325)</u>

\$781,610 reported as deferred outflows of resources related to pensions resulting from SEDOL's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of of Resources
2021	\$ (2,170,479)
2022	(1,051,962)
2023	(2,718,109)
2024	(1,148,385)
	<u>\$ (7,088,935)</u>

C. *Social Security*

Employees not qualifying for coverage under the Teachers’ Retirement System of the State of Illinois or the Illinois Municipal Retirement Fund are considered “non-participating employees”. These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. SEDOL paid the total required contribution for the current fiscal year.

NOTE 11 - POST EMPLOYMENT BENEFIT COMMITMENTS

Teacher Health Insurance Security Fund (THIS)

General Information About the OPEB Plan

Plan Description

SEDOL participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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” (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under “Healthcare and Family Services” (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

Benefits Provided

The State of Illinois offers comprehensive health plan options, all of which include prescription drug and behavioral health coverage. The State of Illinois offers TCHP, HMO, and OAP plans.

- Teachers’ Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.

NOTES TO FINANCIAL STATEMENTS (Continued)

- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
 - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
 - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
 - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

Contributions

For the fiscal year ended June 30, 2021, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the THIS make contributions to the plan at a rate of 1.24% of salary and for every employer of a teacher to contribute an amount equal to 0.92% of each teacher's salary. For the fiscal year ended June 30, 2020, the employee contribution was 1.24% of salary and the employer contribution was 0.92% of each teacher's salary. The Department of Central Management Services determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THISF), an amount equal to the amount certified by the Board of Trustees of THIS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. The member contribution, which may be paid on behalf of employees by the employer, is submitted to THIS by the employer.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of SEDOL. For the year ended June 30, 2021, State of Illinois contributions recognized by SEDOL were based on the State's proportionate share of the collective net OPEB liability associated with SEDOL, and SEDOL recognized revenue and expenditures of \$245,880 in benefit contributions from the State of Illinois.

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

At June 30, 2020, SEDOL reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state benefit support provided to SEDOL. The State's support and total are for disclosure purposes only. The amount recognized by SEDOL 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 SEDOL were as follows:

SEDOL's proportionate share of the net pension liability	\$ 20,850,297
State's proportionate share of the net pension liability associated with SEDOL	28,246,468
Total Net Pension Liability	<u>\$ 49,096,765</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. SEDOL's proportion of the net OPEB liability was based on SEDOL's share of

NOTES TO FINANCIAL STATEMENTS (Continued)

contributions to THIS for the measurement year ended June 30, 2020, relative to the contributions of all participating THIS employers and the State during that period. At June 30, 2020, SEDOL's proportion was 0.077986%, which was an increase of 0.000186% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, SEDOL recognized benefit expense of \$288,809 and on-behalf revenue/expense of \$245,880 for support provided by the State. At June 30, 2021, SEDOL reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 553,971	\$ (553,971)
Net difference between projected and actual earnings on pension plan investments	-	594	(594)
Changes of assumptions	7,060	3,439,231	(3,432,171)
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,390	1,606,063	(1,554,673)
Employer contributions subsequent to the measurement date	162,572	-	162,572
	<u>\$ 221,022</u>	<u>\$ 5,599,859</u>	<u>\$ (5,378,837)</u>

\$162,572 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows in these reporting years:

Year Ending June 30	
2022	\$ (3,525,145)
2023	(892,805)
2024	(468,346)
2025	(401,933)
2026	(253,180)
	<u>\$ (5,541,409)</u>

Actuarial Assumptions

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

Inflation	2.50%	
Salary Increases		Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment Rate of Return		0%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Costs		Trend for fiscal year 2020 based on expected increases used to develop average costs. For fiscal years after 2020, trend starts at 8.25% for non-Medicare costs and Medicare costs, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate adjustment due to the repeal of the Excise Tax.

NOTES TO FINANCIAL STATEMENTS (Continued)

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants, mortality rates were based on the RP-Disabled Annuitant Table. Mortality rates pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future improvements using Projection Scale MP-2017.

The actuarial assumptions that were used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Illinois Public Treasurers' Investment Pool	100.0%	1.73%
	<u>100.0%</u>	

Discount Rate

Projected benefit payments were discounted to their actuarial present value 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 bond 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 TRIP (Teachers' Retirement Insurance Program) is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.45% as of June 30, 2020, and 3.13% as of June 30, 2019. 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, THIS's fiduciary net position at June 30, 2020 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. 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 THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

At June 30, 2020, the discount rate used to measure the total OPEB liability was 2.45%.

Sensitivity of SEDOL's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents SEDOL's proportionate share of the net OPEB liability calculated using the discount rate of 2.45%, as well as what SEDOL's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.45%) or 1 percentage-point higher (3.45%) than the current rate.

	1% Decrease 1.45%	Discount Rate 2.45%	1% Increase 3.45%
Employer's proportionate share of the net OPEB liability	\$ 25,059,099	\$ 20,850,297	\$ 17,515,858

NOTES TO FINANCIAL STATEMENTS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of SEDOL, as well as what SEDOL's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher. The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037.

	1% Decrease (a)	Healthcare Cost Valuation Rate	1% Increase (b)
Employer's proportionate share of the net OPEB liability	\$ 16,769,986	\$ 20,850,297	\$ 26,366,097

- (a) One percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.
- (b) One percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037.

NOTE 12 - POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN

Plan Overview

In addition to providing the pension benefits described in Note 10, SEDOL provides post-employment benefits other than pensions (“OPEB”) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by SEDOL and can be amended by SEDOL through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the SEDOL’s governmental activities.

Benefits Provided

Special Education District of Lake County provides pre- and post-Medicare postretirement healthcare benefits to employees who work for the District and receive a pension from the Teachers’ Retirement System of Illinois (TRS) or the Illinois Municipal Retirement Fund (IMRF).

Certified teachers may continue healthcare coverage after retirement through the Teachers Retirement Insurance Program (TRIP) healthcare plan.

Administrators who became an administrator before July 1, 2005, receiving pension benefits under TRS and healthcare benefits under the Teacher Retirement Insurance Program (TRIP) are eligible for a premium reimbursement from the District. The District provides a premium supplement equal to the lesser of the employee’s premium rate through the District at time of retirement or 100% of the member’s share of the TRIP premium to age 65. Administrators who became an administrator on or after July 1, 2005, may continue healthcare coverage after retirement through the Teachers Retirement Insurance Program (TRIP) healthcare plan.

Support staff eligible for pension benefits under IMRF receives access to healthcare coverage under the District’s programs provided they pay the full portion of the healthcare premium.

The Plan does not issue a stand-alone financial report.

NOTES TO FINANCIAL STATEMENTS (Continued)

Eligibility

Employees of SEDOL are eligible for retiree health benefits as listed below:

- a) IMRF participants are eligible at age 55 with 8 years of service for reduced benefits and at age 60 with 8 years of service or age 55 with 35 years of service for unreduced benefits if hired before January 1, 2011; age 62 with 8 years of service for reduced benefits and at age 67 with 10 years of service or age 62 with 35 years of service for unreduced benefits if hired on or after January 1, 2011.
- b) TRS participants are eligible for normal retirement at age 60 with 10 years of service or age 62 with 5 years of service if hired before January 1, 2011; age 67 with 10 years of service if hired on or after January 1, 2011. TRS participants are eligible for early retirement at age 55 with 20 years of service if hired before January 1, 2011; age 62 with 10 years of service if hired on or after January 1, 2011.
- c) IMRF participants are eligible for a disability benefit after becoming disabled prior to age 70 with at least 1 year of service, provided that the member is permanently disabled and unable to engage in any gainful occupation and the temporary disability benefit period has expired.

Membership

Membership in the plan consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Retirees and Beneficiaries	26
Active Members	338
Total	364

Total OPEB Liability

SEDOL’s total OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The District’s total OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Discount Rate:	2.21% per year
Inflation	2.25% per year
Salary Rate Increase	3.25% per year
Health Care Trend	
Initial Trend	5.50%
Ultimate Trend	5.00%
FY the Ultimate Rate is Reached	2025
Mortality	IMRF: RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017. TRS: RP-2014 with White Collar Adjustment and MP-2017 Improvement, weighted per TRS Experience Study Report dated September 18, 2018.
Election at Retirement	30% of all employees are assumed to elect coverage at retirement
Marital Status	Of those employees assumed to elect coverage in retirement, 25% are assumed to elect spousal coverage.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience studies performed by both IMRF and TRS in 2017 and 2018, respectively. Assumption changes reflect a change in the discount rate of (0.92%) from 3.13% for the beginning of the year values and 2.21% for the disclosure date.

NOTES TO FINANCIAL STATEMENTS (Continued)

There is no long-term expected rate of return on OPEB plan investments because SEDOL does not have a trust dedicated exclusively to the payment of OPEB benefits.

Discount Rate

SEDOL does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 2.21% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2020.

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability (a)	Net Position (b)	Liability (a) - (b)
Balances at July 1, 2020	\$ 672,990	\$ -	\$ 672,990
Changes for the Year:			
Service Cost	\$ 35,402	\$ -	\$ 35,402
Interest on Total OPEB Liability	18,733	-	18,733
Actuarial Experience	6,011	-	6,011
Changes in assumptions	76,594	-	76,594
Plan Changes	56,279	-	56,279
Benefit payments, including refunds of employee contributions	(148,997)	-	(148,997)
Net Changes	\$ 44,022	\$ -	\$ 44,022
Balances at June 30, 2021	\$ 717,012	\$ -	\$ 717,012

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of SEDOL, as well as what SEDOL's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
Current Discount		
1% Decrease	Rate Assumption	1% Increase
1.21%	2.21%	3.21%
\$ 750,302	\$ 717,012	\$ 685,630

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of SEDOL, as well as what SEDOL's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
Current Healthcare		
Cost Trend		
1% Decrease	Rate Assumption	1% Increase
\$ 672,593	\$ 717,012	\$ 767,803

NOTES TO FINANCIAL STATEMENTS (Continued)

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

For the fiscal year ended June 30, 2021, SEDOL recognized OPEB expense of \$128,524. At June 30, 2021, SEDOL reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 63,579	\$ (2,233)	\$ 61,346
Changes of assumptions	97,792	(14,979)	82,813
	<u>\$ 161,371</u>	<u>\$ (17,212)</u>	<u>\$ 144,159</u>

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (10.47 years, active and retired) in the postretirement plan.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ending June 30		
2022	\$	18,110
2023		18,110
2024		18,110
2025		18,110
2026		19,918
Thereafter		51,801
Total	<u>\$</u>	<u>144,159</u>

NOTE 13 - INTERFUND TRANSFERS

SEDOL made the following interfund transfers during the year ended June 30, 2021:

Transfer from	Transfer to	Amount
General Fund	O&M Fund	\$ 725,000
General Fund	Transportation Fund	350,000
		<u>\$ 1,075,000</u>

The transfer from the General Fund to the O&M Fund is to cover a large construction project that was started in the current fiscal year.

The transfer from the General Fund to the Transportation Fund was due to the fact that state aid only covers approximately 80% of the expenditures, therefore the remaining 20% would need to be covered.

NOTE 14 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2021, SEDOL's General Fund – Educational Fund had expenditures that were over budget due to the District not budgeting for On-Behalf payments.

Fund	Budget	Actual	Excess of Actual Over Over Budget
General Fund - Educational Fund	\$ 49,720,275	\$ 60,367,183	\$ 10,646,908

NOTE 15 - RISK MANAGEMENT

SEDOL is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

SEDOL is a member of the Collective Liability Insurance Cooperative (CLIC), a joint risk management pool of school districts through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The relationship between SEDOL and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. SEDOL is contractually obligated to make all annual and supplementary contributions for CLIC, to report claims on a timely basis, cooperate with CLIC, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by CLIC. Members have a contractual obligation to fund any deficit of CLIC attributable to a membership year during which they were a member.

CLIC is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. CLIC also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the year ended June 30, 2021, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in any of the past three fiscal years. SEDOL is insured under a retrospectively-rated policy for worker's compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2021, there were no significant adjustments in premiums based on actual experience.

NOTE 16 - SELF INSURANCE

SEDOL is self-insured for medical coverage that is provided to SEDOL personnel. A third party administrator administers claims for a monthly fee per participant. Expenditures are recorded as insurance benefits paid on behalf of each employee based on their level of coverage. Amounts are then held by SEDOL for purposes of paying employee health claims received on a monthly basis through the third party administrator. The total amount of claims to be paid from these funds, or SEDOL if necessary, will not exceed \$185,000 per employee due to stop-loss provisions incorporated in the plan. Additionally, SEDOL has purchased aggregate stop-loss coverage. Total cost to SEDOL for the year ended June 30, 2021 was \$6,339,801.

NOTE 17 - SUBSEQUENT EVENTS

Since March 2020, the COVID-19 outbreak in the United States has created disruptions in various governments and has continued to impact these organizations. SEDOL was impacted during the year ended June 30, 2021. However, the extent of any additional impact on SEDOL is uncertain and cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY/(ASSET) AND RELATED RATIOS
JUNE 30, 2021

	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
TOTAL PENSION LIABILITY							
Service Cost	\$ 1,329,391	\$ 1,364,959	\$ 1,342,123	\$ 1,454,312	\$ 1,419,881	\$ 1,447,896	\$ 1,574,820
Interest	5,712,105	5,433,596	5,219,571	5,067,408	4,771,376	4,466,581	4,004,483
Differences Between Expected and Actual Experience	(389,885)	998,893	236,723	581,687	385,523	410,338	131,259
Changes in Assumptions	(522,653)	-	2,056,359	(1,935,269)	-	-	2,392,852
Benefit Payments, Including Refunds of Member Contributions	(4,161,872)	(3,714,445)	(3,314,210)	(2,852,190)	(2,441,619)	(2,052,129)	(1,705,156)
Net Change in Total Pension Liability	\$ 1,967,086	\$ 4,083,003	\$ 5,540,566	\$ 2,315,948	\$ 4,135,161	\$ 4,272,686	\$ 6,398,258
Total Pension Liability - Beginning	80,203,896	76,120,893	70,580,327	68,264,379	64,129,218	59,856,532	53,458,274
Total Pension Liability - Ending	\$ 82,170,982	\$ 80,203,896	\$ 76,120,893	\$ 70,580,327	\$ 68,264,379	\$ 64,129,218	\$ 59,856,532
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	\$ 1,530,321	\$ 1,235,938	\$ 1,687,310	\$ 1,727,011	\$ 1,705,294	\$ 1,614,439	\$ 1,773,043
Contributions - Member	575,499	594,688	610,768	686,411	589,461	596,005	687,849
Net Investment Income	11,305,357	12,654,900	(3,935,155)	10,718,296	3,951,796	288,310	3,277,285
Benefit Payments, Including Refunds of Member Contributions	(4,161,872)	(3,714,445)	(3,314,210)	(2,852,190)	(2,441,619)	(2,052,129)	(1,705,156)
Other	(625,831)	142,864	1,130,644	(765,098)	454,103	(818,229)	201,634
Net Change in Plan Fiduciary Net Position	\$ 8,623,474	\$ 10,913,945	\$ (3,820,643)	\$ 9,514,430	\$ 4,259,035	\$ (371,604)	\$ 4,234,655
Plan Net Position - Beginning	78,077,937	67,163,992	70,984,635	61,470,205	57,211,170	57,582,774	53,348,119
Plan Net Position - Ending	\$ 86,701,411	\$ 78,077,937	\$ 67,163,992	\$ 70,984,635	\$ 61,470,205	\$ 57,211,170	\$ 57,582,774
District's Net Pension Liability/(Asset)	\$ (4,530,429)	\$ 2,125,959	\$ 8,956,901	\$ (404,308)	\$ 6,794,174	\$ 6,918,048	\$ 2,273,758
Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)	105.51%	97.35%	88.23%	100.57%	90.05%	89.21%	96.20%
Covered Payroll	\$ 12,707,721	\$ 13,215,721	\$ 13,306,864	\$ 13,283,766	\$ 13,039,329	\$ 12,848,332	\$ 13,046,683
Employer's Net Pension Liability/(Asset) as a percentage of Covered-Valuation Payroll	-35.65%	16.09%	67.31%	-3.04%	52.11%	53.84%	17.43%

* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

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

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2021

	<u>6/30/2021 *</u>	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Actuarially-Determined Contribution	\$ 1,514,760	\$ 1,214,473	\$ 1,666,672	\$ 1,724,378	\$ 1,697,721	\$ 1,591,908	\$ 1,714,298
Contributions in relation to Actuarially-Determined Contribution	<u>1,530,321</u>	<u>1,235,938</u>	<u>1,687,310</u>	<u>1,727,011</u>	<u>1,705,294</u>	<u>1,614,439</u>	<u>1,773,043</u>
Contribution deficiency/(excess)	<u>\$ (15,561)</u>	<u>\$ (21,465)</u>	<u>\$ (20,638)</u>	<u>\$ (2,633)</u>	<u>\$ (7,573)</u>	<u>\$ (22,531)</u>	<u>\$ (58,745)</u>
Covered Payroll	\$ 12,693,505	\$ 13,355,628	\$ 13,156,672	\$ 13,281,847	\$ 13,039,329	\$ 12,848,332	\$ 12,614,406
Contributions as a percentage of Covered-Valuation Payroll	12.06%	9.25%	12.82%	13.00%	13.08%	12.57%	14.06%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2020 Contribution Rate *

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

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 23-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 3.25%

Price Inflation: 2.50%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 3.35% to 14.25%, including inflation

Investment Rate of Return: 7.25%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation; note two year lag between valuation and rate setting.

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

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
JUNE 30, 2021

	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.0023465%	0.0025994%	0.0026704%	0.0027506%	0.0036590%	0.0053431%	0.0051317%
Employer's proportionate share of the Net Pension Liability	\$ 2,023,012	\$ 2,108,322	\$ 2,081,423	\$ 2,101,418	\$ 2,888,294	\$ 3,500,293	\$ 3,123,083
State's proportionate share of the Net Pension Liability associated with the employer	<u>158,452,837</u>	<u>150,046,996</u>	<u>142,586,223</u>	<u>136,779,955</u>	<u>165,119,243</u>	<u>156,086,583</u>	<u>156,829,474</u>
Total	<u>\$160,475,849</u>	<u>\$152,155,318</u>	<u>\$144,667,646</u>	<u>\$138,881,373</u>	<u>\$168,007,537</u>	<u>\$159,586,876</u>	<u>\$159,952,557</u>
Employer's Covered-Employee Payroll	\$ 19,726,474	\$ 19,252,129	\$ 18,890,547	\$ 19,715,403	\$ 20,024,587	\$ 24,772,230	\$ 25,077,002
Employer's proportionate share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	10.26%	10.95%	11.02%	10.66%	14.42%	14.13%	12.45%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	37.80%	39.60%	40.00%	39.30%	36.40%	41.50%	43.00%

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

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

Changes of Assumptions:

For the 2020-2016 measurement years, the assumed investment rate of return was of 7.0%, including an inflation rate of 2.5% and a real return of 4.5%. Salary increases were assumed to vary by service credit and were consistent in 2019 and 2020. These actuarial assumptions were based on an experience study dated September 18, 2018.

For the 2015 measurement year, the assumed investment rate of return was 7.5%, including an inflation rate of 3.0% and a real return of 4.5%. 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.

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2021

	<u>6/30/2021 *</u>	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Statutorily-Required Contribution	\$ 114,388	\$ 117,721	\$ 110,952	\$ 113,324	\$ 141,704	\$ 182,484	\$ 191,119
Contributions in relation to the Statutorily-Required Contribution	<u>114,414</u>	<u>111,662</u>	<u>109,565</u>	<u>113,324</u>	<u>141,704</u>	<u>187,223</u>	<u>191,119</u>
Contribution deficiency/(excess)	<u>\$ (26)</u>	<u>\$ 6,059</u>	<u>\$ 1,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,739)</u>	<u>\$ -</u>
Employer's Covered-Employee Payroll	\$ 17,670,914	\$ 19,726,474	\$ 19,252,129	\$ 18,890,547	\$ 20,024,587	\$ 24,772,230	\$ 25,077,002
Contributions as a percentage of Covered-Employee Payroll	0.65%	0.57%	0.57%	0.60%	0.71%	0.76%	0.76%

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

* - This information presented is based on the actuarial valuation performed as of the prior June 30 year end.

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 JUNE 30, 2021

	<u>6/30/2021 *</u>	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>
Employer's proportion of the Net OPEB Liability	0.0779860%	0.0777997%	0.0803450%	0.0857290%
Employer's proportionate share of the Net OPEB Liability	\$ 20,850,297	\$ 21,532,997	\$ 21,167,687	\$ 22,246,202
State's proportionate share of the Net OPEB Liability associated with the employer	<u>28,246,468</u>	<u>29,158,402</u>	<u>28,423,510</u>	<u>29,215,031</u>
Total	<u>\$ 49,096,765</u>	<u>\$ 50,691,399</u>	<u>\$ 49,591,197</u>	<u>\$ 51,461,233</u>
Covered Payroll	\$ 19,726,474	\$ 19,252,129	\$ 18,905,653	\$ 19,730,517
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	105.70%	111.85%	111.96%	112.75%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	0.70%	0.25%	-0.07%	-0.17%

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

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

Changes of Assumptions:

For the 2020 measurement year, the assumed investment rate of return was 0%, including an inflation rate of 2.50%, and the healthcare cost trend rates used the actual trend. Salary increases include a 3.25% wage inflation.

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2021

	<u>6/30/2021 *</u>	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>
Statutorily-Required Contribution	\$ 181,498	\$ 175,921	\$ 167,610	\$ 165,661
Contributions in relation to the Statutorily-Required Contribution	<u>181,484</u>	<u>177,120</u>	<u>166,237</u>	<u>165,609</u>
Contribution deficiency/(excess)	<u>\$ 14</u>	<u>\$ (1,199)</u>	<u>\$ 1,373</u>	<u>\$ 52</u>
Employer's Covered Payroll	\$ 19,726,474	\$ 19,726,474	\$ 19,263,828	\$ 18,905,653
Contributions as a percentage of Covered Payroll	0.92%	0.90%	0.86%	0.88%

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

* - This information presented is based on the actuarial valuation performed as of the prior June 30 year end.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2021

	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *
TOTAL OPEB LIABILITY				
Service Cost	\$ 35,402	\$ 33,247	\$ 28,448	\$ 30,778
Interest	18,733	24,267	23,807	22,277
Changes in Benefit Terms	56,279	-	-	-
Differences Between Expected and Actual Experience	6,011	18,913	65,763	(4,209)
Changes in Assumptions (a)	76,594	15,570	24,757	(28,219)
Benefit Payments, including refunds of employee contributions (b)	(148,997)	(144,475)	(142,649)	(122,427)
Net Change in Total OPEB Liability	\$ 44,022	\$ (52,478)	\$ 126	\$ (101,800)
Total OPEB Liability - Beginning	672,990	725,468	725,342	827,142
Total OPEB Liability - Ending	\$ 717,012	\$ 672,990	\$ 725,468	\$ 725,342
Covered-Employee Payroll	\$ 21,005,346	\$ 12,126,558	\$ 11,744,850	\$ 13,360,528
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	3.41%	5.55%	6.18%	5.43%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

There is no actuarially-determined contribution (ADC) or employer contribution in relation to the ADC as the total OPEB liabilities are currently an unfunded obligation.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period.

The following are the discount rates used in each period: 2.21% 3.13% 3.62% 3.56%

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

* - Covered-Employee Payroll is the same as the prior year due to the valuation being a rollforward instead of a new valuation.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
REVENUES		
Tuition	\$ 36,238,045	\$ 32,443,243
Earnings on Investments	350,000	157,866
Food Service	20,000	1,437
District/School Activity Income	500	-
Other Local Sources	5,744,395	5,112,618
State Aid		
General State Aid	3,751,500	3,751,446
State Free Lunch and Breakfast	3,000	5
Other Restricted Revenue from State Sources	350,000	284,113
Federal Aid		
Flow-Through Revenue	1,000,000	845,733
Food Service	210,000	95,503
Medicaid Matching Funds - Administrative Outreach	280,000	323,073
Medicaid Matching Funds - Fee-for-Service Program	50,000	19,905
State Retirement Contributions	-	17,121,210
Total Revenues	<u>\$ 47,997,440</u>	<u>\$ 60,171,251</u>
EXPENDITURES		
Current		
Instruction		
Special Education Programs		
Salaries	\$ 16,267,250	\$ 14,718,465
Employee Benefits	4,407,360	3,916,953
Purchased Services	815,000	1,479,264
Supplies and Materials	500,000	200,386
Other Objects	6,000	164
Non-Capitalized Equipment	200,000	132,496
	<u>\$ 22,195,610</u>	<u>\$ 20,447,728</u>
Special Education Programs Pre-K		
Salaries	\$ 776,500	\$ 705,710
Employee Benefits	193,000	192,599
Purchased Services	-	1,550
Supplies and Materials	5,000	988
Non-Capitalized Equipment	5,000	-
	<u>\$ 979,500</u>	<u>\$ 900,847</u>
CTE Programs		
Salaries	\$ 708,900	\$ 756,540
Employee Benefits	201,000	217,831
Purchased Services	40,000	16,096
Supplies and Materials	25,000	7,849
Non-Capitalized Equipment	10,000	999
	<u>\$ 984,900</u>	<u>\$ 999,315</u>
Interscholastic Programs		
Salaries	\$ 12,200	\$ -
Employee Benefits	900	-
	<u>\$ 13,100</u>	<u>\$ -</u>
Summer School Programs		
Salaries	\$ 475,000	\$ 318,566
Employee Benefits	25,000	16,543
Purchased Services	25,000	20,627
Supplies and Materials	5,000	50
	<u>\$ 530,000</u>	<u>\$ 355,786</u>

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Current (Continued)		
Instruction (Continued)		
Truant Alternative and Optional Programs		
Salaries	\$ 120,000	\$ 184,970
Employee Benefits	16,100	44,053
Purchased Services	-	324
	<u>\$ 136,100</u>	<u>\$ 229,347</u>
Private Tuition - Other Objects		
Special Education Programs K-12	\$ 1,000,000	\$ 199,460
	<u>\$ 1,000,000</u>	<u>\$ 199,460</u>
State Retirement Contributions	\$ -	\$ 17,121,210
	<u>\$ 25,839,210</u>	<u>\$ 40,253,693</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 2,641,850	\$ 2,412,474
Employee Benefits	430,700	416,878
Purchased Services	125,000	212
Supplies and Materials	15,000	-
Other Objects	1,000	-
Non-Capitalized Equipment	10,000	-
	<u>\$ 3,223,550</u>	<u>\$ 2,829,564</u>
Health Services		
Salaries	\$ 4,077,400	\$ 3,416,635
Employee Benefits	830,600	706,580
Purchased Services	500,000	116,910
Supplies and Materials	350,000	124,076
Other Objects	500	146
Non-Capitalized Equipment	5,000	2,709
	<u>\$ 5,763,500</u>	<u>\$ 4,367,056</u>
Psychological Services		
Salaries	\$ 936,200	\$ 1,153,293
Employee Benefits	149,400	200,283
Purchased Services	110,000	116,077
Supplies and Materials	15,000	7,582
Other Objects	500	220
Non-Capitalized Equipment	5,000	3,210
	<u>\$ 1,216,100</u>	<u>\$ 1,480,665</u>
Speech Pathology and Audiology Services		
Salaries	\$ 2,265,400	\$ 2,224,364
Employee Benefits	424,200	422,406
Purchased Services	600,000	367,287
Supplies and Materials	15,000	16,801
Other Objects	5,000	5,510
Non-Capitalized Equipment	10,000	10,308
	<u>\$ 3,319,600</u>	<u>\$ 3,046,676</u>
Other Support Services - Pupils		
Purchased Services	\$ 200,000	\$ 120,725
	<u>\$ 200,000</u>	<u>\$ 120,725</u>
Total Support Services - Pupils	<u>\$ 13,722,750</u>	<u>\$ 11,844,686</u>

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Current (Continued)		
Support Services (Continued)		
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 540,350	\$ 330,057
Employee Benefits	304,440	118,231
Purchased Services	200,000	140,938
Supplies and Materials	20,000	8,458
	<u>\$ 1,064,790</u>	<u>\$ 599,342</u>
Educational Media Services		
Salaries	\$ 136,600	\$ 122,715
Employee Benefits	32,000	26,564
Purchased Services	550,000	525,491
Supplies and Materials	450,000	277,719
Other Objects	500	-
Non-Capitalized Equipment	300,000	101,431
	<u>\$ 1,469,100</u>	<u>\$ 1,053,920</u>
Total Support Services - Instructional Staff	<u>\$ 2,533,890</u>	<u>\$ 1,653,262</u>
General Administration		
Board of Education Services		
Employee Benefits	\$ 140,000	\$ 104,947
Purchased Services	600,000	601,875
Supplies and Materials	15,000	18,029
	<u>\$ 755,000</u>	<u>\$ 729,367</u>
Executive Administration Services		
Salaries	\$ 913,600	\$ 782,707
Employee Benefits	322,500	268,333
Purchased Services	60,000	56,145
Supplies and Materials	25,000	10,069
Other Objects	7,500	7,762
Non-Capitalized Equipment	10,000	-
	<u>\$ 1,338,600</u>	<u>\$ 1,125,016</u>
Total Support Services - General Administration	<u>\$ 2,093,600</u>	<u>\$ 1,854,383</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 2,192,250	\$ 2,017,115
Employee Benefits	626,100	624,252
Purchased Services	10,000	217
Supplies and Materials	10,000	5,605
Other Objects	2,000	2,009
Non-Capitalized Equipment	20,000	134,847
	<u>\$ 2,860,350</u>	<u>\$ 2,784,045</u>
Other Support Services - School Administration		
Salaries	\$ 58,600	\$ 63,133
Employee Benefits	13,200	13,492
	<u>\$ 71,800</u>	<u>\$ 76,625</u>
Total Support Services - School Administration	<u>\$ 2,932,150</u>	<u>\$ 2,860,670</u>

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Current (Continued)		
Support Services (Continued)		
Business		
Direction of Business Support Services		
Salaries	\$ 162,400	\$ 213,848
Employee Benefits	36,300	55,152
Purchased Services	75,000	58,137
Supplies and Materials	5,000	234
Other Objects	1,500	1,275
Non-Capitalized Equipment	5,000	-
	<u>\$ 285,200</u>	<u>\$ 328,646</u>
Fiscal Services		
Salaries	\$ 304,800	\$ 268,328
Employee Benefits	95,200	78,598
Purchased Services	20,000	20,537
Supplies and Materials	5,000	3,493
Other Objects	500	-
Non-Capitalized Equipment	10,000	-
	<u>\$ 435,500</u>	<u>\$ 370,956</u>
Total Support Services - Business	<u>\$ 720,700</u>	<u>\$ 699,602</u>
Operations and Maintenance		
Purchased Services	\$ -	\$ 248
Total Support Services - Operations and Maintenance	<u>\$ -</u>	<u>\$ 248</u>
Food Services		
Purchased Services	\$ 250,000	\$ 81,319
Supplies and Materials	20,000	1,185
Non-Capitalized Equipment	10,000	-
Total Support Services - Food Services	<u>\$ 280,000</u>	<u>\$ 90,996</u>
Central		
Data Processing Services		
Salaries	\$ 70,700	\$ 70,770
Employee Benefits	22,000	14,918
	<u>\$ 92,700</u>	<u>\$ 87,490</u>
Total Support Services - Central	<u>\$ 92,700</u>	<u>\$ 87,490</u>
Total Support Services	<u>\$ 22,375,790</u>	<u>\$ 19,091,337</u>
Community Services		
Purchased Services	\$ 20,000	\$ -
Supplies and Materials	20,000	1,791
Total Community Services	<u>\$ 40,000</u>	<u>\$ 1,791</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 165,275	\$ 100,275
Other Objects	1,000,000	845,731
	<u>\$ 1,165,275</u>	<u>\$ 946,006</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 1,165,275</u>	<u>\$ 946,006</u>
Total Intergovernmental Payments	<u>\$ 1,165,275</u>	<u>\$ 946,006</u>

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Capital Outlay		
Instruction		
Special Education Programs	\$ 100,000	\$ 10,919
Other Instructional Programs	5,000	-
Support Services		
Pupils	20,000	-
Instructional Staff	175,000	63,437
Total Capital Outlay	<u>\$ 300,000</u>	<u>\$ 74,356</u>
Total Expenditures	<u>\$ 49,720,275</u>	<u>\$ 60,367,183</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,722,835)	\$ (195,932)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>(1,850,000)</u>	<u>(1,075,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,572,835)</u>	\$ (1,270,932)
FUND BALANCE - JULY 1, 2020		<u>13,827,610</u>
FUND BALANCE - JUNE 30, 2021		<u>\$ 12,556,678</u>

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Earnings on Investments	\$ 35,000	\$ 15,979
Other Local Sources	3,011,915	2,955,690
Total Revenues	\$ 3,046,915	\$ 2,971,669
EXPENDITURES		
Current		
Support Services		
Operations and Maintenance		
Salaries	\$ 1,090,000	\$ 980,123
Employee Benefits	309,280	270,891
Purchased Services	850,000	750,087
Supplies and Materials	900,000	520,423
Other Objects	500	125
Non-Capitalized Equipment	50,000	25,808
Total Support Services - Operations and Maintenance	\$ 3,199,780	\$ 2,547,457
Total Support Services	\$ 3,199,780	\$ 2,547,457
Capital Outlay		
Support Services		
Operations and Maintenance	\$ 3,750,000	\$ 1,248,076
Total Capital Outlay	\$ 3,750,000	\$ 1,248,076
Total Expenditures	\$ 6,949,780	\$ 3,795,533
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (3,902,865)	\$ (823,864)
OTHER FINANCING SOURCES (USES)	1,500,000	725,000
NET CHANGE IN FUND BALANCE	\$ (2,402,865)	\$ (98,864)
FUND BALANCE - JULY 1, 2020		2,703,692
FUND BALANCE - JUNE 30, 2021		\$ 2,604,828

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Earnings on Investments	\$ 1,000	\$ 4,768
State Aid		
Transportation	718,750	708,002
Total Revenues	\$ 719,750	\$ 712,770
EXPENDITURES		
Current		
Support Services		
Transportation		
Salaries	\$ 89,200	\$ 82,163
Employee Benefits	31,000	33,427
Purchased Services	1,030,000	340,011
Supplies and Materials	5,500	537
Total Support Services - Transportation	\$ 1,155,700	\$ 456,138
Total Support Services	\$ 1,155,700	\$ 456,138
Capital Outlay		
Support Services		
Transportation	\$ 50,000	\$ -
Total Capital Outlay	\$ 50,000	\$ -
Total Expenditures	\$ 1,205,700	\$ 456,138
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (485,950)	\$ 256,632
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	350,000	350,000
NET CHANGE IN FUND BALANCE	\$ (135,950)	\$ 606,632
FUND BALANCE - JULY 1, 2020		582,383
FUND BALANCE - JUNE 30, 2021		\$ 1,189,015

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
REVENUES		
Earnings on Investments	\$ 25,000	\$ 16,879
Other Local Sources	1,412,000	1,301,456
Total Revenues	<u>\$ 1,437,000</u>	<u>\$ 1,318,335</u>
EXPENDITURES		
Current		
Instruction		
Special Education Programs		
Employee Benefits	\$ 660,000	\$ 577,378
Special Education Programs - Pre-K		
Employee Benefits	40,500	35,169
CTE Programs		
Employee Benefits	84,000	80,389
Interscholastic Programs		
Employee Benefits	1,500	-
Summer School Programs		
Employee Benefits	27,000	11,945
Total Instruction	<u>\$ 813,000</u>	<u>\$ 704,881</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 16,000	\$ 13,025
Health Services		
Employee Benefits	467,000	409,987
Psychological Services		
Employee Benefits	-	2,561
Speech Pathology and Audiology Services		
Employee Benefits	80,000	78,639
Total Supports Services - Pupils	<u>\$ 563,000</u>	<u>\$ 504,212</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 6,500	\$ 20,460
Educational Media Services		
Employee Benefits	16,500	14,624
Total Support Services - Instructional Staff	<u>\$ 23,000</u>	<u>\$ 35,084</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 35,300	\$ 29,261
Total Support Services - General Administration	<u>\$ 35,300</u>	<u>\$ 29,261</u>

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Current (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 45,500	\$ 49,592
Other Support Services - School Administration		
Employee Benefits	7,200	7,521
Total Support Services - School Administration	\$ 52,700	\$ 57,113
Business		
Direction of Business Support Services		
Employee Benefits	\$ -	\$ 6,138
Fiscal Services		
Employee Benefits	37,000	47,559
Total Support Services - Business	\$ 37,000	\$ 53,697
Operations and Maintenance		
Employee Benefits	\$ 131,000	\$ 116,184
Total Support Services - Operations and Maintenance	\$ 131,000	\$ 116,184
Transportation		
Employee Benefits	\$ 11,000	\$ 9,190
Total Support Services - Transportation	\$ 11,000	\$ 9,190
Central		
Data Processing Services		
Employee Benefits	\$ 8,500	\$ 8,439
Total Support Services - Central	\$ 8,500	\$ 8,439
Total Support Services	\$ 861,500	\$ 813,180
Total Expenditures	\$ 1,674,500	\$ 1,518,061
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (237,500)	\$ (199,726)
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (237,500)	\$ (199,726)
FUND BALANCE - JULY 1, 2020		1,758,646
FUND BALANCE - JUNE 30, 2021		\$ 1,558,920

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2021

NOTE 1 - BUDGETARY PROCESS

SEDOL follows procedures mandated by Illinois State law and Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on August 26, 2020 and was not amended. The modified accrual basis budgeted amounts in this report are the result of full compliance with the following procedures:

For each fund, total fund expenditures may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

SEDOL follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Director of Business Services submits to the Governing Board a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Governing Board may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Governing Board may amend the budget by the same procedures required of its original adoption.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2021, SEDOL's General Fund – Educational Fund had expenditures that were over budget due to the District not budgeting for On-Behalf payments.

Fund	Budget	Actual	Excess of Actual Over Over Budget
General Fund - Educational Fund	\$ 49,720,275	\$ 60,367,183	\$ 10,646,908

SUPPLEMENTAL FINANCIAL INFORMATION

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICES FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Earnings on Investments	\$ 2,000	\$ 1,551
Other Local Sources	467,600	467,600
Total Revenues	\$ 469,600	\$ 469,151
EXPENDITURES		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 102,600	\$ 102,600
Total Debt Services - Interest	\$ 102,600	\$ 102,600
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	\$ 365,000	\$ 365,000
Total Debt Services - Payment of Principal on Long-Term Debt	\$ 365,000	\$ 365,000
Debt Services - Other		
Other Objects	\$ 1,000	\$ 350
Total Debt Services - Other	\$ 1,000	\$ 350
Total Debt Services	\$ 468,600	\$ 467,950
Total Expenditures	\$ 468,600	\$ 467,950
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,000	\$ 1,201
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	\$ 1,000	\$ 1,201
FUND BALANCE - JULY 1, 2020		176,042
FUND BALANCE - JUNE 30, 2021		\$ 177,243

See Accompanying Independent Auditor's Opinion