Eder, Casella & Co.
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LAGRANGE AREA DEPARTMENT
OF SPECIAL EDUCATION
STATE OF ILLINOIS

ANNUAL FINANCIAL REPORT

JUNE 30, 2022

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LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION

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INDEPENDENT AUDITOR'S REPORT

To the Directing Board
LaGrange Area Department of Special Education
LaGrange, Illinois

Report on the Financial Statements

Opinions

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

LaGrange Area Department of Special Education

as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LaGrange Area Department of Special Education's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of LaGrange Area Department of Special Education as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LaGrange Area Department of Special Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 10 to the financial statements, LaGrange Area Department of Special Education implemented GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LaGrange Area Department of Special Education's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LaGrange Area Department of Special Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LaGrange Area Department of Special Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LaGrange Area Department of Special Education's basic financial statements. The supplementary information as listed in the table of contents and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is 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. The 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 supplementary 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 January 13, 2023 on our consideration of LaGrange Area Department of Special Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LaGrange Area Department of Special Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaGrange Area Department of Special Education's internal control over financial reporting and compliance.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
January 13, 2023

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 Directing Board
LaGrange Area Department of Special Education
LaGrange, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each the major fund of

LaGrange Area Department of Special Education

as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LaGrange Area Department of Special Education's basic financial statements, and have issued our report thereon dated January 13, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaGrange Area Department of Special Education's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LaGrange Area Department of Special Education's internal control. Accordingly, we do not express an opinion on the effectiveness of LaGrange Area Department of Special Education'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 LaGrange Area Department of Special Education's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaGrange Area Department of Special Education'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 LaGrange Area Department of Special Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaGrange Area Department of Special Education'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
January 13, 2023

REQUIRED SUPPLEMENTARY INFORMATION

As management of the LaGrange Area Department of Special Education (LADSE), we offer readers of LADSE's statements this narrative overview and analysis of the financial activities of LADSE for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of LADSE exceeded its liabilities and deferred inflows of resources at June 30, 2022 by $4,413,737 (net position). Of this amount, $(7,537,994) is unrestricted net position.
- LADSE's net position decreased by $1,950,441, including a net position adjustment of $407,313.
- At June 30, 2022, LADSE reported combined ending fund balances of $4,505,013, a decrease of $545,881.
- LADSE's capital assets, net of depreciation, increased by $69,993 during the year ended June 30, 2022. The key factor in the increase was the HVAC project started during the year as construction in progress.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to LADSE's basic financial statements. LADSE's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 LADSE's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of LADSE's assets and deferred outflows of resources less its 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 LADSE is improving or deteriorating.

The Statement of Activities presents information showing how LADSE'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 LADSE that are principally supported by tuition and intergovernmental revenues (governmental activities). The governmental activities of LADSE include Instructional Support, Transportation, Administration, and certain other activities and expenses such as payments to other districts and governmental units.

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. LADSE, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of LADSE 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 LADSE'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.

LADSE maintains two individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Operations and Maintenance Fund, both of which are considered to be major funds.

LADSE adopts an annual budget for the funds listed above. A budgetary comparison schedule, which is Required Supplementary Information, has been provided for the funds to demonstrate compliance with this budget. There was no current year budget in the Operations and Maintenance Fund.

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.

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 LADSE, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $4,413,737 at June 30, 2022.

A small portion of LADSE's net position, $496,122, reflects its investment in capital assets (e.g., buildings, land improvements, improvements other than buildings, and equipment other than transportation/food service). LADSE uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

LaGrange Area Department of Special Education's Net Position

	Governmental Activities	
	FY 2022	FY
Assets		
Current and Other Assets	$ 6,755,146	$ 6,419,861
IMRF Net Pension Asset	10,574,066	7,660,343
Capital Assets	496,122	426,129
Total Assets	$ 17,825,334	$ 14,506,333
Deferred Outflows of Resources	$ 5,798,360	$ 8,525,351
Liabilities		
Current and Other Liabilities	$ 221,542	$ 482,480
Long-Term Liabilities Outstanding	9,690,989	11,156,100
Total Liabilities	$ 9,912,531	$ 11,638,580
Deferred Inflows of Resources	$ 9,297,426	$ 5,028,926
Net Position		
Net Investment in Capital Assets	$ 496,122	$ 426,129
Restricted	11,455,609	13,083,162
Unrestricted	(7,537,994)	(7,145,113)
Total Net Position	$ 4,413,737	$ 6,364,178

Governmental activities - Governmental activities decreased net position by $1,950,441. Key elements of this decrease are as follows:

LaGrange Area Department of Special Education's Change in Net Position

	Governmental Activities	
	FY 2022	FY
Revenues		
Program Revenues		
Charges for Services	$ 22,269,052	$ 22,533,029
Operating Grants and Contributions	9,755,519	11,661,548
General Revenues		
Unrestricted Investment Earnings	(27,836)	77,415
Other	12,894	-
Total Revenues	$ 32,009,629	$ 34,271,992
Expenses		
Instructional Support	$ 28,049,173	$ 27,452,957
Transportation	107,517	87,372
Administration	819,414	969,882
State Retirement Contributions	5,391,279	8,101,212
Total Expenses	$ 34,367,383	$ 36,611,423
Change in Net Position	$ (2,357,754)	$ (2,339,431)
Net Position - Beginning	6,364,178	8,703,609
Net Position Adjustments	407,313	-
Net Position - Ending	$ 4,413,737	$ 6,364,178

The main reason for the decrease in revenue and expenses was the decrease in state retirement contributions, which are on-behalf contribution amounts determined by TRS.

FINANCIAL ANALYSIS OF LADSE'S FUNDS

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

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

The General Fund is the chief operating fund of LADSE. At June 30, 2022, total fund balance was $4,299,615. Unassigned balance in the General Fund was $3,731,456, or about 11.5% of current year expenditures. The General Fund's fund balance decreased by $751,279.

The Operations and Maintenance Fund was established in the prior fiscal year. At June 30, 2022, total fund balance was $205,398, an increase from the prior year of $205,398.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The difference between budgeted revenues and actual revenues was $4,322,705 (favorable). The difference is largely due to LADSE not budgeting for state retirement contributions.

The difference between the estimated expenditures and the actual expenditures was $5,073,984 (unfavorable). The difference is largely due to LADSE not budgeting for state retirement contributions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - LADSE's investment in capital assets for its governmental activities as of June 30, 2022 amounts to $496,122 (net of accumulated depreciation). This investment in capital assets includes buildings and building improvements, site improvements, and equipment other than transportation/food service. The total increase in LADSE's investment in capital assets for the year ended June 30, 2022 was $69,993 and it was due to the HVAC project that was started during the year as construction in progress.

LaGrange Area Department of Special Education
(net of depreciation)

	Governmental Activities			
	6/30/2022		1/0/1900	
Site Improvements	$	176,072	$	193,049
Construction in Progress		96,986		-
Buildings and Building Improvements		195,281		199,481
Equipment Other than Transportation/Food Service		27,783		33,599
Total	$	496,122	$	426,129

Additional information on LADSE's capital assets can be found in note 5 of the financial statements.

LADSE currently has no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, LADSE was aware of the following circumstances that will significantly affect financial operations in the future:

The main factor taken into account when preparing the FY23 budget was the anticipated rise in health care costs. LADSE budgeted for an 8% increase. LADSE also took into account the increase to CPI and possible effects on purchasing consumables.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of LADSE's finances for all those with an interest in LADSE's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: LaGrange Area Department of Special Education, 1301 West Cossitt Avenue, LaGrange, Illinois 60525.

BASIC FINANCIAL STATEMENTS

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and Investments at Fair Value	$ 2,303,863
Intergovernmental Receivables, net of allowance of $0	412,531
Billings Receivable, net of allowance of $0	2,249,987
Prepaid Expenses	568,159
IMRF Receivable	610,303
Net Pension Asset - IMRF	10,574,066
Capital Assets:	
Construction in Progress	96,986
Depreciable Buildings, Property, and Equipment, net of depreciation	399,136
Total Assets	$ 17,215,031
DEFERRED OUTFLOWS OF RESOURCES	
Pension Expense/Revenue - TRS	$ 102,438
Pension Expense/Revenue - IMRF	4,465,358
OPEB Expense/Revenue - LADSE	247,124
OPEB Expense/Revenue - THIS	947,772
Total Deferred Outflows of Resources	$ 5,762,692
LIABILITIES	
Accounts Payable and Accrued Expenses	$ 221,542
Long Term Liabilities	
Net Pension Liability - TRS	875,950
Total OPEB Liability - LADSE	259,782
Net OPEB Liability - THIS	8,555,257
Total Liabilities	$ 9,912,531
DEFERRED INFLOWS OF RESOURCES	
Pension Expense/Revenue - TRS	$ 424,010
Pension Expense/Revenue - IMRF	4,194,118
OPEB Expense/Revenue - LADSE	114,095
OPEB Expense/Revenue - THIS	3,919,232
Total Deferred Inflows of Resources	$ 8,651,455
NET POSITION	
Net Investment in Capital Assets	$ 496,122
Restricted for:	
Retirement	11,455,609
Unrestricted/(Deficit)	(7,537,994)
Total Net Position	$ 4,413,737

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

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
Instructional Support	$ 28,049,173	$ 22,493,079	$ 4,074,701	$ (1,481,393)
Transportation	107,517	-	65,512	(42,005)
Administration	819,414	-	-	(819,414)
State Retirement Contributions	5,391,279	-	5,391,279	-
Total Governmental Activities	$ 34,367,383	$ 22,493,079	$ 9,531,492	$ (2,342,812)

General Revenues	
Unrestricted Investment Earnings	$ (27,836)
Other Income	12,894
Total General Revenues	$ (14,942)
Change in Net Position	$ (2,357,754)
Net Position - July 1, 2021	6,364,178
Net Position Adjustment	407,313
Net Position - June 30, 2022	$ 4,413,737

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

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
FUND FINANCIAL STATEMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Operations and Maintenance Fund	Total Governmental Fund
ASSETS			
Cash and Investments at Fair Value	$ 2,095,773	$ 208,090	$ 2,303,863
Intergovernmental Receivables, net of allowance of $0	412,531	-	412,531
Billings Receivable, net of allowance of $0	2,249,987	-	2,249,987
Prepaid Items	568,159	-	568,159
Total Assets	$ 5,326,450	$ 208,090	$ 5,534,540
LIABILITIES			
Accounts Payable and Accrued Expenditures	$ 218,850	$ 2,692	$ 221,542
Total Liabilities	$ 218,850	$ 2,692	$ 221,542
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Grants and District Billings	$ 807,985	$ -	$ 807,985
Total Deferred Inflows of Resources	$ 807,985	$ -	$ 807,985
FUND BALANCE			
Nonspendable			
Prepaid Expenses	$ 568,159	$ -	$ 568,159
Unassigned	3,731,456	205,398	3,936,854
Total Fund Balance	$ 4,299,615	$ 205,398	$ 4,505,013
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 5,326,450	$ 208,090	$ 5,534,540

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

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances - Governmental Funds		$ 4,505,013
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	$ 1,085,222	
Accumulated Depreciation on Capital Assets	(589,100)	
		496,122
Deferred pension/OPEB amounts in governmental activities are not current financial resources and therefore are not reported in the funds.		
Pension Expense/Revenue - IMRF	$ 271,240	
Pension Expense/Revenue - TRS	(321,572)	
OPEB Expense/Revenue - LADSE	133,029	
OPEB Expense/Revenue - THIS	(2,971,460)	
		(2,888,763)
Other assets/liabilities are not available/used to pay for current period expenditures and therefore are deferred inflows/outflows of resources in the funds.		
State and Federal Aid Receivable	$ 31,713	
District Billings	776,272	
		807,985
Some assets/liabilities are not available/due and payable in the current period and therefore are not reported in the funds.		
Net Pension Asset - IMRF	$ 11,184,369	
Net Pension Liability - TRS	(875,950)	
Net OPEB Liability - THIS	(8,555,257)	
Total OPEB Liability - LADSE	(259,782)	
		1,493,380
Net Position of Governmental Activities		$ 4,413,737

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

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Operations and Maintenance Fund	Total Governmental Funds
REVENUES			
Tuition	$ 22,269,052	$ -	$ 22,269,052
Earnings on Investments	(27,836)	-	(27,836)
Other Local Sources	12,894	253,114	266,008
State Aid	2,804,583	50,000	2,854,583
Federal Aid	1,226,843	-	1,226,843
State Retirement Contributions	5,391,279	-	5,391,279
Total Revenues	$ 31,676,815	$ 303,114	$ 31,979,929
EXPENDITURES			
Current			
Instruction			
Regular Programs	$ 217,804	$ -	$ 217,804
Special Education Programs	7,754,458	-	7,754,458
Other Instructional Programs	827,989	-	827,989
State Retirement Contributions	5,391,279	-	5,391,279
Support Services			
Pupil	13,271,561	-	13,271,561
Instructional Staff	333,213	-	333,213
General Administration	603,731	-	603,731
School Administration	1,247,021	-	1,247,021
Business	161,756	-	161,756
Operations and Maintenance	559,629	50,024	609,653
Transportation	100,441	-	100,441
Internal Services	352,270	-	352,270
Central	779,269	-	779,269
Community Services	13,298	-	13,298
Capital Outlay	49,294	47,692	96,986
Intergovernmental Payments			
Payments to Other Districts and Governmental Units	765,081	-	765,081
Total Expenditures	$ 32,428,094	$ 97,716	$ 32,525,810
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (751,279)	$ 205,398	$ (545,881)
OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	$ (751,279)	$ 205,398	$ (545,881)
FUND BALANCE - JULY 1, 2021	5,050,894	-	5,050,894
FUND BALANCE - JUNE 30, 2022	$ 4,299,615	$ 205,398	$ 4,505,013

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

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$ (545,881)
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		69,993
Some revenues/expenses reported in the Statement of Activities do not provide/use current financial resources and therefore are deferred in the governmental funds.		
Member District Billings	$ 224,027	
Federal Aid	(194,327)	
		29,700
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 the governmental funds.		
Pension Income/(Expense) - IMRF	$ (2,302,273)	
Pension Income/(Expense) - TRS	14,974	
OPEB Income/(Expense) - LADSE	(58,840)	
OPEB Income/(Expense) - THIS	29,358	
		(2,316,781)
Employer Pension Contributions are expensed in the fund financial statements but are treated as a reduction in the Net Pension and OPEB Liability in the government-wide financial statements.		
Employer Contributions - IMRF	$ 267,407	
Employer Contributions - TRS	59,565	
Employer Contributions - LADSE	8,879	
Employer Contributions - THIS	69,364	
		405,215
Change in Net Position of Governmental Activities		$ (2,357,754)

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

NOTE 1 - DESCRIPTION OF JOINT AGREEMENT

LaGrange Area Department of Special Education (LADSE) is a joint agreement special education cooperative formed by fifteen school districts in Eastern DuPage and Western Cook Counties under Section 10-22.31 of the Illinois School Code. It was formed in 1957 to provide special education for children residing in these districts.

The cooperative is currently made up of fifteen districts as follows as of June 30, 2022:

DISTRICT NO.	
53	Butler
61	Darien
62	Gower
92.5	Westchester
94	Komarek
95	Brookfield-LaGrange Park
96	Riverside
101	Western Springs
102	LaGrange
103	Lyons
105	LaGrange South
106	LaGrange Highlands
107	Pleasantdale
204	Lyons Township High School
208	Riverside Brookfield High School

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

Communication Development
Deaf and Hard of Hearing
Early Childhood Education
Emotional Disability
Extended School Year
Multi-Needs
Phonological

LADSE is not a legal entity. Therefore, consistent with Illinois School Code, it needs an administrative district whose Board of Education must ratify the fiscal decisions/actions of LADSE's Directing Board. Lyons Township High School District 204 serves as LADSE's administrative district.

LADSE's Directing Board is the decision-making body for the cooperative. The superintendents of LADSE's member districts make up the LADSE Directing Board and each member has an equal voice in all decisions of the Board. The Board also hires an Executive Director who is the Chief Administrative Officer for the cooperative. The Board sets policy, reviews and approves budgets, expenditures, personnel decisions and LADSE programs/services as presented to it by the Executive Director.

NOTE 2 - SUMMARY OF SIGNIFICANT ACOCUNTING POLICIES

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

LADSE'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 accounting and financial reporting principles. The most significant accounting policies established by GAAP and used by LADSE 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 LADSE. Component units are legally separate entities for which LADSE (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) LADSE'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, LADSE. Using these criteria, LADSE has no component units. In addition, LADSE 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*

LADSE's basic financial statements include both government-wide (reporting LADSE as a whole) and fund (reporting LADSE's major fund) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of LADSE as governmental activities. LADSE 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. LADSE's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. LADSE first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of LADSE'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. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified. Interfund services provided and used are not eliminated in the process of consolidation.

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

LADSE does not allocate indirect costs.

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

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of LADSE are reported in an individual fund in the fund financial statements. The 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.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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.

The following fund types are used by LADSE:

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 fund of LADSE:

General Fund – The General Fund (Educational Fund) is the general operating fund of LADSE. It is used to account for all financial resources not accounted for in a separate special revenue fund. Revenues consist largely of member fees and state and federal government aid.

Special Revenue Fund – The Special Revenue Fund (Operations and Maintenance Fund) is 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.

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*

LADSE utilizes the treasury services of the Township School Treasurer and authorizes LADSE's treasurer to invest in obligations of the U.S. Treasury, certain highly rated commercial paper, corporate bonds, repurchase agreements, and money market mutual funds registered under the Investment Company Act of 1940, with certain restrictions.

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. LADSE has adopted a formal written investment and cash management policy.

Separate bank accounts are not maintained for all LADSE funds. Instead, the funds maintain their balances in common accounts, with accounting records being maintained to show the portion of the common bank account balances attributable to each participating fund.

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

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Expenses*

Prepaid expenses are for payments made by LADSE 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 LADSE'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. *Capital Assets*

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

Site Improvements	20 Years
Buildings and Building Improvements	50 Years
Equipment Other than Transportation/Food Service	5-10 Years

J. *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.

K. *Compensated Absences*

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

Each employee is also eligible to receive up to 15 sick leave days per year based upon employee classification. Sick leave may be accumulated annually; however, no cash payment is made for unused sick leave.

Payments for vacation will be made at the rates in effect when benefits are used. Accumulated vacation liabilities, if any, are determined on the basis of current salary rates as of June 30, 2022.

L. *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.

M. *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 LADSE'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.

N. *Lease Arrangements*

At the commencement of a lease, LADSE initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term. Key estimates and judgments related to leases include how LADSE determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

LADSE uses the interest rate charged by the lessors as the discount rate. When the interest rate charged by the lessors is not provided, LADSE uses its estimated incremental borrowing rate as the discount rate for leases.

The terms of the leases include the noncancellable period of the leases. Lease payments included in the measurement of the lease liabilities are composed of the fixed monthly/annual payments.

LADSE monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

LADSE currently has no outstanding lease arrangements.

O. *Governmental Fund Balances*

Governmental fund balances are divided between non-spendable and spendable.

Non-spendable 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 Directing Board. Committed amounts cannot be used for any other purpose unless the Directing 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 LADSE'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 Directing Board has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. Pursuant to a resolution by the Directing Board, the Director of Business Services 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 non-spendable, 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 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 LADSE 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.

LADSE 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

A. *Cash and Investments Under the Custody of the Township Treasurer*

As explained in Note 2, the Illinois Compiled Statues require LADSE to utilize the investment services of the Township School Treasurer (the Treasurer). As such, the Treasurer is the lawful custodian of these school funds. The Treasurer is appointed by the Township Treasurer's Board of Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of most state and federal aid and disburses school funds upon lawful order to the School Board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below.

LADSE cash and investments (other than the Imprest and petty cash funds) are part of a common pool for all the school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Income from investments is distributed based upon LADSE's percentage participation in the pool. Cash for all funds is not deemed available for purposes other than those for which these balances are intended.

The investment policies are established by the Treasurer, as prescribed by the Illinois School Code and the Illinois Compiled Statues. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by full faith credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer's office operates as a nonrated, external investment pool. The fair value of LADSE's investment in the Treasurer's pool is determined by LADSE's proportionate share of the fair value of the investments held by the Treasurer's office.

The weighted-average maturity of all pooled marketable investments held by the Treasurer at June 30, 2022 was as follows:

Certificates of Deposits	1.28
Corporate Bonds	2.00
Municipal Bonds	4.34
US Treasuries	5.38
Federal Home Loan Mortgage Corporation	1.67
Federal National Mortgage Association	8.5
Freddie Mac	7.99
Government National Mortgage Association	32.54
Government Agency	1.39

The Treasurer also holds money-market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all investments held by the Treasurer's office was $207,092,525, and the fair value of LADSE's cash and investments held by the Treasurer's office was $2,282,100 at June 30, 2022. Further information about cash and investments held at the Treasurer's office and Treasurer's office operations is available from the Treasurer's financial statements.

Because all cash and investments are pooled by a separate legal governmental agency (Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized is available from the Treasurer's financial statements.

B. *Cash and Investments in the Custody of LADSE*

At June 30, 2022, the carrying value of LADSE's Imprest accounts totaled $21,763.

Custodial Credit Risk

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, LADSE's deposits may not be returned to it. LADSE's investment policy limits exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2022, the bank balance of LADSE's deposits with financial institutions was fully insured.

NOTE 4 - FAIR VALUE MEASUREMENT

LADSE 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; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

LADSE has the following recurring fair value measurements as of June 30, 2022:

Certificates of Deposits	Level 2
Corporate Bonds	Level 2
Municipal Bonds	Level 2
US Treasuries	Level 1
Federal Home Loan Mortgage Corporation	Level 2
Federal National Mortgage Association	Level 2
Freddie Mac	Level 2
Government National Mortgage Association	Level 2
Government Agency	Level 2

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance ############	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital Assets not being depreciated				
Construction in Progress	$ -	$ 96,986	$ -	$ 96,986
Total Capital Assets not being depreciated	$ -	$ 96,986	$ -	$ 96,986
Other Capital Assets				
Site Improvements	$ 346,146	$ -	$ -	$ 346,146
Buildings and Building Improvements	536,675	-	-	536,675
Equipment Other than Transportation/Food Service	105,415	-	-	105,415
Total Other Capital Assets at Historical Cost	$ 988,236	$ -	$ -	$ 988,236
Less Accumulated Depreciation				
Site Improvements	$ 153,097	$ 16,977	$ -	$ 170,074
Buildings and Building Improvements	337,194	4,200	-	341,394
Equipment Other than Transportation/Food Service	71,816	5,816	-	77,632
Total Accumulated Depreciation	$ 562,107	$ 26,993	$ -	$ 589,100
Other Capital Assets, Net	$ 426,129	$ (26,993)	$ -	$ 399,136
Governmental Activities Capital Assets, Net	$ 426,129	$ 69,993	$ -	$ 496,122

Depreciation expense was recognized in the operating activities of LADSE as follows:

Governmental Activities	
Instructional Support	$ 19,717
Administration	7,276
	$ 26,993

NOTE 6 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2022, the expenditures of the following funds exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	$ 27,354,110	$ 32,428,094	$ 5,073,984
Operations and Maintenance	-	97,716	97,716

The excess of actual over budget in the General Fund was mainly due to LADSE not budgeting for state retirement contributions, which are not a direct expenditure of LADSE. There was no budget in the Operations and Maintenance Fund during the fiscal year.

NOTE 7 - RETIREMENT FUND COMMITMENTS

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

General Information About the Pension Plan

<u>Plan Description</u>

LADSE 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/fy2021; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

<u>Benefits Provided</u>

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with ten years, or age 55 with twenty years. The benefit is determined by the average of the four highest consecutive years of creditable earnings within the last ten years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service.

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout program that expire on June 30, 2024. 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 will be funded by bonds issued by the state of Illinois.

<u>Contributions</u>

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, 2021 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 LADSE. For the year ended June 30, 2022, State of Illinois contributions recognized by LADSE were based on the State's proportionate share of the pension expense associated with LADSE, and LADSE recognized revenue and expenditures of $5,265,686 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Districts 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, 2022, were $59,595 and are deferred because they were paid after the June 30, 2021 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, 2022, LADSE's pension contribution was 10.31% of salaries paid from federal and special trust funds. For the year ended June 30, 2022, salaries totaling $0 were paid from federal and special trust funds that required LADSE contributions of $0. These contributions are deferred because they were paid after the June 30, 2021 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, 2022, LADSE paid $0 to TRS for employer contributions due on salary increases in excess of 6% and $0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2021, LADSE 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 LADSE. The State's support and total are for disclosure purposes only. The amount recognized by LADSE 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 LADSE follows below:

LADSE's proportionate share of the net pension liability	$ 875,950
State's proportionate share of the net pension liability associated with LADSE	73,413,933
Total	$ 74,289,883

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The employer's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2021, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2021, LADSE's proportion was 0.00112285%, which was an increase of 0.00001255% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, LADSE recognized pension expense of $5,265,686 and revenue of $5,265,686 for support provided by the State. At June 30, 2022, LADSE 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	$ 5,025	$ (3,612)	$ 1,413
Net difference between projected and actual earnings on pension investments	-	(58,756)	(58,756)
Changes of assumptions	388	(4,329)	(3,941)
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,430	(357,313)	(319,883)
Employer contributions subsequent to the measurement date	59,595	-	59,595
	$ 102,438	$ (424,010)	$ (321,572)

$59,595 reported as deferred outflows of resources related to pensions resulting from LADSE'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, 2023. 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	
2023	$ (215,182)
2024	(123,770)
2025	(20,538)
2026	(22,128)
2027	451
	$ (381,167)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	varies by amount of service credit
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

In the June 30, 2021 actuarial valuation, mortality rates were based on the PubT-2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2020. In the June 30, 2020 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-2017.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	16.7%	6.2%
U.S. equities small/mid cap	2.2%	7.4%
International equities developed	10.6%	6.9%
Emerging market equities	4.5%	9.2%
U.S. bonds core	3.0%	1.6%
Cash equivalents	2.0%	0.1%
TIPS	1.0%	0.8%
International debt developed	1.0%	0.4%
Emerging international debt	4.0%	4.4%
Real estate	16.0%	5.8%
Private Debt	10.0%	6.5%
Hedge Funds	10.0%	3.9%
Private Equity	15.0%	10.4%
Infrastructure	4.0%	6.3%
Total	100.0%	

Discount Rate

At June 30, 2021, the discount rate used to measure total pension liability was 7.00%, which was the same as the June 30, 2020 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, 2021 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 LADSE's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents LADSE's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what LADSE's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point-higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	$ 1,084,846	$ 875,950	$ 702,434

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2021 is available in the separately issued TRS *Comprehensive Annual Financial Report.*

B. *Illinois Municipal Retirement Fund*

Plan Description

LADSE's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. LADSE'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 Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	38
Inactive plan members entitled to but not yet receiving benefits	206
Active plan members	194
Total	438

Contributions

As set by statute, LADSE'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. LADSE's annual contribution rate for calendar years 2021 and 2022 were .78% and .80%, respectively. For the fiscal year ended June 30, 2022, LADSE contributed $64,417 to the plan. LADSE 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, 2021, and a measurement date as of December 31, 2021, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	$ 25,343,710
IMRF Fiduciary Net Position	35,917,776
Net Pension Liability	(10,574,066)
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	141.72%

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, 2021 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.25%
Salary Increases	2.85% - 13.75% including inflation
Interest Rate	7.25%
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Projected Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study for the period 2017-2019.

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

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, 2021:

Asset Class	Target Allocation	Projected Return
Equities	39%	1.90%
International Equities	15%	3.15%
Fixed Income	25%	-0.60%
Real Estate	10%	3.30%
Alternatives	10%	
Private Equity		5.50%
Hedge Funds		N/A
Commodities		1.70%
Cash Equivalents	1%	-0.90%
	100.00%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 1.84%; 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.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31,	$ 23,403,585	$ 31,063,928	$ (7,660,343)
Changes for the year:			
Service Cost	$ 711,499	$ -	$ 711,499
Interest on the Total Pension Liability	1,696,298	-	1,696,298
Differences Between Expected and Actual Experience of the Total Pension Liability	256,560	-	256,560
Changes of Assumptions	-	-	-
Contributions - Employer	-	62,835	(62,835)
Contributions - Employee	-	375,038	(375,038)
Net Investment Income	-	5,256,925	(5,256,925)
Benefit Payments, including Refunds of Employee Contributions	(724,232)	(724,232)	-
Other (Net Transfer)	-	(116,718)	116,718
Net Changes	$ 1,940,125	$ 4,853,848	$ (2,913,723)
Balances at December 31,	$ 25,343,710	$ 35,917,776	$ (10,574,066)

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% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability	$ (7,004,738)	$ (10,574,066)	$ (13,259,620)

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

For the year ended June 30, 2022, LADSE recognized pension expense of $2,302,273. At June 30, 2022, LADSE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Net Outflows of Resources
Differences between expected and actual experience	$ 4,202,288	$ -	$ 4,202,288
Changes of assumptions	222,775	277,962	(55,187)
Net difference between projected and actual earnings on pension plan investments	-	3,916,156	(3,916,156)
Total deferred amounts to be recognized in pension expense in future periods	$ 4,425,063	$ 4,194,118	$ 230,945
Pension contributions made subsequent to the measurement date (LADSE only)	40,295	-	40,295
Total deferred amounts related to pensions	$ 4,465,358	$ 4,194,118	$ 271,240

$40,295 reported as deferred outflows of resources related to pensions resulting from LADSE'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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2022	$ 2,251,882
2023	(561,954)
2024	(899,609)
2025	(559,374)
2026	-
Total	$ 230,945

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. LADSE paid the total required contribution for the current fiscal year.

NOTE 8 - POST EMPLOYMENT BENEFIT COMMITMENTS

A. *Post-Employment Benefit Commitments – Retiree Insurance Plan*

Plan Overview

In addition to providing the pension benefits described in Note 7, LADSE provides post-employment benefits other than pensions ("OPEB") for retired employees who meet certain criteria through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by LADSE and can be amended by LADSE through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in LADSE's governmental activities.

Benefits Provided

LADSE provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must meet the eligibility requirements of the Illinois Municipal Retirement Fund. All health care benefits are provided through LADSE's insured health plan. The benefit levels are the same as those afforded to active employees. Eligible retirees may continue coverage into retirement on a pay-all basis. Coverage is also available for eligible dependents on a pay-all basis. Coverage can continue upon the participant reaching Medicare eligibility. Coverage for dependents can continue upon the death of the retiree given that contributions continue.

Eligibility

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

Regular Plan Tier 1 (Enrolled in IMRF Prior to January 1, 2011)

- At least 55 years old and at least 8 years of credited service (reduced pension)
- At least 60 years old and at least 8 years of credited service (full pension)

Regular Plan Tier 2 (Enrolled in IMRF On or After January 1, 2011)

- At least 62 years old and at least 10 years of credited service (reduced pension)
- At least 67 years old and at least 10 years of credited service (full pension)

Membership

Membership in the plan consisted of the following at July 1, 2021, the date of the latest actuarial valuation:

Active Employees	209
Inactive Employees Entitled to but not yet Receiving Benefits	0
Inactive Employees Currently Receiving Benefits	1
Total	210

Total OPEB Liability

LADSE's total OPEB liability was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Method	Entry Age Normal
Discount rate	4.09%
Inflation	3.00%
Salary Rate Increase	4.00%
Health Care Trend	
Initial Trend Rate	7.00%
Ultimate Trend Rate	5.00%
FY the Ultimate Rate is Reached	2038

Mortality	*Active Employees* - PubG.H-2010(B) Mortality Table – General (below-median income) with future mortality improvement using Scale MP-2020 *Retirees* - PubG.H-2010(B) Mortality Table – General (below-median income), Male adjusted 106% and Female adjusted 105% tables, with future mortality improvement using scale MP-2020.
Election at Retirement	10% of active employees are assumed to elect coverage at retirement
Marital Status	40% of active employees are assumed to be married and elect spousal coverage upon retirement. Males are assumed to be three years older than females.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study conducted by IMRF. Assumption changes reflect a change in the discount rate of (1.91%) from 2.18% for the beginning of the year values and 4.09% for the disclosure date.

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

Discount Rate

LADSE 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 4.09% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2022.

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	$ 232,607	$ -	$ 232,607
Changes for the year:			
Service Cost	$ 26,870	$ -	$ 26,870
Interest on Total OPEB Liability	4,974	-	4,974
Difference Between Expected & Actual	52,279	-	52,279
Assumption Changes	(48,069)	-	(48,069)
Benefit Payments	(8,879)	-	(8,879)
Net Changes	$ 27,175	$ -	$ 27,175
Balances at June 30, 2022	$ 259,782	$ -	$ 259,782

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

The following presents the total OPEB liability of LADSE, as well as what LADSE'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)		
1% Decrease	Valuation Rate	1% Increase
$ 280,781	$ 259,782	$ 240,418

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

The following presents the total OPEB liability of LADSE, as well as what LADSE'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)		
1% Decrease	Healthcare Cost Valuation Rate	1% Increase
$ 232,859	$ 259,782	$ 291,325

<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

For the fiscal year ended June 30, 2022, LADSE recognized OPEB expense of $58,840. At June 30, 2022, LADSE 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	$ -	$ 34,900	$ (34,900)
Changes of Assumptions	247,124	79,195	167,929
Total	$ 247,124	$ 114,095	$ 133,029

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 (9.01 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	Net (Outflows) of Resources
2023	$ 26,995
2024	26,995
2025	26,995
2026	29,247
2027	20,592
Thereafter	2,205
	$ 133,029

B. *Teacher Health Insurance Security Fund (THIS)*

General Information About the OPEB Plan

<u>Plan Description</u>

LADSE 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).

<u>Benefits Provided</u>

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.
- 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, 2022, 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 0.90% of salary and for every employer of a teacher to contribute an amount equal to 0.67% of each teacher's salary. For the fiscal year ended June 30, 2021, 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 LADSE. For the year ended June 30, 2022, State of Illinois contributions recognized by LADSE were based on the State's proportionate share of the collective net OPEB liability associated with LADSE, and LADSE recognized revenue and expenditures of $125,593 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, 2021, LADSE 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 LADSE. The State's support and total are for disclosure purposes only. The amount recognized by LADSE 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 LADSE were as follows:

LADSE's proportionate share of the net pension liability	$ 8,555,257
State's proportionate share of the net pension liability associated with LADSE	11,599,630
Total	$ 20,154,887

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to June 30, 2021. LADSE's proportion of the net OPEB liability was based on LADSE's share of contributions to THIS for the measurement year ended June 30, 2021, relative to the contributions of all participating THIS employers and the State during that period. At June 30, 2021, LADSE's proportion was 0.0387897%, which was an increase of 0.0019177% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, LADSE recognized benefit expense of ($29,358) and on-behalf revenue/expense of $125,593 for support provided by the State. At June 30, 2022, LADSE 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	$ 135	$ (400,204)	$ (400,069)
Net difference between projected and actual earnings on pension plan investments	-	(164)	(164)
Changes of assumptions	2,954	(3,203,558)	(3,200,604)
Changes in proportion and differences between employee contributions and proportionate share of contributions	- 876,355	(315,306) -	(315,306) 876,355
Employer contributions subsequent to the measurement date	68,328	-	68,328
	$ 947,772	$ (3,919,232)	$ (2,971,460)

$68,328 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, 2023. 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	
2023	$ (1,716,075)
2024	(987,065)
2025	(163,790)
2026	(176,471)
2027	3,613
	$ (3,039,788)

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	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	2.75%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Costs	Trend for fiscal year 2022 based on expected increases used to develop average costs. For fiscal years ending on or after 2023, trend starts at 8.00% for non-Medicare costs and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25%.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-2014 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, 2020 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%	0.32%
	100.0%	

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 1.92% as of June 30, 2021, and 2.45% as of June 30, 2020. 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, 2021 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, 2021, the discount rate used to measure the total OPEB liability was 1.92%.

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

The following presents LADSE's proportionate share of the net OPEB liability calculated using the discount rate of 1.92%, as well as what LADSE's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (0.92%) or 1 percentage-point higher (2.92%) than the current rate.

	1% Decrease 0.92%	Current Discount Rate 1.92%	1% Increase 2.92%
Employer's proportionate share of the net OPEB liability	$ 10,277,339	$ 8,555,257	$ 7,190,207

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

The following presents the total OPEB liability of LADSE, as well as what LADSE'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 2023 decreasing to an ultimate trend rate of 4.25% in 2038.

	1% Decrease (a)	Healthcare Cost Valuation Rate	1% Increase (b)
Employer's proportionate share of the net OPEB liability	$ 6,848,885	$ 8,555,257	$ 10,873,152

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2023 decreasing to an ultimate trend rate of 3.25% in 2038.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2023 decreasing to an ultimate trend rate of 5.25% in 2035.

NOTE 9 - RISK MANAGEMENT

LADSE 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. LADSE is a member of the Collective Liability Insurance Cooperative (CLIC), a joint risk management pool of school districts through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The relationship between LADSE and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. LADSE 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.

During the year ended June 30, 2022, 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. LADSE 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, 2022, there were no significant adjustments in premiums based on actual experience.

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE

LADSE has implemented GASB Statement No. 87, *Leases*. This statement establishes financial reporting standards related to leases. Implementation of this standard resulted in recognizing the fair market value of the liability and asset at the commencement of the agreement. There have been no changes to the previously issued audited financial statements that were required on a retrospective basis.

NOTE 11 - NET POSITION ADJUSTMENT

An adjustment to net position was made to the government-wide financial statements during the fiscal year ended June 30, 2022 to record an IMRF contribution receivable related to payments made in excess of the required employer contribution rate.

REQUIRED SUPPLEMENTARY INFORMATION

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2022

	6/30/2022*	6/30/2021*	6/30/2020*	6/30/2019*	6/30/2018 *
TOTAL PENSION LIABILITY					
Service Cost	$ 711,499	$ 751,179	$ 724,851	$ 627,307	$ -
Interest on the Total Pension Liability	1,696,298	1,591,790	1,436,616	1,303,803	(9,168)
Differences Between Expected and Actual Experience	256,560	139,534	580,021	223,107	17,968,378
Changes of Assumptions	-	(306,806)	-	679,399	(455,383)
Benefit Payments, Including Refunds of Member Contributions	(724,232)	(704,485)	(524,154)	(377,923)	(244,481)
Net Change in Total Pension Liability	$ 1,940,125	$ 1,471,212	$ 2,217,334	$ 2,455,693	$ 17,259,346
Total Pension Liability - Beginning	23,403,585	21,932,373	19,715,039	17,259,346	-
Total Pension Liability - Ending	$ 25,343,710	$ 23,403,585	$ 21,932,373	$ 19,715,039	$ 17,259,346
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	$ 62,835	$ 59,407	$ 749,459	$ 659,378	$ 520,562
Contributions - Member	375,038	342,731	338,040	309,085	244,013
Net Investment Income	5,256,925	3,900,424	4,178,940	(1,457,395)	269,664
Benefit Payments, Including Refunds of Member Contributions	(724,232)	(704,485)	(524,154)	(377,923)	(244,481)
Other (Net Transfers)	(116,718)	182,795	32,872	(2,544,168)	25,129,164
Net Change in Plan Fiduciary Net Position	$ 4,853,848	$ 3,780,872	$ 4,775,157	$ (3,411,023)	$ 25,918,922
Plan Net Position - Beginning	31,063,928	27,283,056	22,507,899	25,918,922	-
Plan Net Position - Ending	$ 35,917,776	$ 31,063,928	$ 27,283,056	$ 22,507,899	$ 25,918,922
District's Net Pension Liability	$ (10,574,066)	$ (7,660,343)	$ (5,350,683)	$ (2,792,860)	$ (8,659,576)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	141.72%	132.73%	124.40%	114.17%	150.17%
Covered Payroll	$ 7,854,403	$ 7,616,248	$ 7,494,836	$ 6,868,522	$ 5,422,514
Employer's Net Pension Liability as a Percentage of Covered Payroll	-134.63%	-100.58%	-71.39%	-40.66%	-159.70%

LaGrange Area Department of Special Education did not have a separate IMRF Fund until the 2018 fiscal year.

* 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.

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2022

	6/30/2022 *	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *
Actuarially-Determined Contribution	$ 62,835	$ 59,407	$ 56,211	$ -	$ -
Contributions in Relation to Actuarially-Determined Contribution	62,835	59,407	749,459	659,378	520,562
Contribution Deficiency/(Excess)	$ -	$ -	$ (693,248)	$ (659,378)	$ (520,562)
Covered Payroll	$ 8,052,203	$ 7,844,897	$ 7,614,373	$ 7,360,283	$ 10,237,026
Contributions as a Percentage of Covered Payroll	0.78%	0.76%	9.84%	8.96%	5.09%

Notes to Schedule:
Actuarial Method and Assumptions Used on the Calculation of the 2021 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: 22-year closed period

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

Wage Growth: 3.25%

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

Salary Increases: 3.35% to 14.25%, including inflation

Investment Rate of Return: 7.25%

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

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality rates were 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 rates were 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, 2019 actuarial valuation; note two year lag between valuation and rate setting.

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
JUNE 30, 2022

	6/30/2022 *	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.0011229%	0.0011103%	0.0011387%	0.0012043%	0.0028564%	0.0031887%	0.0031887%	0.0020072%
Employer's proportionate share of the Net Pension Liability	$ 875,950	$ 957,236	$ 923,575	$ 938,702	$ 2,182,240	$ 2,088,903	$ 2,088,903	$ 1,221,558
State's proportionate share of the Net Pension Liability associated with the employer	73,413,933	74,975,685	65,729,782	64,305,044	62,161,843	46,879,486	46,879,486	47,820,018
Total	$ 74,289,883	$ 75,932,921	$ 66,653,357	$ 65,243,746	$ 64,344,083	$ 48,968,389	$ 48,968,389	$ 49,041,576
Employer's Covered Payroll	$ 9,955,828	$ 9,292,070	$ 9,046,599	$ 8,533,529	$ 8,615,380	$ 8,125,439	$ 7,759,879	$ 7,759,879
Employer's proportionate share of the Net Pension Liability as a percentage of its Covered Payroll	8.80%	10.30%	10.21%	11.00%	25.33%	25.71%	26.92%	15.74%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	45.10%	37.80%	39.60%	39.30%	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 2021 measurement year, the assumed investment rate of return was 2.75%, 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.

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2022

	6/30/2022 *	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Statutorily-Required Contribution	$ 58,411	$ 54,125	$ 51,569	$ 50,038	$ 119,010	$ 79,994	$ 80,408	$ 71,617
Contributions in Relation to Statutorily-Required Contribution	58,411	54,125	52,470	49,494	117,683	51,535	111,731	71,617
Contribution Deficiency/(Excess)	$ -	$ -	$ (901)	$ 544	$ 1,327	$ 28,459	$ (31,323)	$ -
Employer's Covered Payroll	$ 10,198,139	$ 9,955,858	$ 9,292,073	$ 9,046,499	$ 8,533,529	$ 8,125,439	$ 8,301,239	$ 7,759,879
Contributions as a percentage of Covered Payroll	0.57%	0.54%	0.56%	0.55%	1.38%	0.63%	1.35%	0.92%

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

See Accompanying Independent Auditor's Opinion

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2022

	6/30/2022	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *
Employer's proportion of the Net OPEB Liability	0.0383559%	0.0368721%	0.0366830%	0.0359320%	0.0382530%
Employer's proportionate share of the Net OPEB Liability	$ 8,555,257	$ 9,858,055	$ 10,152,882	$ 9,466,570	$ 9,926,479
State's proportionate share of the Net OPEB Liability associated with the employer	11,599,630	13,355,046	13,748,228	12,711,601	10,809,805
Total	$ 20,154,887	$ 23,213,101	$ 23,901,110	$ 22,178,171	$ 20,736,284
Employer's Covered Payroll	$ 9,955,858	$ 9,292,073	$ 9,046,499	$ 8,533,529	$ 8,433,502
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	85.93%	106.09%	112.23%	110.93%	117.70%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	1.40%	0.70%	0.25%	-0.07%	-0.17%

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

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

Changes of Assumptions:

For the 2021 measurement year, the assumed investment rate of return was 2.75%, 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.

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2022

	6/30/2022 *	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *
Statutorily-Required Contribution	$ 92,630	$ 85,487	$ 83,228	$ 75,095	$ 70,841
Contributions in Relation to the Statutorily-Required Contribution	91,594	85,813	82,947	74,958	73,919
Contribution Deficiency/(Excess)	$ 1,036	$ (326)	$ 281	$ 137	$ (3,078)
Employer's Covered Payroll	$ 10,198,139	$ 9,955,858	$ 9,292,073	$ 9,046,499	$ 8,533,529
Contributions as a percentage of Covered Payroll	0.90%	0.86%	0.89%	0.83%	0.87%

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.

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2022

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
TOTAL OPEB LIABILITY					
Service Cost	$ 26,870	$ 28,493	$ 27,328	$ 13,404	$ 12,768
Interest	4,974	5,611	9,213	8,789	10,825
Differences Between Expected and Actual Experience	52,279	-	(61,986)	-	-
Changes in Assumptions	(48,069)	8,650	(41,813)	2,662	434,977
Benefit Payments	(8,879)	(42,147)	(39,649)	(70,057)	(63,534)
Other Changes	-	-	(11,130)	203	-
Net Change in Total OPEB Liability	$ 27,175	$ 607	$ (118,037)	$ (44,999)	$ 395,036
Total OPEB Liability - Beginning	232,607	232,000	350,037	395,036	-
LADSE's Total OPEB Liability - Ending	$ 259,782	$ 232,607	$ 232,000	$ 350,037	$ 395,036
Covered-Employee Payroll	$ 7,496,706	$ 7,494,836 *	$ 7,494,836	$ 7,360,283	$ 10,237,026
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	3.47%	3.10%	3.10%	4.76%	3.86%

Notes to Schedule:

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

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

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

The following are the discount rates used in each period:	4%	2.18%	2.66%	2.79%	2.98%

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

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

See Accompanying Independent Auditor's Opinion

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Tuition	$ 23,993,460	$ 22,269,052
Earnings on Investments	50,000	(27,836)
Other Local Sources	-	12,894
State Aid		
Flow-Through Revenue from State Sources	-	553,580
Evidence Based Funding	1,650,112	1,650,113
Transportation	110,000	65,512
Early Childhood - Block Grant	584,157	30,577
Other Restricted Revenue from State Sources	-	504,801
Federal Aid		
Medicaid Matching Funds - Administrative Outreach	250,000	481,278
Medicaid Matching Funds - Fee-for-Service Program	-	66,493
Other Federal Aid	716,381	679,072
State Retirement Contributions	-	5,391,279
Total Revenues	$ 27,354,110	$ 31,676,815
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	$ -	$ 185,214
Employee Benefits	-	31,672
Purchased Services	-	623
Supplies and Materials	-	295
	$ -	$ 217,804
Special Education Programs		
Salaries	$ 5,693,470	$ 5,569,564
Employee Benefits	1,509,597	1,226,624
Purchased Services	630,700	620,384
Supplies and Materials	150,908	197,034
Other Objects	-	22,909
Non-Capitalized Equipment	10,000	117,943
	$ 7,994,675	$ 7,754,458
CTE Programs		
Salaries	$ 426,403	$ 615,266
Employee Benefits	120,501	177,348
Purchased Services	50,644	34,396
Supplies and Materials	23,920	679
Other Objects	1,000	300
Non-Capitalized Equipment	9,280	-
	$ 631,748	$ 827,989
State Retirement Contributions	$ -	$ 5,391,279
Total Instruction	$ 8,626,423	$ 14,191,530
Support Services		
Pupil		
Attendance and Social Work Services		
Salaries	$ 1,286,541	$ 1,081,352
Employee Benefits	251,074	208,541
Purchased Services	-	15,327
	$ 1,537,915	$ 1,305,220
Health Services		
Salaries	$ 4,643,105	$ 4,630,227
Employee Benefits	1,427,354	1,396,205
Purchased Services	37,250	238,309
Supplies and Materials	16,100	-
Non-Capitalized Equipment	5,000	-
	$ 6,128,809	$ 6,264,741

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupil (Continued)		
Psychological Services		
Salaries	$ 1,672,875	$ 1,627,786
Employee Benefits	381,676	333,259
Purchased Services	800	47,136
Supplies and Materials	12,900	7,557
Non-Capitalized Equipment	-	2,086
	$ 2,068,251	$ 2,017,824
Speech Pathology and Audiology Services		
Salaries	$ 2,992,795	$ 3,137,943
Employee Benefits	506,151	537,789
Purchased Services	11,300	3,611
Supplies and Materials	6,230	3,208
Other Objects	-	525
Non-Capitalized Equipment	-	700
	$ 3,516,476	$ 3,683,776
Total Support Services - Pupil	$ 13,251,451	$ 13,271,561
Instructional Staff		
Improvement of Instruction Services		
Salaries	$ 25,000	$ 122,211
Employee Benefits	20,000	16,554
Purchased Services	215,827	154,061
Supplies and Materials	11,050	12,554
Other Objects	11,834	8,552
Non-Capitalized Equipment	2,700	-
	$ 286,411	$ 313,932
Assessment and Testing		
Purchased Services	$ 20,000	$ 18,911
	$ 20,000	$ 19,281
Total Support Services - Instructional Staff	$ 306,411	$ 333,213
General Administration		
Executive Administration Services		
Salaries	$ 232,224	$ 224,371
Employee Benefits	80,080	63,893
Purchased Services	379,502	310,635
Supplies and Materials	1,000	3,367
Other Objects	3,500	1,465
	$ 696,306	$ 603,731
Total Support Services - General Administration	$ 696,306	$ 603,731
School Administration		
Office of the Principal Services		
Salaries	$ 1,320,817	$ 960,886
Employee Benefits	409,788	279,894
Purchased Services	1,552	6,120
Supplies and Materials	-	121
	$ 1,732,157	$ 1,247,021
Total Support Services - School Administration	$ 1,732,157	$ 1,247,021

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Business		
Direction of Business Support Services		
Salaries	$ 102,400	$ 103,000
Employee Benefits	44,206	53,857
Purchased Services	3,000	1,302
Supplies and Materials	1,500	3,597
Non-Capitalized Equipment	1,000	-
	$ 152,106	$ 161,756
Total Support Services - Business	$ 152,106	$ 161,756
Operations and Maintenance		
Salaries	$ 74,057	$ 77,218
Employee Benefits	26,279	24,465
Purchased Services	86,000	393,634
Supplies and Materials	11,000	64,282
Other Objects	-	30
Non-Capitalized Equipment	6,000	-
Total Support Services - Operations and Maintenance	$ 203,336	$ 559,629
Transportation		
Salaries	$ -	$ 44,010
Employee Benefits	-	31,248
Purchased Services	34,550	25,183
Total Support Services - Transportation	$ 34,550	$ 100,441
Internal Services		
Salaries	$ -	$ 4,155
Employee Benefits	-	319
Purchased Services	722,823	347,796
Total Support Services - Internal Services	$ 722,823	$ 352,270
Central		
Direction of Central Support Services		
Salaries	$ 391,949	$ 266,651
Employee Benefits	224,558	150,860
Purchased Services	25,000	153
	$ 641,507	$ 417,664
Information Services		
Salaries	$ 75,000	$ 74,875
Employee Benefits	30,254	34,544
Purchased Services	64,405	44,058
Supplies and Materials	6,200	2,175
Other Objects	1,500	599
Non-Capitalized Equipment	80,434	65,530
	$ 257,793	$ 221,781
Staff Services		
Salaries	$ 92,595	$ 94,569
Employee Benefits	35,152	18,976
Purchased Services	5,500	24,519
	$ 133,247	$ 139,824
Total Support Services - Central	$ 1,032,547	$ 779,269
Total Support Services	$ 18,131,687	$ 17,408,891

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Community Services		
Purchased Services	$ -	$ 1,355
Supplies and Materials	-	11,943
Total Community Services	$ -	$ 13,298
Intergovernmental Payments		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Special Education Programs		
Other Objects	$ 566,000	$ 765,081
	$ 566,000	$ 765,081
Total Payments to Other Districts and Governmental Units (In-State)	$ 566,000	$ 765,081
Total Intergovernmental Payments	$ 566,000	$ 765,081
Capital Outlay		
Instruction		
Operations and Maintenance	$ 30,000	$ 49,294
Total Capital Outlay	$ 30,000	$ 49,294
Total Expenditures	$ 27,354,110	$ 32,428,094
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	$ (751,279)
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	$ -	$ (751,279)
FUND BALANCE - JULY 1, 2021		5,050,894
FUND BALANCE - JUNE 30, 2022		$ 4,299,615

See Accompanying Independent Auditor's Opinion

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Other Local Sources	$ -	$ 253,114
State Aid		
School Infrastructure - Maintenance	-	50,000
Total Revenues	$ -	$ 303,114
EXPENDITURES		
Support Services		
Operations and Maintenance		
Purchased Services	$ -	$ 50,024
Total Support Services - Operations and Maintenance	$ -	$ 50,024
Total Support Services	$ -	$ 50,024
Capital Outlay		
Instruction		
Operations and Maintenance	$ -	$ 47,692
Total Capital Outlay	$ -	$ 47,692
Total Expenditures	$ -	$ 97,716
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	$ 205,398
OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCE	$ -	$ 205,398
FUND BALANCE - JULY 1, 2021		-
FUND BALANCE - JUNE 30, 2022		$ 205,398

See Accompanying Independent Auditor's Opinion

NOTE 1 - BUDGETARY PROCESS

LADSE 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 May 12, 2021 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.

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

1. Prior to July 1, the Administration submits to the 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 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 Directing 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, 2022, the expenditures of the following funds presented as Required Supplementary Information exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	$ 27,354,110	$ 32,428,094	$ 5,073,984
Operations and Maintenance	-	97,716	97,716

The excess of actual expenses over budget in the General Fund was due to LADSE not budgeting for state retirement contributions, which are not a direct expenditure of LADSE. There was no budget for the Operations and Maintenance Fund in the current year.

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

Eder, Casella & Co.
815.344.1300
www.edercasella.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Directing Board
LaGrange Area Department of Special Education
LaGrange, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited

LaGrange Area Department of Special Education's

compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of LaGrange Area Department of Special Education's major federal programs for the year ended June 30, 2022. LaGrange Area Department of Special Education's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, LaGrange Area Department of Special Education complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LaGrange Area Department of Special Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of LaGrange Area Department of Special Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to LaGrange Area Department of Special Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LaGrange Area Department of Special Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LaGrange Area Department of Special Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LaGrange Area Department of Special Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LaGrange Area Department of Special Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 LaGrange Area Department of Special Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
January 13, 2023

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION

06-016-2040-61

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number[2] (A)	ISBE Project # (1st 8 digits) or Contract #[3] (B)	Receipts/Revenues Year 7/1/20-6/30/21 (C)	Year 7/1/21-6/30/22 (D)	Expenditure/Disbursements[4] Year 7/1/20-6/30/21 (E)	Year 7/1/20-6/30/21 Pass through to Subrecipients	Year 7/1/21-6/30/22 (F)	Year 7/1/21-6/30/22 Pass through to Subrecipients	Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
US Department of Education passed through											
Illinois State Board of Education											
COVID-19 - ARP - Coop American Rescue Plan (M)	84.425U	22-4998-CO		334,617			334,617			334,617	821,897
Subtotal CFDA "84.425D"			-	334,617	-		334,617			334,617	
Total CFDA "84"			-	334,617	-		334,617			334,617	
MEDICAID CLUSTER											
U.S. Department of Health & Human Services											
Pass Through State of Illinois Department of											
Healthcare and Family Services											
Medicaid Administrative Outreach	93.778	21-4991-00	211,715	226,040	437,755		-			-	N/A
Medicaid Administrative Outreach	93.778	22-4991-00		255,238			255,238			255,238	N/A
Subtotal CFDA "93.778"			-	481,278	-		255,238			255,238	
Total Medicaid Cluster				481,278			255,238			255,238	
Total CFDA "93"				481,278			255,238	-	-	255,238	
WIOA CLUSTER											
US Department of Labor											
Passed through President's office of											
employment training											
WIOA Youth Activities (M)	17.259	22-4999-00		313,082			313,082			313,082	313,082
Subtotal CFDA "17.259"			-	313,082	-		313,082			313,082	
Total WIOA Cluster			-	313,082	-		313,082			313,082	
Total CFDA "17"			-	313,082	-		313,082	-	-	313,082	
COVID-19 - Emergency Connectivity Funds	32.009	22-4998-00		31,373			31,373			31,373	31,373
Subtotal CFDA "32"											
Total Federal Assistance			-	1,160,350	-	-	934,310			934,310	

The accompanying notes are an integral part of this schedule.

[1] 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.

[2] 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.

[3] 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)

[4] 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.

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal award activity of LaGrange Area Department of Special Education under programs of the federal government for the year ended June 30, 2022. 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

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

NOTE 4 - SUBRECIPIENTS

LADSE did not provide federal awards to subrecipients during the year ended June 30, 2022.

NOTE 5 - FEDERAL LOANS

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

NOTE 6 - DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

LADSE was not the recipient of federally donated PPE.

1) Summary of auditor's results:

a) The auditor's report expresses an unmodified opinion on whether the financial statements of LaGrange Area Department of Special Education 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 LaGrange Area Department of Special Education, 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 LaGrange Area Department of Special Education 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 CFR section 200.516(a).

g) The programs tested as major program were: WIOA Youth Activities – CFDA #17.259 and COVID 19-ARP-COOP American Rescue Plan – CFDA #84.425U.

h) The threshold used for distinguishing between Type A and B programs was $750,000.

i) LaGrange Area Department of Special Education was determined to not be a low-risk auditee.

2) There were no findings related to the financial statements which are required to be reported.

3) There were no findings related to federal awards which are required to be reported.

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
06-016-2040-61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:[11] **2022- NONE** **2. THIS FINDING IS:** ☐ New ☐ **Repeat from Prior Year?**
Year originally reported? ______

3. Criteria or specific requirement

4. Condition

5. Context[12]

6. Effect

7. Cause

8. Recommendation

9. Management's response[13]

[11] 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.).

[12] 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.

[13] See §200.521 *Management decision* for additional guidance on reporting management's response.

[14] See footnote 11.

[15] Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).

[16] Identify questioned costs as required by §200.516 (a)(3 - 4).

[17] See footnote 12.

[18] To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION
06-016-2040-61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:[14] **2022- NONE** **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[15]

10. Questioned Costs[16]

11. Context[17]

12. Effect

13. Cause

14. Recommendation

15. Management's response[18]

[14] See footnote 11.

[15] Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).

[16] Identify questioned costs as required by §200.516 (a)(3 - 4).

[17] See footnote 12.

[18] To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

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

LAGRANGE AREA DEPARTMENT OF SPECIAL EDUCATION

06-016-2040-61

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS[19]

Year Ending June 30, 2022

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

Finding Number	Condition	Current Status[20]
NONE		

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

[19] Explanation of this schedule - §200.511 (b)

[20] 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.