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

***ANNUAL FINANCIAL REPORT***

***JUNE 30, 2020***

**eder, casella & co**

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY  
SEJA DISTRICT NO. 825

TABLE OF CONTENTS

JUNE 30, 2020

	PAGE
INDEPENDENT AUDITOR'S OPINION	1
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 <i>GOVERNMENT AUDITING STANDARDS</i>	4
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Notes to Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund – Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	43
Illinois Municipal Retirement Fund – Schedule of Employer Contribution	44
Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net Pension Liability	45

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY  
SEJA DISTRICT NO. 825

TABLE OF CONTENTS

JUNE 30, 2020

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION (Continued)	
Teachers' Retirement System of the State of Illinois – Schedule of Employer Contribution	46
Teacher Health Insurance Security Fund of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net OPEB Liability	47
Teacher Health Insurance Security Fund of the State of Illinois – Schedule of Employer Contribution	48
Other Post-Employment Benefit – Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios	49
Other Post-Employment Benefit – Schedule of Employer Contribution	50
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Educational Fund	51
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Operations and Maintenance Fund	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Transportation Fund	57
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Illinois Municipal Retirement/Social Security Fund	58
Notes to Required Supplementary Information	60
SUPPLEMENTAL FINANCIAL INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Services Fund	61
ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	62
Schedule of Expenditures of Federal Awards	64
Notes to the Schedule of Expenditures of Federal Awards	67

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY  
SEJA DISTRICT NO. 825

TABLE OF CONTENTS

JUNE 30, 2020

	PAGE
ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION (Continued)	
Schedule of Findings and Questioned Costs	68
Summary Schedule of Prior Audit Findings	72



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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 (audited financial statements) of

#### SPECIAL EDUCATION DISTRICT OF LAKE COUNTY SEJA DISTRICT NO. 825

as of and for the year ended June 30, 2020, 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 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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## **Opinion**

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, SEJA District No. 825, as of June 30, 2020, 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 Management's Discussion and Analysis, Illinois Municipal Retirement Fund – Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contribution, Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois – Schedule of Employer Contribution, Other Post-Employment Benefit – Retiree Health Plan– Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios, Other Post-Employment Benefit – Retiree Health Plan – Schedule of Employer Contribution, Teacher Health Insurance Security Fund of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net OPEB Liability, Teacher Health Insurance Security Fund of the State of Illinois – Schedule of Employer Contribution, and budgetary comparison information listed in 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 Special Education District of Lake County, SEJA District No. 825's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The supplemental information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the supplemental information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of Special Education District of Lake County, SEJA District No. 825'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 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 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, SEJA District No. 825's internal control over financial reporting and compliance.

*Eder, Casella & Co.*  
EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
December 7, 2020



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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, 2020, and the related notes to the financial statements which collectively comprise SEDOL's basic financial statements, and have issued our report thereon dated December 7, 2020.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity'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 7, 2020

REQUIRED SUPPLEMENTARY INFORMATION

**SPECIAL EDUCATION DISTRICT OF LAKE COUNTY  
SEJA DISTRICT NO. 825  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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, 2020.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of SEDOL exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$25,851,265 (net position). Of this amount, \$(14,259,482) is unrestricted net position (deficit).
- SEDOL's net position increased by \$1,596,728 from current year activities.
- At June 30, 2020, SEDOL reported combined ending fund balances of \$19,048,373, an decrease of \$1,104,018 in comparison with the prior year.
- SEDOL's capital assets, net of depreciation, increased by \$3,303,759 (9%) during the year ended June 30, 2020. The key factor in the increase was due to an increase to construction in progress.

**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.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**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.

The basic fund financial statements can be found on pages 13 through 16 and the Required Supplementary Information can be found on pages 43 through 60 of this report.

**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. The notes to the financial statements can be found on pages 17 through 42 of this report.

**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. Supplemental financial information can be found on page 61 of this report.

## **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 \$25,851,265 at June 30, 2020.

A large portion of SEDOL's net position (\$39,068,068) 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 (\$1,042,679) 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	
	6/30/2020	6/30/2019
<b>Assets</b>		
Current and Other Assets	\$ 29,552,415	\$ 30,448,324
Long-Term Assets Outstanding	2,425,000	2,775,000
Capital Assets	39,349,705	36,045,946
<b>Total Assets</b>	<b>\$ 71,327,120</b>	<b>\$ 69,269,270</b>
<b>Deferred Outflows of Resources</b>		
Defeasance Asset, net of amortization	\$ 302,645	\$ 338,250
Pension Expense/Revenue	8,183,195	11,176,184
<b>Total Deferred Outflows of Resources</b>	<b>\$ 8,485,840</b>	<b>\$ 11,514,434</b>
<b>Liabilities</b>		
Other Liabilities	\$ 10,504,042	\$ 10,295,933
Long-Term Liabilities Outstanding	29,266,313	36,142,483
<b>Total Liabilities</b>	<b>\$ 39,770,355</b>	<b>\$ 46,438,416</b>
<b>Deferred Inflows of Resources</b>		
Pension Expense/Revenue	\$ 14,191,340	\$ 10,090,751
<b>Total Deferred Inflows of Resources</b>	<b>\$ 14,191,340</b>	<b>\$ 10,090,751</b>
<b>Net Position</b>		
Invested in Capital Assets, net of related debt	\$ 39,068,068	\$ 35,731,175
Restricted	1,042,679	461,390
Unrestricted	(14,259,482)	(11,938,028)
<b>Total Net Position</b>	<b>\$ 25,851,265</b>	<b>\$ 24,254,537</b>

**Governmental activities** - Governmental activities in the current year increased net position by \$1,596,728. Key elements of this increase are as follows:

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

	Governmental Activities	
	FY 2020	FY 2019
<b>Revenues:</b>		
<b>Program Revenues</b>		
Charges for Services	\$ 41,965,857	\$ 42,024,681
Operating Grants and Contributions	40,638,034	39,224,428
<b>General Revenues:</b>		
Unrestricted Investment Earnings	452,687	435,182
Gain/(Loss) on Sale of Capital Assets	-	(5,596)
<b>Total Revenues</b>	<b>\$ 83,056,578</b>	<b>\$ 81,678,695</b>
<b>Expenses:</b>		
Instruction	\$ 44,117,941	\$ 40,177,493
Support Services	24,771,765	23,349,742
Community Services	451	7,894
Intergovernmental Payments	11,138,584	12,748,887
Interest and Fees on Long-Term Debt	119,721	140,421
Depreciation - Unallocated	1,311,388	1,310,640
<b>Total Expenses</b>	<b>\$ 81,459,850</b>	<b>\$ 77,735,077</b>
Increase/(Decrease) in Net Position	\$ 1,596,728	\$ 3,943,618
Net Position - Beginning	24,254,537	20,310,919
<b>Net Position - Ending</b>	<b>\$ 25,851,265</b>	<b>\$ 24,254,537</b>

- Operating Grants and Contributions increased mainly due to the increase in State Retirement Contributions. The State Retirement Contributions consist of On-Behalf payments for TRS and THIS.
- The total expenses increased mainly due to the increase in State Retirement Contributions. The State Retirement Contributions consist of On-Behalf payments for TRS and THIS.
- Increase in support services due to an increase in student needs and an increased student count.

## 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 \$1,415,202. This includes a \$4,000,000 transfer to the Operations and Maintenance Fund and a \$450,000 transfer to the Transportation Fund.

The Operations and Maintenance Fund's fund balance increased by \$82,601. This increased from the prior year due to a \$4,000,000 transfer from the Education Fund. A large capital project was started in the current year.

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 \$181,145. This is primarily due to a decrease in transportation costs at the end of the year due to COVID-19.

The Illinois Municipal Retirement/Social Security Fund's fund balance increased by \$43,894.

## 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 \$14,103,111 (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 (\$13,436,468)(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, 2020 amounts to \$39,349,705 (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 increase in SEDOL's investment in capital assets for the year ended June 30, 2020 was 9% and was due to an increase to construction in progress.

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

	Governmental Activities	
	6/30/2020	6/30/2019
Land	\$ 1,260,625	\$ 1,260,625
Construction in Progress	4,105,983	59,303
Buildings	28,486,317	28,978,066
Improvements Other than Buildings	4,911,509	5,258,622
Vehicles	99,910	82,553
Equipment Other than Transportation/Food Service	485,361	406,777
Total	<u>\$ 39,349,705</u>	<u>\$ 36,045,946</u>

Additional information on SEDOL's capital assets can be found in Note 6 in the Notes to the Financial Statements.

**Long-term debt** - At June 30, 2020, SEDOL had total debt outstanding of \$2,706,637.

Special Education District of Lake County's Outstanding Debt

	Governmental Activities	
	6/30/2020	6/30/2019
Special Education Bonds	\$ 2,425,000	\$ 2,775,000
Unamortized Bond Premium	281,637	314,771
Total	<u>\$ 2,706,637</u>	<u>\$ 3,089,771</u>

Significant debt activity for the year ended June 30, 2020 was as follows:

- Principal payments on all debt were \$350,000.

Additional information on SEDOL's long-term debt can be found in Note 7 in the Notes to the Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

**Operations and Maintenance Fund** – In September 2019, SEDOL entered into a multi-year lease with Diamond Lake Elementary District 75 to rent their Fairhaven School through June 2023. This building required completion of a number of capital projects to prepare for students. The necessary capital projects began in February 2020 and were substantially completed in August 2020, at an estimated final cost of \$4,100,000. With the exception of the Fairhaven project, all other expenses in this fund will be comparable to the previous fiscal year.

**All other funds** – all other revenues and expenses, with the exception of IDEA Flow Through and Special Education Tuition, are expected to remain fairly constant in comparison with fiscal year 2019-2020; see note below for details.

**Fiscal Year 2020-2021** – In July 2018, ISBE informed all school districts and cooperatives of a procedural change in how IDEA Flow Through and Preschool funds are to be distributed. ISBE stated that by July 2019 all IDEA Flow Through and Preschool funds would be distributed to school districts directly, instead of flowing through their cooperative. Due to the complexity of this procedural change, ISBE stated in January 2019 that Cooperatives can request a one-year extension, until July 2020; SEDOL applied and was granted that extension. This allowed SEDOL and the member districts to meet to discuss the necessary funding changes and revisions to SEDOL's Articles of Joint Agreement. SEDOL held meeting with member districts beginning in November 2019, with final funding recommendations made in January 2020. This procedural change has required tuition rates be adjusted to reflect the loss of IDEA revenue and has added two new funding mechanisms for audiological and professional development services. The revised Articles of Joint Agreement were presented to the Governing Board for first reading in March 2020 with final approval given in June 2020. These changes are not expected to negatively impact SEDOL's revenues in fiscal year 2020-2021 and beyond.

**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 \$575,000 - \$625,000 during the 2020-2021 school year. SEDOL will monitor these costs as they develop and apply for any FEMA funds that are available and applicable for PPE and cleaning/disinfecting 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, 2020

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 12,059,564
Investments, at Fair Value	12,733,803
Tuition Billing Receivable, net of allowance of \$0	1,236,021
Assessment and Contractual Billings Receivable, net of allowance of \$0	658,962
Due from Other Governments, net of allowance of \$0	2,816,445
Prepaid Expenses	20,145
Interest Receivable	27,475
Notes Receivable (Note 5)	2,425,000
Capital Assets (Note 6):	
Land	1,260,625
Construction in Progress	4,105,983
Depreciable Buildings, Property, and Equipment, net of depreciation	33,983,097
<b>Total Assets</b>	<b>\$ 71,327,120</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Defeasance Asset, net of amortization	\$ 302,645
Pension Expense - IMRF	7,692,113
Pension Expense - TRS	200,705
Pension Expense - THIS	189,697
OPEB Expense - IMRF/TRS	100,680
<b>Total Deferred Outflows of Resources</b>	<b>\$ 8,485,840</b>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenditures	\$ 2,675,372
Payroll Liabilities	5,164,396
Employee Health Insurance Account Liability	2,625,318
Flexible Spending Account Liability	38,956
Non-Current Liabilities	
Due Within One Year	398,134
Due in More Than One Year	28,868,179
<b>Total Liabilities</b>	<b>\$ 39,770,355</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Revenue - IMRF	\$ 8,770,394
Pension Revenue - TRS	640,319
Pension Revenue - THIS	4,759,611
OPEB Revenue - IMRF/TRS	21,016
<b>Total Deferred Inflows of Resources</b>	<b>\$ 14,191,340</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 39,068,068
Restricted for:	
Grants and Contributions	1,042,679
Unrestricted/(Deficit)	(14,259,482)
<b>Total Net Position</b>	<b>\$ 25,851,265</b>

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, 2020

		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	\$ 24,378,494	\$ 18,239,969	\$ 6,145,167	\$ 6,642
Other Instructional Programs	3,209,865	2,665,318	634,626	90,079
State Retirement Contributions	16,529,582	-	16,529,582	-
Support Services				
Pupils	13,887,917	11,076,553	2,998,754	187,390
Instructional Staff	1,481,320	901,674	767,968	188,322
General Administration	2,093,024	1,266,384	463,226	(363,414)
School Administration	2,694,133	1,641,846	598,325	(453,962)
Business	768,914	493,367	493,373	217,826
Operations and Maintenance	2,503,166	4,387,151	229,343	2,113,328
Transportation	1,068,691	642,567	861,877	435,753
Food Services	177,630	119,159	178,517	120,046
Central	96,970	64,702	95,922	63,654
Community Services	451	267	201	17
Intergovernmental Payments				
Payments to Other Districts and Governmental Units	11,138,584	-	10,641,153	(497,431)
Interest and Fees on Long-Term Debt	119,721	466,900	-	347,179
Depreciation - Unallocated	1,311,388	-	-	(1,311,388)
Total Governmental Activities	\$ 81,459,850	\$ 41,965,857	\$ 40,638,034	\$ 1,144,041
General Revenues				
Unrestricted Investment Earnings				\$ 452,687
Total General Revenues				\$ 452,687
Change in Net Position				\$ 1,596,728
Net Position - July 1, 2019				24,254,537
Net Position - June 30, 2020				\$ 25,851,265

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, 2020

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 5,576,218	\$ 3,982,130	\$ 176,042	\$ 398,339	\$ 1,926,835	\$ 12,059,564
Investments, at Fair Value	12,733,803	-	-	-	-	12,733,803
Tuition Billing Receivable, net of allowance of \$0	1,236,021	-	-	-	-	1,236,021
Assessment and Contractual Billings Receivable, net of allowance of \$0	658,962	-	-	-	-	658,962
Due from Other Governments, net of allowance of \$0	2,622,191	-	-	194,254	-	2,816,445
Prepaid Payroll Deductions	20,145	-	-	-	-	20,145
<b>Total Assets</b>	<b>\$ 22,847,340</b>	<b>\$ 3,982,130</b>	<b>\$ 176,042</b>	<b>\$ 592,593</b>	<b>\$ 1,926,835</b>	<b>\$ 29,524,940</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts Payable and Accrued Expenditures	\$ 1,369,335	\$ 1,278,438	\$ -	\$ 124	\$ -	\$ 2,647,897
Payroll Liabilities	4,986,121	-	-	10,086	168,189	5,164,396
Employee Health Insurance Account Liability	2,625,318	-	-	-	-	2,625,318
Flexible Spending Account Liability	38,956	-	-	-	-	38,956
<b>Total Current Liabilities</b>	<b>\$ 9,019,730</b>	<b>\$ 1,278,438</b>	<b>\$ -</b>	<b>\$ 10,210</b>	<b>\$ 168,189</b>	<b>\$ 10,476,567</b>
<b>FUND BALANCE</b>						
<b>Nonspendable</b>						
Prepaid Expenses	\$ 20,145	\$ -	\$ -	\$ -	\$ -	\$ 20,145
<b>Restricted</b>						
Grants and Contributions	992,679	50,000	-	-	-	1,042,679
<b>Assigned</b>						
Operations and Maintenance	-	2,653,692	-	-	-	2,653,692
Debt Service	-	-	176,042	-	-	176,042
Transportation	-	-	-	582,383	-	582,383
Illinois Municipal Retirement	-	-	-	-	1,758,646	1,758,646
Unassigned	12,814,786	-	-	-	-	12,814,786
<b>Total Fund Balance</b>	<b>\$ 13,827,610</b>	<b>\$ 2,703,692</b>	<b>\$ 176,042</b>	<b>\$ 582,383</b>	<b>\$ 1,758,646</b>	<b>\$ 19,048,373</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 22,847,340</b>	<b>\$ 3,982,130</b>	<b>\$ 176,042</b>	<b>\$ 592,593</b>	<b>\$ 1,926,835</b>	<b>\$ 29,524,940</b>

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, 2020

Total Fund Balances - Governmental Funds		\$ 19,048,373
<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	\$ 58,003,205	
Accumulated Depreciation on Capital Assets	<u>(18,653,500)</u>	39,349,705
<p>Deferred pension/OPEB amounts in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Deferred Outflows - IMRF	\$ 7,692,113	
Deferred Inflows - IMRF	(8,770,394)	
Deferred Outflows - TRS	200,705	
Deferred Inflows - TRS	(640,319)	
Deferred Outflows - OPEB THIS	189,697	
Deferred Inflows - OPEB THIS	(4,759,611)	
Deferred Outflows - OPEB IMRF/TRS	100,680	
Deferred Inflows - OPEB IMRF/TRS	<u>(21,016)</u>	(6,008,145)
<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	\$ 27,475	
Notes Receivable	<u>2,425,000</u>	2,452,475
<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	\$ 302,645	
Bond Premiums, net of related amortization	<u>(281,637)</u>	21,008
<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	\$ (2,425,000)	
Accrued Interest	(27,475)	
Compensated Absences Payable	(119,408)	
Net Pension Liability - IMRF	(2,125,959)	
Net Pension Liability - TRS	(2,108,322)	
Net Pension Liability - IMRF/TRS	(21,532,997)	
Total OPEB Liability	<u>(672,990)</u>	<u>(29,012,151)</u>
Net Position of Governmental Activities		<u><u>\$ 25,851,265</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, 2020

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Total Governmental Funds
<b>REVENUES</b>						
Tuition	\$ 31,520,782	\$ -	\$ -	\$ -	\$ -	\$ 31,520,782
Earnings on Investments	359,307	50,439	3,894	2,974	36,073	452,687
Food Service	13,734	-	-	-	-	13,734
District/School Activity Income	100	-	-	-	-	100
Other Local Sources	5,814,628	2,809,081	466,900	-	1,407,539	10,498,148
State Aid	4,155,857	50,000	-	785,311	-	4,991,168
Federal Aid	19,050,376	-	-	-	-	19,050,376
State Retirement Contributions	16,529,582	-	-	-	-	16,529,582
	<u>\$ 77,444,366</u>	<u>\$ 2,909,520</u>	<u>\$ 470,794</u>	<u>\$ 788,285</u>	<u>\$ 1,443,612</u>	<u>\$ 83,056,577</u>
<b>EXPENDITURES</b>						
Current						
Instruction						
Special Education Programs	\$ 23,578,206	\$ -	\$ -	\$ -	\$ 552,796	\$ 24,131,002
Other Instructional Programs	3,054,438	-	-	-	111,146	3,165,584
State Retirement Contributions	16,529,582	-	-	-	-	16,529,582
Support Services						
Pupils	13,173,968	-	-	-	502,704	13,676,672
Instructional Staff	1,449,737	-	-	-	22,371	1,472,108
General Administration	2,055,530	-	-	-	24,020	2,079,550
School Administration	2,630,612	-	-	-	42,613	2,673,225
Business	720,536	-	-	-	36,803	757,339
Operations and Maintenance	-	2,374,935	-	-	91,902	2,466,837
Transportation	-	-	-	1,057,140	8,254	1,065,394
Food Services	177,630	-	-	-	-	177,630
Central	87,131	-	-	-	7,109	94,240
Community Services	451	-	-	-	-	451
Intergovernmental Payments	10,788,584	-	-	-	-	10,788,584
Debt Service						
Principal	-	-	350,000	-	-	350,000
Interest and Fees	-	-	117,250	-	-	117,250
Capital Outlay	163,163	4,451,984	-	-	-	4,615,147
	<u>\$ 74,409,568</u>	<u>\$ 6,826,919</u>	<u>\$ 467,250</u>	<u>\$ 1,057,140</u>	<u>\$ 1,399,718</u>	<u>\$ 84,160,595</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 3,034,798</b>	<b>\$ (3,917,399)</b>	<b>\$ 3,544</b>	<b>\$ (268,855)</b>	<b>\$ 43,894</b>	<b>\$ (1,104,018)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Interfund Transfers	(4,450,000)	4,000,000	-	450,000	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,415,202)</b>	<b>\$ 82,601</b>	<b>\$ 3,544</b>	<b>\$ 181,145</b>	<b>\$ 43,894</b>	<b>\$ (1,104,018)</b>
FUND BALANCES - JULY 1, 2019	15,242,812	2,621,091	172,498	401,238	1,714,752	20,152,391
FUND BALANCES - JUNE 30, 2020	<u>\$ 13,827,610</u>	<u>\$ 2,703,692</u>	<u>\$ 176,042</u>	<u>\$ 582,383</u>	<u>\$ 1,758,646</u>	<u>\$ 19,048,373</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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (1,104,018)

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	\$ (1,311,388)	
Capital Outlays	<u>4,615,147</u>	3,303,759

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	(1,740,114)	
OPEB Expense	(711,813)	
Compensated Absences	<u>1,825</u>	(2,452,573)

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		(350,000)
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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.

Pension Contributions	\$ 1,524,800	
OPEB Contributions	<u>324,760</u>	1,849,560

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>350,000</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 1,596,728</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, 2020

**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, 2020:

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, 2020.

## 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, 2020, SEDOL had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)	
		Less than 1	
State Investment Pool - ISDLAF	\$ 1,706,040	\$ 1,706,040	
Treasury Bills	998,751	998,751	
	<u>\$ 2,704,791</u>	<u>\$ 2,704,791</u>	

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, 2020, SEDOL’s investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool - ISDLAF	AAAm	Standard and Poor's
Treasury Bills	AA+	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, 2020:

Investments by fair value level	6/30/2020	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 11,735,052	\$ -	\$ 11,735,052
Treasury Bills	998,751	998,751	-
Total Investments by fair value level	<u>\$ 12,733,803</u>	<u>\$ 998,751</u>	<u>\$ 11,735,052</u>

### 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, 2020, the balance due on these notes was \$2,425,000.

### NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Deletions	Adjustment	Balance June 30, 2020
<b>Governmental Activities</b>					
Capital Assets not being depreciated					
Land	\$ 1,260,625	\$ -	\$ -	\$ -	\$ 1,260,625
Construction in Progress	59,303	4,441,851	395,171	-	4,105,983
Total Capital Assets not being depreciated	<u>\$ 1,319,928</u>	<u>\$ 4,441,851</u>	<u>\$ 395,171</u>	<u>\$ -</u>	<u>\$ 5,366,608</u>
Other Capital Assets					
Buildings	\$ 42,917,715	\$ 395,172	\$ -	\$ 5,817	\$ 43,318,704
Improvements Other than Buildings	6,671,607	-	-	(33,860)	6,637,747
Vehicles	462,725	27,712	56,303	-	434,134
Equipment Other than Transportation/Food Service	2,980,528	145,583	908,142	28,043	2,246,012
Total Other Capital Assets at Historical Cost	<u>\$ 53,032,575</u>	<u>\$ 568,467</u>	<u>\$ 964,445</u>	<u>\$ -</u>	<u>\$ 52,636,597</u>
Less Accumulated Depreciation					
Buildings	\$ 13,939,649	\$ 892,738	\$ -	\$ -	\$ 14,832,387
Improvements Other than Buildings	1,412,985	313,253	-	-	1,726,238
Vehicles	380,172	10,355	56,303	-	334,224
Equipment Other than Transportation/Food Service	2,573,751	95,042	908,142	-	1,760,651
Total Accumulated Depreciation	<u>\$ 18,306,557</u>	<u>\$ 1,311,388</u>	<u>\$ 964,445</u>	<u>\$ -</u>	<u>\$ 18,653,500</u>
Other Capital Assets, Net	<u>\$ 34,726,018</u>	<u>\$ (742,921)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,983,097</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 36,045,946</u>	<u>\$ 3,698,930</u>	<u>\$ 395,171</u>	<u>\$ -</u>	<u>\$ 39,349,705</u>

All depreciation expense is unallocated.

### NOTE 7 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2020 was as follows:

## NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
Special Education Refunding Bonds					
Series 2015B	\$ 2,775,000	\$ -	\$ 350,000	\$ 2,425,000	\$ 365,000
Unamortized Bond Premium	314,771	-	33,134	281,637	33,134
Total Bonds and Notes Payable	<u>\$ 3,089,771</u>	<u>\$ -</u>	<u>\$ 383,134</u>	<u>\$ 2,706,637</u>	<u>\$ 398,134</u>
Other Long -Term Liabilities					
Net Pension Liability - IMRF	\$ 8,956,901		\$ 6,830,942	\$ 2,125,959	\$ -
Net Pension Liability - TRS	2,081,423	26,899		2,108,322	-
Net IMRF/TRS OPEB Liability	725,468		52,478	672,990	-
Net Pension Liability - THIS OPEB	21,167,687	365,310		21,532,997	-
Compensated Absences	121,233		1,825	119,408	-
Total Other Long-Term Liabilities	<u>\$ 33,052,712</u>	<u>\$ 392,209</u>	<u>\$ 6,885,245</u>	<u>\$ 26,559,676</u>	<u>\$ -</u>
<b>Governmental Activities Long-Term Obligations</b>					
	<u>\$ 36,142,483</u>	<u>\$ 392,209</u>	<u>\$ 7,268,379</u>	<u>\$ 29,266,313</u>	<u>\$ 398,134</u>

Bonds and notes payable consisted of the following at June 30, 2020:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities</b>				
Refunding Bonds 2015B, Dated 4/23/15	10/1/2028	2.00% - 5.00%	\$ 4,845,000	\$ 2,425,000

At June 30, 2020 the annual debt service requirements to service all long-term debt are:

Year Ending June 30	Principal	Interest	Total
2021	\$ 365,000	\$ 102,600	\$ 467,600
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>\$ 2,425,000</u>	<u>\$ 420,800</u>	<u>\$ 2,845,800</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	\$ 365,000	\$ 2,060,000	\$ 2,425,000
Bond Premiums, net of amortization	33,134	248,503	281,637
Other Long-Term Liabilities	-	26,559,676	26,559,676
	<u>\$ 398,134</u>	<u>\$ 28,868,179</u>	<u>\$ 29,266,313</u>

### NOTE 8 - DEFICIT FUND BALANCE

No SEDOL fund had a deficit fund balance at June 30, 2020.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 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, 2020 is \$489,272.

Annual requirements to cover outstanding lease agreements are:

<u>Year Ending June 30</u>	<u>Total Payments</u>
2021	\$ 190,245
2022	192,440
2023	106,587
	<u>\$ 489,272</u>

Total rental expense for lease agreements for the year ended June 30, 2020 was \$302,277.

### 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/fy2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

##### Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 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 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 last 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



## NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2021. Once program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 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, 2019 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, 2020, 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 \$16,291,362 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, 2020, were \$114,414 and are deferred because they were paid after the June 30, 2019 measurement date.

Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the 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, 2020, SEDOL pension contribution was 10.66% of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$10,698 were paid from federal and special trust funds that required SEDOL contributions of \$1,140. These contributions are deferred because they were paid after the June 30, 2019 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, 2020, SEDOL paid \$27,185 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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

At June 30, 2019, 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:

SEDOL's proportionate share of the net pension liability	\$ 2,108,322
State's proportionate share of the net pension liability associated with SEDOL	150,046,996
Total Net Pension Liability	<u>\$ 152,155,318</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. The 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, 2019, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2019, SEDOL's proportion was 0.0025994%, which was a decrease of 0.00007098% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, SEDOL recognized pension expense of \$16,291,362 and revenue of \$16,291,362 for support provided by the State. At June 30, 2020, 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	\$ 34,570	\$ -	\$ 34,570
Net difference between projected and actual earnings on pension plan investments	3,340	-	3,340
Changes of assumptions	47,241	40,469	6,772
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	599,850	(599,850)
Employer contributions subsequent to the measurement date	115,554	-	115,554
	<u>\$ 200,705</u>	<u>\$ 640,319</u>	<u>\$ (439,614)</u>

\$115,554 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30	
2021	\$ (314,097)
2022	(197,102)
2023	(33,470)
2024	(6,950)
2025	(3,549)
	<u>\$ (555,168)</u>

Actuarial Assumptions

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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	15.0%	6.3%
U.S. equities small/mid cap	2.0%	7.7%
International equities developed	13.6%	7.0%
Emerging market equities	3.4%	9.5%
U.S. bonds core	8.0%	2.2%
U.S. bonds high yield	4.2%	4.0%
International debt developed	2.2%	1.1%
Emerging international debt	2.6%	4.4%
Real estate	16.0%	5.2%
Real return	4.0%	1.8%
Absolute return	14.0%	4.1%
Private Equity	15.0%	9.7%
Total	100.0%	

### Discount Rate

At June 30, 2019, the discount rate used to measure total pension liability was 7.00%, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	\$ 2,575,131	\$ 2,108,322	\$ 1,724,513

### TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2019 is available in the separately issued TRS *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](http://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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 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, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	319
Inactive plan members entitled to but not yet receiving benefits	663
Active plan members	372
Total	<u><u>1,354</u></u>

### 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 2019 was 11.2%. For the fiscal year ended June 30, 2020, SEDOL contributed \$1,389,253 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

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2019, and a measurement date as of December 31, 2019, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	80,203,896
IMRF Fiduciary Net Position		78,077,937
SEDOL's Net Pension Liability		2,125,959
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		97.35%

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, 2019 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Interest Rate	7.25%
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 2017 valuation pursuant to an experience study from years 2014 to 2016.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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.

### 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, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	37.0%	5.75%
International Equities	18.0%	6.50%
Fixed Income	28.0%	3.75%
Real Estate	9.0%	5.20%
Alternatives	7.0%	
Private Equity		7.60%
Commodities		3.60%
Cash	1.0%	1.85%
	<u>100.0%</u>	

### Single Discount Rate

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 discount rate, 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 (A)-(B)
Balances at December 31, 2018	\$ 76,120,893	\$ 67,163,992	\$ 8,956,901
Changes for the year:			
Service Cost	\$ 1,364,959	\$ -	\$ 1,364,959
Interest on the Total Pension Liability	5,433,596	-	5,433,596
Differences Between Expected and Actual Experience of the Total Pension Liability	998,893	-	998,893
Contributions - Employer	-	1,235,938	(1,235,938)
Contributions - Employee	-	594,688	(594,688)
Net Investment Income	-	12,654,900	(12,654,900)
Benefit Payments, including Refunds of Employee Contributions	(3,714,445)	(3,714,445)	-
Other (Net Transfer)	-	142,864	(142,864)
Net Changes	<u>\$ 4,083,003</u>	<u>\$ 10,913,945</u>	<u>\$ (6,830,942)</u>
Balances at December 31, 2019	<u>\$ 80,203,896</u>	<u>\$ 78,077,937</u>	<u>\$ 2,125,959</u>

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 11,860,481	\$ 2,125,959	\$ (5,915,015)

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

For the year ended June 30, 2020, SEDOL recognized pension expense of \$1,926,841. At June 30, 2020, SEDOL reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
<b>Expense in Future Periods</b>			
Differences between expected and actual experience	\$ 717,727	\$ -	\$ 717,727
Changes of assumptions	563,647	30,227	533,420
Net difference between projected and actual earnings on pension investment	<u>5,628,090</u>	<u>8,740,167</u>	<u>(3,112,077)</u>
Total deferred amounts to be recognized in pension expense in future periods	\$ 6,909,464	\$ 8,770,394	\$ (1,860,930)
Pension contributions made subsequent to the measurement date	782,649	-	782,649
Total deferred amounts related to pensions	<u>\$ 7,692,113</u>	<u>\$ 8,770,394</u>	<u>\$ (1,078,281)</u>

\$782,649 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**NOTES TO FINANCIAL STATEMENTS (Continued)**

Year Ending December 31	Net Deferred Outflows of of Resources
2020	\$ 84,939
2021	(659,082)
2022	282,937
2023	(1,569,724)
2024	-
Thereafter	-
	\$ (1,860,930)

**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, 2020, 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, 2019, 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, 2020, 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 \$238,220 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, 2019, 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	\$ 21,532,997
State's proportionate share of the net pension liability associated with SEDOL	29,158,402
Total Net Pension Liability	<u>\$ 50,691,399</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. 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, 2019, relative to the contributions of all participating THIS employers and the State during that period. At June 30, 2019, SEDOL's proportion was 0.0777997%, which was a decrease of 0.0025453% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, SEDOL recognized benefit expense of \$644,080 and on-behalf revenue/expense of \$238,220 for support provided by the State. At June 30, 2020, 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	\$ -	\$ 357,323	\$ (357,323)
Net difference between projected and actual earnings on pension plan investments	-	705	(705)
Changes of assumptions	8,162	2,468,383	(2,460,221)
Changes in proportion and differences between employer contributions and proportionate share of contributions	49	1,933,200	(1,933,151)
Employer contributions subsequent to the measurement date	181,484	-	181,484
	<u>\$ 189,695</u>	<u>\$ 4,759,611</u>	<u>\$ (4,569,916)</u>

\$181,484 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, 2020. 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	
2021	\$ (2,688,200)
2022	(1,686,898)
2023	(286,453)
2024	(59,482)
2025	(30,367)
	<u>\$ (4,751,400)</u>

### Actuarial Assumptions

The total OPEB liability in the June 30, 2018 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		Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.5%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for 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 THIS 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, 2018 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%	2.04%
	<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 3.62% as of June 30, 2018, 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, 2019 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, 2019, the discount rate used to measure the total OPEB liability was 3.13%.

### 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 3.13%, 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 (2.13%) or 1 percentage-point higher (4.13%) than the current rate.

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Employer's proportionate share of the net OPEB liability	\$ 25,890,456	\$ 21,532,997	\$ 18,091,507

**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 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

	1% Decrease (a)	Healthcare Cost Valuation Rate	1% Increase (b)
Employer's proportionate share of the net OPEB liability	\$ 17,396,891	\$ 21,532,997	\$ 27,119,289

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.81% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.81% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

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

*Plan Overview*

In addition to the retirement plan described in Note 11, SEDOL provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

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.

*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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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 in the plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Retirees and Beneficiaries	13
Active Members	369
Total	<u>382</u>

*Contribution*

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan.

*Total OPEB Liability*

SEDOL’s total OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

*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, unless otherwise specified:

Actuarial Cost Method:	Entry Age Normal
GASB 75 Discount Rate:	3.13% per year
Wage Inflation:	3.25% per year
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition
Post-retirement Mortality:	<b>IMRF:</b> IMRF-specific mortality rates, sex distinct, projected generationally with scale MP-2017 (projected from 2015). These rates were developed from the RP-2014 Blue Collar Mortality Table with adjustments to match current IMRF experience. <b>TRS:</b> RP-2014 White Collar Annuitant Mortality Table, sex distinct, projected generationally with scale MP-2017. Rates for females are further adjusted for ages under 78 by 70% and ages 78-114 by 110%. Rates for males are further adjusted for ages under 81 by 94% and ages 81-114 by 110%.
Health Care Trend Rates:	<b>IMRF:</b> The trend rate in the first year, 5.04% effective July 1, 2019, is based on actual premium increases. Beginning July 1, 2020, 8.00% per year graded down to 4.50% per year ultimate trend in 0.50% increments. Excess trend rate of 0.44% over the base healthcare trend rate beginning in 2022 applied to pre-Medicare per capita claim cost to account for the Excise Tax under the Healthcare Reform Act. <b>TRS:</b> Beginning July 1, 2017, a trend rate of 5.00% per year applies to TRIP premiums and premium reimbursements. There are no increases in premium reimbursement after retirement.
Aging Factors:	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 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 3.13% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 28, 2019.

### Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2019	\$ 725,468	\$ -	\$ 725,468
Changes for the Year:			
Service Cost	\$ 33,247	\$ -	\$ 33,247
Interest on Total OPEB Liability	24,267	-	24,267
Difference between expected and actual experience	18,913	-	18,913
Changes in assumptions	15,570	-	15,570
Benefit payments, including refunds of employee contributions	(144,475)	-	(144,475)
Net Changes	\$ (52,478)	\$ -	\$ (52,478)
Balances at June 30, 2020	\$ 672,990	\$ -	\$ 672,990

### 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 Rate Assumption	
1% Decrease 2.13%	3.13%	1% Increase 4.13%
\$ 705,171	\$ 672,990	\$ 641,749

### 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 Rate Assumption	
1% Decrease	3.13%	1% Increase
\$ 626,307	\$ 672,990	\$ 727,417

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

For the fiscal year ended June 30, 2020, SEDOL recognized OPEB expense of \$67,733. At June 30, 2020, SEDOL reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NOTES TO FINANCIAL STATEMENTS (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 67,668	\$ (2,727)	\$ 64,941
Changes of assumptions	33,012	(18,289)	14,723
	<u>\$ 100,680</u>	<u>\$ (21,016)</u>	<u>\$ 79,664</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 (9.2605 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		
2021	\$	10,219
2022		10,219
2023		10,219
2024		10,219
Thereafter		38,788
Total	<u>\$</u>	<u>79,664</u>

**NOTE 13 - INTERFUND TRANSFERS**

SEDOL made the following interfund transfers during the year ended June 30, 2020:

Transfer from	Transfer to	Amount
General Fund	O&M Fund	\$ 4,000,000
General Fund	Transportation Fund	450,000
		<u>\$ 4,450,000</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, 2020, 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	\$ 60,973,100	\$ 74,409,568	\$ 13,436,468

**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

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

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, 2020, 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, 2020, 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, 2020 was \$5,925,571.

### **NOTE 17 - CONSTRUCTION COMMITMENTS**

As of June 30, 2020, SEDOL has various construction commitments they intend to honor. These commitments consisted of mainly a renovation of the Fairhaven building which they lease. The commitments totaled \$6,910,148, of which \$4,134,959 has been paid, leaving \$2,775,189 in unpaid commitments.

### **NOTE 18 - SUBSEQUENT EVENTS**

Prior to the date of this report, the COVID-19 outbreak in the United States has created disruptions in various governments and will continue to impact these organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of time. The extent of the 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 AND RELATED RATIOS  
JUNE 30, 2020

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

	<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	\$ 1,214,473	\$ 1,666,672	\$ 1,724,378	\$ 1,697,721	\$ 1,591,908	\$ 1,714,298
Contributions in relation to Actuarially-Determined Contribution	<u>1,235,938</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>\$ (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	\$ 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	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 2019 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:** 24-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:** 7.50%

**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, 2017 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, 2020

	<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>
Employer's proportion of the Net Pension Liability	0.0025994%	0.0026704%	0.0027506%	0.0036590%	0.0053431%	0.0051317%
Employer's proportionate share of the Net Pension Liability	\$ 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>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>\$ 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	\$ 19,252,129	\$ 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	10.95%	11.02%	10.66%	14.42%	14.13%	12.45%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	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 2019, 2018, 2017 and 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, but the rates of increase in the 2018 measurement year were slightly higher.

For the 2015 measurement year, the assumed investment rate of return was 7.5%, 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.

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

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, 2020

	<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	\$ 117,721	\$ 110,952	\$ 113,324	\$ 141,704	\$ 182,484	\$ 191,119
Contributions in relation to the Statutorily-Required Contribution	<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>\$ 6,059</u>	<u>\$ 1,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,739)</u>	<u>\$ -</u>
Employer's Covered-Employee Payroll	\$ 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	0.57%	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, 2020

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

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, 2020

	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>
Statutorily-Required Contribution	\$ 175,921	\$ 167,610	\$ 165,661
Contributions in relation to the Statutorily-Required Contribution	<u>177,120</u>	<u>166,237</u>	<u>165,609</u>
Contribution deficiency/(excess)	<u>\$ (1,199)</u>	<u>\$ 1,373</u>	<u>\$ 52</u>
Employer's Covered Payroll	\$ 19,726,474	\$ 19,263,828	\$ 18,905,653
Contributions as a percentage of Covered Payroll	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 NET OPEB  
LIABILITY AND RELATED RATIOS  
JUNE 30, 2020

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

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  
 OTHER POST-EMPLOYMENT BENEFIT  
 SCHEDULE OF EMPLOYER CONTRIBUTION  
 JUNE 30, 2020

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially-Determined Contribution	N/A	N/A	N/A
Contributions in relation to Actuarially-Determined Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency/(excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-Employee Payroll	12,126,558	\$ 12,155,920	\$ 13,281,882
Contributions as a percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%

**Notes to Schedule:**

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.

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.

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, 2020

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
<b>REVENUES</b>		
Tuition	\$ 32,711,830	\$ 31,520,782
Earnings on Investments	350,000	359,307
Food Service	20,000	13,734
District/School Activity Income	500	100
Other Local Sources	5,699,425	5,814,628
State Aid		
General State Aid	3,751,500	3,751,446
State Free Lunch and Breakfast	3,000	3,473
Other Restricted Revenue from State Sources	350,000	400,938
Federal Aid		
Flow-Through Revenue	12,500,000	10,641,153
Food Service	210,000	162,317
Federal Special Education	7,430,000	7,791,173
Medicaid Matching Funds - Administrative Outreach	300,000	360,550
Medicaid Matching Funds - Fee-for-Service Program	15,000	95,183
State Retirement Contributions	-	16,529,582
Total Revenues	<u>\$ 63,341,255</u>	<u>\$ 77,444,366</u>
<b>EXPENDITURES</b>		
Current		
Instruction		
Special Education Programs		
Salaries	\$ 17,273,500	\$ 15,837,096
Employee Benefits	4,343,950	4,186,469
Purchased Services	1,000,000	2,152,630
Supplies and Materials	300,000	236,526
Other Objects	-	7,364
Non-Capitalized Equipment	50,000	83,606
	<u>\$ 22,967,450</u>	<u>\$ 22,503,691</u>
Special Education Programs Pre-K		
Salaries	\$ 907,600	\$ 835,560
Employee Benefits	210,300	238,729
Purchased Services	2,000	14
Supplies and Materials	5,000	212
Non-Capitalized Equipment	5,000	-
	<u>\$ 1,129,900</u>	<u>\$ 1,074,515</u>
CTE Programs		
Salaries	\$ 755,900	\$ 709,160
Employee Benefits	252,600	208,982
Purchased Services	45,000	36,438
Supplies and Materials	25,000	21,227
Non-Capitalized Equipment	10,000	542
	<u>\$ 1,088,500</u>	<u>\$ 976,349</u>
Interscholastic Programs		
Salaries	\$ 12,500	\$ -
Employee Benefits	1,000	-
Purchased Services	2,000	-
	<u>\$ 15,500</u>	<u>\$ -</u>
Summer School Programs		
Salaries	\$ 475,000	\$ 519,975
Employee Benefits	24,400	25,652
Purchased Services	35,000	38,068
Supplies and Materials	10,000	1,818
	<u>\$ 544,400</u>	<u>\$ 585,513</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, 2020

	<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	\$ 480,500	\$ 446,837
Employee Benefits	113,900	131,910
Purchased Services	140,000	92,707
Supplies and Materials	10,000	15,010
Non-Capitalized Equipment	10,000	6,864
	<u>\$ 754,400</u>	<u>\$ 693,328</u>
Private Tuition - Other Objects		
Special Education Programs K-12	\$ 1,000,000	\$ 799,248
	<u>\$ 1,000,000</u>	<u>\$ 799,248</u>
State Retirement Contributions	\$ -	\$ 16,529,582
	<u>\$ -</u>	<u>\$ 16,529,582</u>
Total Instruction	<u>\$ 27,500,150</u>	<u>\$ 43,162,226</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 2,912,000	\$ 2,632,187
Employee Benefits	525,100	468,533
Purchased Services	25,600	122,521
Supplies and Materials	15,000	4,126
Other Objects	2,000	1,050
Non-Capitalized Equipment	5,000	-
	<u>\$ 3,484,700</u>	<u>\$ 3,228,417</u>
Health Services		
Salaries	\$ 4,165,000	\$ 4,082,052
Employee Benefits	861,500	805,964
Purchased Services	25,000	227,467
Supplies and Materials	40,000	62,185
Other Objects	2,000	211
Non-Capitalized Equipment	5,000	14,448
	<u>\$ 5,098,500</u>	<u>\$ 5,192,327</u>
Psychological Services		
Salaries	\$ 1,043,000	\$ 1,028,908
Employee Benefits	164,500	166,432
Purchased Services	130,000	122,405
Supplies and Materials	15,000	2,171
Other Objects	2,000	-
Non-Capitalized Equipment	5,000	1,077
	<u>\$ 1,359,500</u>	<u>\$ 1,320,993</u>
Speech Pathology and Audiology Services		
Salaries	\$ 2,091,000	\$ 2,264,586
Employee Benefits	409,950	438,038
Purchased Services	650,000	550,353
Supplies and Materials	15,000	13,716
Other Objects	5,000	5,735
Non-Capitalized Equipment	15,000	3,706
	<u>\$ 3,185,950</u>	<u>\$ 3,276,134</u>
Other Support Services - Pupils		
Purchased Services	\$ -	\$ 156,097
	<u>\$ -</u>	<u>\$ 156,097</u>
Total Support Services - Pupils	<u>\$ 13,128,650</u>	<u>\$ 13,173,968</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, 2020

	<u>Budgeted Amounts</u>	<u>Actual</u>
	<u>Original and Final</u>	<u>Amounts</u>
EXPENDITURES (Continued)		
Current (Continued)		
Support Services (Continued)		
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 313,000	\$ 246,356
Employee Benefits	255,950	115,573
Purchased Services	220,500	183,375
Supplies and Materials	30,000	11,460
	\$ 819,450	\$ 556,764
Educational Media Services		
Salaries	\$ 130,900	\$ 117,729
Employee Benefits	31,550	26,804
Purchased Services	400,000	481,249
Supplies and Materials	150,000	134,274
Other Objects	1,500	-
Non-Capitalized Equipment	200,000	132,917
	\$ 913,950	\$ 892,973
Total Support Services - Instructional Staff	\$ 1,733,400	\$ 1,449,737
General Administration		
Board of Education Services		
Employee Benefits	\$ 142,950	\$ 124,436
Purchased Services	500,000	628,631
Supplies and Materials	15,000	12,231
	\$ 657,950	\$ 765,298
Executive Administration Services		
Salaries	\$ 871,800	\$ 877,789
Employee Benefits	313,000	315,903
Purchased Services	50,000	66,069
Supplies and Materials	25,000	21,990
Other Objects	7,500	6,872
Non-Capitalized Equipment	10,000	1,609
	\$ 1,277,300	\$ 1,290,232
Total Support Services - General Administration	\$ 1,935,250	\$ 2,055,530
School Administration		
Office of the Principal Services		
Salaries	\$ 2,010,000	\$ 2,005,504
Employee Benefits	541,500	543,263
Purchased Services	15,000	7,685
Supplies and Materials	10,000	2,518
Other Objects	2,500	1,904
Non-Capitalized Equipment	20,000	-
	\$ 2,599,000	\$ 2,560,874
Other Support Services - School Administration		
Salaries	\$ 57,000	\$ 56,657
Employee Benefits	12,750	12,750
Purchased Services	1,000	322
Supplies and Materials	-	9
	\$ 70,750	\$ 69,738
Total Support Services - School Administration	\$ 2,669,750	\$ 2,630,612

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, 2020

	<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	\$ 157,700	\$ 157,672
Employee Benefits	35,600	35,654
Purchased Services	100,000	64,289
Supplies and Materials	5,000	1,023
Other Objects	1,500	1,170
	<u>\$ 299,800</u>	<u>\$ 259,808</u>
Fiscal Services		
Salaries	\$ 376,100	\$ 348,483
Employee Benefits	99,900	90,217
Purchased Services	10,000	15,945
Supplies and Materials	5,000	5,908
Other Objects	1,000	175
Non-Capitalized Equipment	10,000	-
	<u>\$ 502,000</u>	<u>\$ 460,728</u>
Total Support Services - Business	<u>\$ 801,800</u>	<u>\$ 720,536</u>
Food Services		
Purchased Services	\$ 225,000	\$ 177,536
Supplies and Materials	5,000	94
Non-Capitalized Equipment	5,000	-
Total Support Services - Food Services	<u>\$ 235,000</u>	<u>\$ 177,630</u>
Central		
Data Processing Services		
Salaries	\$ 67,500	\$ 67,355
Employee Benefits	21,600	19,776
	<u>\$ 89,100</u>	<u>\$ 87,131</u>
Total Support Services - Central	<u>\$ 89,100</u>	<u>\$ 87,131</u>
Total Support Services	<u>\$ 20,592,950</u>	<u>\$ 20,295,144</u>
Community Services		
Purchased Services	\$ 20,000	\$ 451
Supplies and Materials	20,000	-
Total Community Services	<u>\$ 40,000</u>	<u>\$ 451</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	\$ 140,000	\$ 169,059
Other Objects	12,500,000	10,619,525
	<u>\$ 12,640,000</u>	<u>\$ 10,788,584</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 12,640,000</u>	<u>\$ 10,788,584</u>
Total Intergovernmental Payments	<u>\$ 12,640,000</u>	<u>\$ 10,788,584</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, 2020

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)		
Capital Outlay		
Instruction		
Special Education Programs	\$ 75,000	\$ 32,657
Other Instructional Programs	5,000	-
Support Services		
Pupils	20,000	6,583
Instructional Staff	100,000	123,923
Total Capital Outlay	\$ 200,000	\$ 163,163
Total Expenditures	\$ 60,973,100	\$ 74,409,568
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,368,155	\$ 3,034,798
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	(4,450,000)	(4,450,000)
NET CHANGE IN FUND BALANCE	\$ (2,081,845)	\$ (1,415,202)
FUND BALANCE - JULY 1, 2019		15,242,812
FUND BALANCE - JUNE 30, 2020		\$ 13,827,610

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, 2020

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Earnings on Investments	\$ 40,000	\$ 50,439
Other Local Sources	2,852,730	2,809,081
State Aid		
Other Restricted Revenue from State Sources	-	50,000
<b>Total Revenues</b>	<b>\$ 2,892,730</b>	<b>\$ 2,909,520</b>
<b>EXPENDITURES</b>		
Current		
Salaries	\$ 962,175	\$ 884,306
Employee Benefits	274,015	253,236
Purchased Services	774,000	734,422
Supplies and Materials	600,000	502,886
Other Objects	500	85
Non-Capitalized Equipment	10,000	-
<b>Total Support Services - Operations and Maintenance</b>	<b>\$ 2,620,690</b>	<b>\$ 2,374,935</b>
<b>Total Support Services</b>	<b>\$ 2,620,690</b>	<b>\$ 2,374,935</b>
Capital Outlay		
Support Services		
Operations and Maintenance	\$ 4,400,000	\$ 4,451,984
<b>Total Capital Outlay</b>	<b>\$ 4,400,000</b>	<b>\$ 4,451,984</b>
<b>Total Expenditures</b>	<b>\$ 7,020,690</b>	<b>\$ 6,826,919</b>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (4,127,960)</b>	<b>\$ (3,917,399)</b>
<b>OTHER FINANCING SOURCES (USES)</b>	<b>4,000,000</b>	<b>4,000,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (127,960)</b>	<b>\$ 82,601</b>
<b>FUND BALANCE - JULY 1, 2019</b>		<b>2,621,091</b>
<b>FUND BALANCE - JUNE 30, 2020</b>		<b>\$ 2,703,692</b>

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, 2020

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Earnings on Investments	\$ 1,500	\$ 2,974
State Aid		
Transportation	810,000	785,311
Total Revenues	\$ 811,500	\$ 788,285
<b>EXPENDITURES</b>		
Current		
Support Services		
Transportation		
Salaries	\$ 86,700	\$ 77,277
Employee Benefits	31,900	27,160
Purchased Services	1,001,965	949,545
Supplies and Materials	5,000	3,158
Total Support Services - Transportation	\$ 1,125,565	\$ 1,057,140
Total Support Services	\$ 1,125,565	\$ 1,057,140
Capital Outlay		
Support Services		
Transportation	\$ 50,000	\$ -
Total Capital Outlay	\$ 50,000	\$ -
Total Expenditures	\$ 1,175,565	\$ 1,057,140
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (364,065)	\$ (268,855)
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund Transfers	450,000	450,000
NET CHANGE IN FUND BALANCE	\$ 85,935	\$ 181,145
FUND BALANCE - JULY 1, 2019		401,238
FUND BALANCE - JUNE 30, 2020		\$ 582,383

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, 2020

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
<b>REVENUES</b>		
Earnings on Investments	\$ 35,000	\$ 36,073
Other Local Sources	1,414,000	1,407,539
<b>Total Revenues</b>	<u>\$ 1,449,000</u>	<u>\$ 1,443,612</u>
<b>EXPENDITURES</b>		
Current		
Instruction		
Special Education Programs		
Employee Benefits	\$ 542,290	\$ 517,034
Special Education Programs - Pre-K		
Employee Benefits	33,820	35,762
CTE Programs		
Employee Benefits	82,025	95,053
Interscholastic Programs		
Employee Benefits	1,635	-
Summer School Programs		
Employee Benefits	20,680	16,093
<b>Total Instruction</b>	<u>\$ 680,450</u>	<u>\$ 663,942</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 14,610	\$ 11,789
Health Services		
Employee Benefits	429,595	415,375
Psychological Services		
Employee Benefits	-	2,275
Speech Pathology and Audiology Services		
Employee Benefits	70,750	73,265
<b>Total Supports Services - Pupils</b>	<u>\$ 514,955</u>	<u>\$ 502,704</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 5,440	\$ 9,912
Educational Media Services		
Employee Benefits	14,400	12,459
<b>Total Support Services - Instructional Staff</b>	<u>\$ 19,840</u>	<u>\$ 22,371</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 29,885	\$ 24,020
<b>Total Support Services - General Administration</b>	<u>\$ 29,885</u>	<u>\$ 24,020</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, 2020

	<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	\$ 36,200	\$ 36,638
Other Support Services - School Administration		
Employee Benefits	6,235	5,975
Total Support Services - School Administration	\$ 42,435	\$ 42,613
Business		
Fiscal Services		
Employee Benefits	\$ 41,365	\$ 36,803
Total Support Services - Business	\$ 41,365	\$ 36,803
Operations and Maintenance		
Employee Benefits	\$ 105,840	\$ 91,902
Total Support Services - Operations and Maintenance	\$ 105,840	\$ 91,902
Transportation		
Employee Benefits	\$ 9,555	\$ 8,254
Total Support Services - Transportation	\$ 9,555	\$ 8,254
Central		
Data Processing Services		
Employee Benefits	\$ 7,410	\$ 7,109
Total Support Services - Central	\$ 7,410	\$ 7,109
Total Support Services	\$ 771,285	\$ 735,776
Total Expenditures	\$ 1,451,735	\$ 1,399,718
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,735)	\$ 43,894
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (2,735)	\$ 43,894
FUND BALANCE - JULY 1, 2019		1,714,752
FUND BALANCE - JUNE 30, 2020		\$ 1,758,646

See Accompanying Independent Auditor's Opinion

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2020

**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 28, 2019 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, 2020, 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	\$ 60,973,100	\$ 74,409,568	\$ 13,436,468

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, 2020

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Earnings on Investments	\$ 5,000	\$ 3,894
Other Local Sources	466,900	466,900
<b>Total Revenues</b>	<b>\$ 471,900</b>	<b>\$ 470,794</b>
<b>EXPENDITURES</b>		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 116,900	\$ 116,900
<b>Total Debt Services - Interest</b>	<b>\$ 116,900</b>	<b>\$ 116,900</b>
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	\$ 350,000	\$ 350,000
<b>Total Debt Services - Payment of Principal on Long-Term Debt</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>
Debt Services - Other		
Other Objects	\$ 1,000	\$ 350
<b>Total Debt Services - Other</b>	<b>\$ 1,000</b>	<b>\$ 350</b>
<b>Total Debt Services</b>	<b>\$ 467,900</b>	<b>\$ 467,250</b>
<b>Total Expenditures</b>	<b>\$ 467,900</b>	<b>\$ 467,250</b>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 4,000</b>	<b>\$ 3,544</b>
<b>OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 4,000</b>	<b>\$ 3,544</b>
FUND BALANCE - JULY 1, 2019		172,498
FUND BALANCE - JUNE 30, 2020		<b>\$ 176,042</b>

See Accompanying Independent Auditor's Opinion

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY  
 SEJA DISTRICT NO. 825

compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Special Education District of Lake County, SEJA District No. 825's major federal programs for the year ended June 30, 2020. Special Education District of Lake County, SEJA District No. 825's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Special Education District of Lake County, SEJA District No. 825's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Special Education District of Lake County, SEJA District No. 825's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Special Education District of Lake County, SEJA District No. 825's compliance.



## Opinion on Each Major Federal Program

In our opinion, Special Education District of Lake County, SEJA District No. 825 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of Special Education District of Lake County, SEJA District No. 825 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Special Education District of Lake County, SEJA District No. 825's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Special Education District of Lake County, SEJA District No. 825's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Eder, Casella & Co.*  
EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
December 7, 2020



**SPECIAL EDUCATION DISTRICT OF LAKE COUNTY**  
**34-049-8250-60**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2020**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup>  (A)	ISBE Project #  (1st 8 digits) or Contract # <sup>3</sup>  (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>			Obligations/ Encumb.  (G)	Final Status (E)+(F)+(G)  (H)	Budget   (I)
			Year	Year	Year	Year	Year			
			7/1/18-6/30/19  (C)	7/1/19-6/30/20  (D)	7/1/18-6/30/19  (E)	7/1/18-6/30/19 Pass through to Subrecipients	7/1/19-6/30/20  (F)			
CHILD NUTRITION CLUSTER										
Through Food Services Management Company:										
Food Donation Program	10.555	20-4299-00		15,932			15,932		15,932	N/A
U.S. Department of Agriculture Passed										
Through Illinois State Board of Education										
National School Lunch Program*	10.555	19-4210-00	132,167	29,866	132,167		29,866		162,033	N/A
National School Lunch Program*	10.555	20-4210-00		86,594			86,594		86,594	N/A
SUBTOTAL - CFDA "10.555"			132,167	132,392	132,167		132,392		264,559	
School Breakfast Program *	10.553	19-4220-00	65,978	10,971	65,978		10,971		76,949	N/A
School Breakfast Program*	10.553	20-4220-00		34,886			34,886		34,886	N/A
SUBTOTAL - CFDA "10.553"			65,978	45,857	65,978		45,857		111,835	
Total Child Nutrition Cluster			198,145	178,249	198,145		178,249		376,394	
Subtotal - CFDA - "10"			198,145	178,249	198,145		178,249		376,394	

• (M) Program was audited as a major program as defined by §200.518.

**\*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).**

The accompanying notes are an integral part of this schedule.

<sup>1</sup> To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

<sup>2</sup> When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

<sup>3</sup> When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

<sup>4</sup> The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

**SPECIAL EDUCATION DISTRICT OF LAKE COUNTY**  
**34-049-8250-60**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2020**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup>  (A)	ISBE Project #  (1st 8 digits) or Contract # <sup>3</sup>  (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>				Obligations/ Encumb.  (G)	Final Status (E)+(F)+(G)  (H)	Budget   (I)
			Year	Year	Year	Year	Year	Year			
			7/1/18-6/30/19  (C)	7/1/19-6/30/20  (D)	7/1/18-6/30/19  (E)	7/1/18-6/30/19 Pass through to Subrecipients	7/1/19-6/30/20  (F)	7/1/19-6/30/20 Pass through to Subrecipients			
SPECIAL EDUCATION CLUSTER											
U.S. Department of Education Passed Through											
Illinois State Board of Education:											
IDEA - Flow Through (M)	84.027	19-4620-00	17,731,079		17,731,079	10,012,059				17,731,079	19,060,128
IDEA - Flow Through (M)	84.027	20-4620-00		16,852,680			16,852,680	9,088,179		16,852,680	18,350,479
SUBTOTAL - CFDA "84.027"			17,731,079	16,852,680	17,731,079	10,012,059	16,852,680	9,088,179	0	34,583,759	
IDEA - Preschool Flow Through (M)	84.173	19-4600-00	497,499		497,499	465,899				497,499	576,096
IDEA - Preschool Flow Through (M)	84.173	20-4600-00		503,275			503,275	474,939		503,275	597,963
SUBTOTAL - CFDA "84.173"			497,499	503,275	497,499	465,899	503,275	474,939	0	1,000,774	
Total Special Education Cluster (M)			18,228,578	17,355,955	18,228,578	10,477,958	17,355,955	9,563,118	0	35,584,533	
Subtotal CFDA "84"			18,228,578	17,355,955	18,228,578	10,477,958	17,355,955	9,563,118	0	35,584,533	
MEDICAID CLUSTER											
U.S. Department of Health and Human Services											
Passed Through State of Illinois Department											
Of Healthcare and Family Services:											
Medicaid Administrative Outreach	93.778	20-4991-00		375,573			375,573			375,573	N/A
Total Medicaid Cluster				375,573			375,573			375,573	
Subtotal - CFDA "93"				375,573			375,573			375,573	
Total Federal Assistance			18,426,723	17,909,777	18,426,723	10,477,958	17,909,777	9,563,118	0	36,336,500	

• (M) Program was audited as a major program as defined by §200.518.

**\*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).**

The accompanying notes are an integral part of this schedule.

<sup>1</sup> To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

<sup>2</sup> When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

<sup>3</sup> When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

<sup>4</sup> The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825  
 DETAILED SCHEDULE OF EXPENDITURES  
 JUNE 30, 2020

DISTRICT NO.	DISTRICT NAME	FLOW THROUGH 19-4600-00	PRESCHOOL FLOW THROUGH 19-4620-00
		7/1/19 to 6/30/20 FINAL	7/1/19 to 6/30/20 FINAL
1	Winthrop Harbor	\$ 88,299	\$ -
3	Beach Park Community Consolidated	333,536	24,621
6	Zion Elementary	341,040	21,868
24	Millburn Community Consolidated	140,254	12,863
33	Emmons	38,957	2,152
34	Antioch Community Consolidated	369,428	19,610
36	Grass Lake	34,280	2,152
37	Gavin	153,848	6,098
38	Big Hollow	163,455	13,843
41	Lake Villa Community Consolidated	366,296	22,756
46	Grayslake Community Consolidated	365,508	57,816
50	Woodland Community Consolidated	648,488	42,038
56	Gurnee	287,111	23,673
68	Oak Grove	129,091	-
70	Libertyville Elementary	315,358	10,388
72	Rondout	25,611	552
73	Hawthorn	359,176	29,371
75	Mundelein	212,911	21,313
76	Diamond Lake	151,247	10,760
79	Fremont Center	233,009	24,694
102	Aptakisic-Tripp	333,214	24,031
116	Round Lake Unit School District	925,904	55,461
117	Antioch Community High School/Allendale	268,492	-
118	Wauconda Community Unit School District	511,562	31,564
120	Mundelein Community High School	315,539	-
121	Warren Township High School	420,677	-
124	Grant Township High School	197,422	-
126	Zion-Benton Township High School	317,316	-
127	Grayslake High School	277,624	-
128	Libertyville Community High School	313,099	-
187	North Chicago School District	450,427	17,315
		<u>\$ 9,088,179</u>	<u>\$ 474,939</u>

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes the federal award activity of Special Education District of Lake County under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, and used in the preparation of, the basic financial statements.

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

SEDOL has elected not to use the 10 percent de minimis indirect rate as allowed under the Uniform Guidance.

**NOTE 4 - SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, Special Education District of Lake County, SEJA District No. 825 provided federal awards to subrecipients (detailed statement of expenditures) during the June 30, 2020 fiscal year as follows:

Program Title	Federal CFDA Number	Amount Provided To Subrecipients
IDEA - Flow Through	84.027	\$ 9,088,179
IDEA - Preschool Flow Through	84.173	474,939

**NOTE 5 - FEDERAL LOANS**

There were no federal loans or loan guarantees outstanding at year end.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY, SEJA DISTRICT NO. 825  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

- 1) Summary of auditor's results:
  - a. The auditor's report expresses an unmodified opinion on whether the financial statements of Special Education District of Lake County, SEJA District No. 825 were prepared in accordance with GAAP.
  - b. No significant deficiencies are reported during the audit of the financial statements. No material weaknesses are reported.
  - c. No instances of noncompliance material to the financial statements of Special Education District of Lake County, SEJA District No. 825, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
  - d. No significant deficiencies in internal control over major federal award programs are reported during the audit of the financial statements. No material weaknesses in internal control over major federal award programs are reported.
  - e. The auditor's report on compliance for the major federal award programs for Special Education District of Lake County, SEJA District No. 825 expresses an unmodified opinion on all major federal programs.
  - f. There are no audit findings that are required to be reported in accordance with Uniform Guidance 2 CRF section 200.516(a).
  - g. The programs tested as a major programs were: IDEA – Flow Through, CFDA #84.027 and IDEA – Preschool Flow Through, CFDA #84.173
  - h. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
  - i. Special Education District of Lake County, SEJA District No. 825 was determined to be a low-risk auditee.
- 2) There were no findings relating to the financial statements which are required to be reported.
- 3) There were no findings or questioned costs for federal awards which are required to be reported.

**SPECIAL EDUCATION DISTRICT OF LAKE COUNTY**  
**34-049-8250-60**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2020**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: UNMODIFIED  
(Unmodified, Qualified, Adverse, Disclaimer)

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

- Material weakness(es) identified?        YES   X   None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)?        YES   X   None Reported
- Noncompliance material to the financial statements noted?        YES   X   NO

**FEDERAL AWARDS**

**INTERNAL CONTROL OVER MAJOR PROGRAMS:**

- Material weakness(es) identified?        YES   X   None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)?        YES   X   None Reported

Type of auditor's report issued on compliance for major programs: UNMODIFIED  
(Unmodified, Qualified, Adverse, Disclaimer<sup>7</sup>)

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)?        YES   X   NO

**IDENTIFICATION OF MAJOR PROGRAMS:<sup>8</sup>**

CFDA NUMBER(S) <sup>9</sup>	NAME OF FEDERAL PROGRAM or CLUSTER <sup>10</sup>	AMOUNT OF FEDERAL PROGRAM
84.027	IDEA - FLOW THROUGH	16,852,680
84.173	IDEA - PRESCHOOL FLOW THROUGH	503,275
<b>Total Amount Tested as Major</b>		<b>\$17,355,955</b>

**Total Federal Expenditures for 7/1/19-6/30/20** \$17,909,777

% tested as Major 96.91%

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee?   X   YES        NO

<sup>7</sup> If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program.  
Example: "Unmodified for all major programs except for [name of program], which was modified and [name of program], which was a disclaimer."

<sup>8</sup> Major programs should generally be reported in the same order as they appear on the SEFA.

<sup>9</sup> When the CFDA number is not available, include other identifying number, if applicable.

<sup>10</sup> The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list the name of the cluster.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY  
34-049-8250-60  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2020

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SECTION II - FINANCIAL STATEMENT FINDINGS

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1. FINDING NUMBER:<sup>11</sup>

2020- N/A

2. THIS FINDING IS:

New

Repeat from Prior Year?

Year originally reported? \_\_\_\_\_

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3. Criteria or specific requirement

---

4. Condition

---

5. Context<sup>12</sup>

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6. Effect

---

7. Cause

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8. Recommendation

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9. Management's response<sup>13</sup>

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<sup>11</sup> A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See §200.521 *Management decision* for additional guidance on reporting management's response.

SPECIAL EDUCATION DISTRICT OF LAKE COUNTY  
34-049-8250-60  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup>                      2020- N/A                      2. THIS FINDING IS:                       New                       Repeat from Prior year?  
Year originally reported? \_\_\_\_\_

3. Federal Program Name and Year: \_\_\_\_\_

4. Project No.: \_\_\_\_\_                      5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

9. Condition<sup>15</sup>

10. Questioned Costs<sup>16</sup>

11. Context<sup>17</sup>

12. Effect

13. Cause

14. Recommendation

15. Management's response<sup>18</sup>

<b>For ISBE Review</b>			
Date:	_____	Resolution Criteria Code Number	_____
Initials:	_____	Disposition of Questioned Costs Code Letter	_____

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).  
<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.



**SPECIAL EDUCATION DISTRICT OF LAKE COUNTY**  
**34-049-8250-60**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2020**

[If there are no prior year audit findings, please submit schedule and indicate **NONE**]

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status<sup>20</sup></u>
NONE		

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When possible, all prior findings should be on the same page

<sup>19</sup> Explanation of this schedule - §200.511 (b)

<sup>20</sup> Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.