

**NORTHERN SUBURBAN SPECIAL  
EDUCATION DISTRICT**

Highland Park, Illinois

FINANCIAL STATEMENTS

June 30, 2011

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# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

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## **INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Governing Board  
Northern Suburban Special Education District  
Highland Park, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northern Suburban Special Education District ("District") as of and for the year ended June 30, 2011, which collectively comprises the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Governing Board and management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Governing Board and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As more fully described in Note I, these financial statements were prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As described in Note II, the Northern Suburban Special Education District adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective July 1, 2010.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund and the aggregate remaining fund information of the Northern Suburban Special Education District as of June 30, 2011, and the respective changes in financial position – modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note I.

Governing Board  
Northern Suburban Special Education District  
Highland Park, Illinois

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2011, on our consideration of the Northern Suburban Special Education District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The District has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Suburban Special Education District's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oak Brook, Illinois  
October 6, 2011

*Baker Tilly Veichow Krause, L.L.P.*

## **BASIC FINANCIAL STATEMENTS**

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2011

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### ASSETS

#### CURRENT ASSETS

Cash and investments	\$ 869,333
Other assets	<u>63,332</u>
Total Current Assets	<u>932,665</u>

#### NONCURRENT ASSETS

Capital assets	20,318,597
Less: Accumulated depreciation	<u>(3,109,940)</u>
Net Capital Assets	<u>17,208,657</u>
Total Assets	<u>18,141,322</u>

### LIABILITIES

#### LONG-TERM LIABILITIES

Long-term liabilities - due within one year	34,615
Long-term liabilities - after one year	<u>1,116,445</u>
Total Liabilities	<u>1,151,060</u>

### NET ASSETS

Invested in capital assets, net of related debt	17,144,061
Unrestricted	<u>(153,799)</u>
Total Net Assets	<u>\$ 16,990,262</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS For the Year Ended June 30, 2011

<u>PROGRAMS</u>	<u>Expenses</u>	Program Revenues		<u>Net (Expense) Revenue and Changes In Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
System support	\$ 1,094,348	\$ 959,785	\$ 178,640	\$ 44,077
ECP - I Program	1,517,605	769,168	397,520	(350,917)
Early Childhood/Alternative	868,767	988,546	191,114	310,893
Local Education Agency (LEA) Services	3,960,583	3,849,877	349,343	238,637
Educational & Life Skills Program (ELS) - N	6,175,401	5,594,007	879,875	298,481
North Shore Academy	7,321,082	5,556,691	1,365,019	(399,372)
ELS - Transition	1,347,966	1,020,842	182,216	(144,908)
IDEA Flow-Through	4,944,088	-	3,070,499	(1,873,589)
American Recovery and Reinvestment Act	922,089	-	1,293,566	371,477
LEA Contractual - DORS	7,790,803	7,311,762	941,653	462,612
Indirect costs	5,771,257	2,208,603	4,010,224	447,570
Other	1,360,432	784,674	514,387	(61,371)
Total Activities	<u>\$ 43,074,421</u>	<u>\$ 29,043,955</u>	<u>\$ 13,374,056</u>	<u>(656,410)</u>
 <u>GENERAL REVENUES</u>				
Investment Income				<u>21,279</u>
Change in Net Assets				(635,131)
NET ASSETS - BEGINNING OF YEAR				<u>17,625,393</u>
NET ASSETS - END OF YEAR				<u>\$ 16,990,262</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE -  
MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
June 30, 2011

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	General Fund	Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 763,826	\$ 105,507	\$ 869,333
Other assets	<u>63,332</u>	<u>-</u>	<u>63,332</u>
<b>TOTAL ASSETS</b>	<u>\$ 827,158</u>	<u>\$ 105,507</u>	<u>\$ 932,665</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Assigned	-	105,507	105,507
Unassigned	<u>827,158</u>	<u>-</u>	<u>827,158</u>
Total Fund Balance	<u>827,158</u>	<u>105,507</u>	<u>932,665</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 827,158</u>	<u>\$ 105,507</u>	<u>\$ 932,665</u>

## NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS WITH THE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2011

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Total fund balance- governmental fund	\$	932,665
 Capital assets used in governmental activities do not require the expenditure of financial resources and therefore are not reported in governmental funds:		
Cost of capital assets		20,318,597
Accumulated depreciation		(3,109,940)
 Long-term liabilities are not due in the current period and therefore are not reported in the fund statements.		
Long-term liabilities at year end consist of:		
Capital lease obligation		(64,596)
Net other post-employment benefit obligation		<u>(1,086,464)</u>
 <b>NET ASSETS - GOVERNMENTAL ACTIVITIES</b>		
		<u>\$ 16,990,262</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS GOVERNMENTAL FUNDS For the Year Ended June 30, 2011

	General Fund	Capital Projects Fund	Total
<b>REVENUES</b>			
Local	\$ 29,054,638	\$ 10,596	\$ 29,065,234
State	6,563,742	-	6,563,742
Federal	6,810,314	-	6,810,314
Total Revenues	42,428,694	10,596	42,439,290
<b>EXPENDITURES</b>			
System Support	1,111,562	-	1,111,562
ECP - I Program	1,581,572	-	1,581,572
Early Childhood/Alternative	908,274	-	908,274
Local Education Agency (LEA) Services	4,519,770	-	4,519,770
Educational & Life Skills Program (ELS) - N	6,469,619	-	6,469,619
North Shore Academy	7,626,502	-	7,626,502
ELS - Transition	1,401,096	-	1,401,096
IDEA Flow-Through	4,944,088	-	4,944,088
American Recovery and Reinvestment Act	922,089	-	922,089
LEA Contractual - DORS	8,099,304	-	8,099,304
Indirect costs	4,864,895	-	4,864,895
Building construction costs	-	5,375,808	5,375,808
Other	1,352,771	-	1,352,771
Total Expenditures	43,801,542	5,375,808	49,177,350
Excess (deficiency) of revenues over expenditures	(1,372,848)	(5,365,212)	(6,738,060)
FUND BALANCE - BEGINNING OF YEAR	2,200,006	5,470,719	7,670,725
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<b>\$ 827,158</b>	<b>\$ 105,507</b>	<b>\$ 932,665</b>

## NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

### RECONCILIATION OF THE STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS For the Year Ended June 30, 2011

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Net Change in Fund Balance - Total Governmental Fund	\$ (6,738,060)
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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 - modified cash basis, the cost of those assets is allocated  
over their estimated useful lives as depreciation expense.

This is the amount by which capital outlay exceeds depreciation expense in the cu	4,670,508
The effect on fixed assets of the current year appraisal was	1,207,178

Debt issued provides current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net  
assets. Repayment of debt principal is an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the statement of  
net assets.

Capital lease repaid	30,474
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Some expenses 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.

Change in other post-employment benefit obligation	<u>194,769</u>
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<b>CHANGE IN NET ASSETS</b>	<b><u>\$ (635,131)</u></b>
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# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS FIDUCIARY FUNDS June 30, 2011

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>59,669</u>
<b>LIABILITIES</b>	
Due to student groups	\$ <u>59,669</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the Northern Suburban Special Education District, Illinois ("District") include the preparation of financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### **A. REPORTING ENTITY**

The Northern Suburban Special Education District is a joint agreement district authorized under Section 10-22.31 of the School Code of Illinois. The District is governed by provisions of the School Code of Illinois and the Articles of Agreement of Northern Suburban Special Education District as revised June 25, 1980 and further revised April 14, 2004. Under these Agreements, 18 local education districts are members of Northern Suburban Special Education District.

The District is under the direction of a Governing Board composed of a school board member from each of the member districts and is operated by an Executive Committee and Superintendent. The seven member Executive Committee is elected by the Governing Board and consists of Governing Board members and Superintendents of member districts.

Other districts may be admitted to membership upon the approval of and under conditions specified by a majority of the Governing Board. The purpose of the District is to oversee the special education programs described and mandated in Article 14 of the School Code. If additional mandatory categories are added to Article 14, the Northern Suburban Special Education District Governing Board shall determine whether they shall be included in the program it operates. Each member district may employ, at its own expense, such school psychologists, school social workers, and itinerant teachers as it deems necessary.

This report includes all of the funds of the Northern Suburban Special Education District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### A. *REPORTING ENTITY* (continued)

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the district-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

#### B. *DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS*

##### *District-Wide Financial Statements*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the District except for fiduciary funds. All of the District's activities are reported as governmental activities. Governmental activities generally are financed through tuition, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to students or others who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported as general revenues.

##### *Fund Financial Statements*

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditures.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

##### ***Fund Financial Statements (continued)***

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all governmental funds, and
- b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all funds combined.
- c. In addition, any other fund that the District believes is particularly important to financial statement users may be reported as a major fund.

The District reports the following major governmental funds:

General Fund – accounts for the District’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – used to account for financial resources to be used for the acquisition or construction of major capital facilities.

In addition, the District reports the following fund types:

Agency funds – used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Student Activity Fund

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

##### ***District-Wide Financial Statements***

The District-wide Statement of Net Assets and Statement of Activities are reported using the economic resources measurement focus and utilize the modified cash basis of accounting. Under the modified cash basis of accounting, revenues are recognized when received in cash and expenses are recorded when the cash is disbursed. Additionally, depreciation of capital assets, net depreciated value of capital assets, long-term debt, other post employment health care benefits and on-behalf contributions to pension have been taken into account in the district-wide statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***Fund Financial Statements***

The measurement focus of all governmental funds is the measurement of spending or “financial flow” and the determination of changes in financial position on the modified cash basis rather than upon net income determination. The modified cash basis of accounting is followed by the governmental funds and agency funds. Under the modified cash basis of accounting, revenues are recorded when received in cash and expenditures are recorded when the cash is disbursed. Additionally, on-behalf contributions for pensions are reported as revenues and expenditures. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. This method of accounting is under guidelines prescribed by the Illinois State Board of Education. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

##### ***All Financial Statements***

Teacher contracts expire on June 30<sup>th</sup> each year and payrolls are processed prior to year-end. Teacher payrolls and benefits are reported as disbursed at the time payrolls are processed regardless of the actual timing of payment. The balance of Cash and Investments is reduced for year-end payroll and payroll related items at the time payrolls are processed.

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY***

##### ***1. Deposits and Investments***

The District is allowed to invest in securities as authorized by the *School Code of Illinois*, Chapter 85, Sections 902 and 906; and Chapter 122, Section 8-7. In accordance with the District's investment and cash management policy the institutions in which investments are made must be approved by the Executive Committee of the Governing Board.

The District has adopted an investment policy that follows the state statute. That policy contains the following guidelines for allowable investments:

##### ***Custodial Credit Risk***

Collateral is required for all investments of the District that are in excess of Federal Deposit Insurance Corporation coverage. The collateral must be on the District approved list of investments.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY*

##### *1. Deposits and Investments (continued)*

#### ***Credit Risk and Concentration of Credit Risk***

It is the policy of the District to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities.

There are exceptions for investments that are issued by the United States of America, its agencies and allowable instrumentalities, investments in the Illinois Public Treasurer's Investment Pool, or investments in the Illinois School District Liquid Asset Fund.

#### ***Interest Rate Risk***

The District's investment policy states that for interest rate risk, the investment portfolio shall be designed with the objective of regularly exceeding the average return on U.S. Treasury bills for a given period of time.

PMA Financial Network, Inc. is the administrator for the Illinois School District Liquid Asset Fund (ISDLAF). The investment manager for ISDLAF is PMA Financial Network, Inc. The ISDLAF is not registered with the Securities and Exchange Commission, but invests its funds in accordance with applicable Illinois statutes. The ISDLAF has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value, which is the price at which the investment could be exchanged in a current transaction between willing parties. At June 30, 2011, the District's share of the ISDLAF's assets was substantially equal to the amount reported in these statements.

See Note III. A. for further information.

Capital assets, which include property, plant, and equipment, are reported in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are recorded at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of exhaustible capital assets associated with specific functions is allocated to those functions in the statement of activities. Depreciation on capital assets associated with multiple functions is reported as a separate item. Accumulated depreciation is reflected in the Statement of Net Assets. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	5 – 50 Years
Building and Improvements	20 – 40 Years
Equipment, furniture, and fixtures	5 – 20 Years

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)*

##### *2. Capital Assets*

###### *Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon the disbursement of cash.

##### *3. Compensated Absences*

The District's policy allows employees to earn varying amounts of vacation pay each year depending on the total number of years employed and the employees' position. Vacation pay is granted on July 1 of the ensuing year. Unused vacation days may be carried into the next year as long as the total cumulated days of vacation for any one year does not exceed 20 days. Any vacation days exceeding 20 days will be converted to sick days after the sixth month of the year in which they are compiled. At termination, any unused vacation days up to a maximum of 20 days will be paid to the employee.

The District's sick leave policy allows employees to earn and accumulate various amounts of sick leave depending on the total number of years employed and the employees' position. Upon satisfactory termination of employment, all accumulated sick pay is forfeited. Upon retirement, up to 240 accumulated sick days may be added as service credit to the IMRF retirement plan and 340 accumulated sick days may be added as service credit to the TRS retirement plan. The service credit is at no cost to N.S.S.E.D; it is only reported to the IMRF and TRS as an increase in the employee's length of service. Accordingly, employee sick pay is recorded when paid.

##### *4. Long-Term Obligations*

All long-term obligations to be repaid from District resources are reported as liabilities in the District-wide statements. The long-term obligations consist primarily of capital leases.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources, and payments of principal and interest are reported as expenditures.

##### *5. Claims and Judgments*

Claims and judgments are recognized as expenditures in both the district-wide and governmental funds financial statements when disbursed. There were no significant claims or judgments at year end.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY* (continued)

##### **6. Equity Classifications**

###### ***District-Wide Statements***

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

###### ***Fund Statements***

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balance as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not expendable or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance, resolution, motion) of the District. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Board of Control may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Statements (continued)

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed or assigned for those purposes.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

NOTE II - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2011, NSSD has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Expenditures exceeded budget it the general fund by \$212,855 which was funded by available fund balance.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The District's deposits and investments at year end were comprised of the following:

Table with 4 columns: Description, Carrying Value, Bank Balance, and Associated Risks. Rows include Demand Deposits, ISDLAF, Petty Cash, and Reconciliation to financial statements (Per statement of net assets, Per statement of fiduciary net assets, Total).

Deposits in each local and area bank are either fully collateralized or insured by the FDIC in the amount of \$250,000 for interest bearing accounts.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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#### **A. DEPOSITS AND INVESTMENTS (continued)**

Separate bank accounts are not maintained for all District programs; instead, certain programs maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating program.

Occasionally, certain programs participating in the common account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Executive Committee of the governing Board.

#### ***Custodial Credit Risk - Deposits***

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

As of June 30, 2011 none of the District's total demand deposits were exposed to custodial credit risk as all balances were either insured by FDIC or collateralized.

#### ***Credit Risk and Interest Rate Risk - Investments***

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment.

As of June 30, 2011, the District had \$203,532 invested in the ISDLAF that is rated AAAM by Standard & Poor's. The average maturity date for investments held by the ISDLAF is 51 days, but funds are due to the District on demand.

#### **B. RECEIVABLES**

All receivables, if any, as of year end are expected to be collected within one year.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

#### C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance <u>6/30/2010</u>	Additions	Deletions	Change in Estimate	Balance <u>6/30/2011</u>
Capital Assets Not Being Depreciated:					
Land	\$ 242,571	\$ -	\$ -	\$ -	\$ 242,571
Construction in progress	<u>276,035</u>	-	<u>(276,035)</u>	-	-
Total Capital Assets Not Being Depreciated					
Depreciated	<u>518,606</u>	-	<u>(276,035)</u>	-	<u>242,571</u>
Capital Assets Being Depreciated:					
Land improvements	213,257	-	-	200,042	413,299
Buildings and improvements	12,050,514	5,494,031	-	(266,391)	17,278,154
Furniture and equipment	<u>2,063,863</u>	<u>61,688</u>	-	<u>259,022</u>	<u>2,384,573</u>
Total Capital Assets Being Depreciated					
Depreciated	<u>14,327,634</u>	<u>5,555,719</u>	-	<u>192,673</u>	<u>20,076,026</u>
Total capital assets	<u>14,846,240</u>	<u>5,555,719</u>	<u>(276,035)</u>	<u>192,673</u>	<u>20,318,597</u>
Less: Accumulated Depreciation for:					
Land improvements	(109,509)	(24,680)	-	(3,893)	(138,082)
Buildings and improvements	(1,882,741)	(271,297)	-	155,585	(1,998,453)
Furniture and equipment	<u>(1,523,019)</u>	<u>(313,199)</u>	-	<u>862,813</u>	<u>(973,405)</u>
Total Accumulated Depreciation	<u>(3,515,269)</u>	<u>(609,176)</u>	-	<u>1,014,505</u>	<u>(3,109,940)</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>\$10,812,365</u>	<u>\$ 4,946,543</u>	<u>\$ -</u>	<u>\$ 1,207,178</u>	<u>\$ 16,966,086</u>
Total Capital Assets, Net of Depreciation	<u>\$11,330,971</u>	<u>\$ 4,946,543</u>	<u>\$ (276,035)</u>	<u>\$ 1,207,178</u>	<u>\$ 17,208,657</u>

Depreciation expense was charged to District functions as follows:

Indirect costs	\$ <u>609,176</u>
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**NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

**NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)**

***D. LONG-TERM OBLIGATIONS***

Long-term obligations activity for the year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>6/30/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2011</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Other liabilities					
Capital Leases	\$ 95,070	\$ -	\$ 30,474	\$ 64,596	\$ 34,615
Net other postemployment obligation	<u>1,281,233</u>	<u>385,818</u>	<u>580,587</u>	<u>1,086,464</u>	<u>-</u>
Subtotal	<u>1,376,303</u>	<u>385,818</u>	<u>611,061</u>	<u>1,151,060</u>	<u>34,615</u>
 Total Long-Term Obligations	 <u>\$ 1,376,303</u>	 <u>\$ 385,818</u>	 <u>\$ 611,061</u>	 <u>\$ 1,151,060</u>	 <u>\$ 34,615</u>

The obligations for the long-term obligations will be repaid from the General Fund.

***E. LEASE DISCLOSURE***

***CAPITAL LEASES***

In April 2010, the District acquired capital assets through a lease/purchase agreement. The gross amount of these assets under the capital lease is \$103,179, which are included in capital assets in the governmental activities. The future minimum lease obligations as of June 30, 2011, are as follows:

	<u>Year Ending June 30</u>
2012	\$ 36,678
2013	<u>30,565</u>
Subtotal	67,243
Less: Amount representing interest	<u>(2,647)</u>
Present Value of Minimum Lease Payments	<u>\$ 64,596</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2011

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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#### E. LEASE DISCLOSURE (continued)

##### OPERATING LEASES

The District signed a new lease for building and office facilities under a non-cancelable operating lease in July 2011. Terms of this lease are five years, with monthly payments of \$5,417 for the first year and a 5% increase for each year after. Total costs for this lease were \$75,835 for the year ended June 30, 2011. The future minimum lease obligations are as follows:

	<u>Year Ending June 30</u>	
2012		\$ 68,251
2013		71,664
2014		75,246
2015		<u>79,009</u>
Total		<u>\$ 294,170</u>

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### NOTE V – OTHER INFORMATION

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#### A. TEACHER'S RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The District participates in the Teacher's 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 outside the City of Chicago.

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 State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2011 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active members' contribution rate was also 9.4 percent of the years ended June 30, 2010 and 2009. The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

- > **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2011, the State of Illinois contributions were based on 23.10 percent of creditable earnings, and the District recognized revenue and expenditures of \$3,001,133 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings were 23.38 percent (\$3,076,750) and 17.08 percent (\$2,238,132), respectively.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE V – OTHER INFORMATION (continued)

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#### A. *TEACHER'S RETIREMENT SYSTEM OF THE STATE OF ILLINOIS* (continued)

The District makes three other types of employer contributions directly to TRS:

- > **2.2 Formula Contributions.** For the years ended June 30, 2011, 2010 and 2009, the District contributed 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for those years were \$86,908, \$81,830 and \$71,526, respectively.
- > **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer pension contribution was 23.38 and 17.08 percent, respectively, of salaries paid from those funds. For the year ended June 30, 2011, salaries totaling \$42,098 were paid from federal and special trust funds that required employer contributions of \$9,725. For the years ended June 30, 2010 and 2009, required District contributions were \$7,994 and \$5,656 respectively.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements, can be found in the *TRS Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011 is expected to be available in late 2011. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS web site at [www.tr Illinois.gov](http://www.tr Illinois.gov).

#### B. *TEACHERS' HEALTH INSURANCE SECURITY*

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE V – OTHER INFORMATION (continued)

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#### ***B. TEACHERS' HEALTH INSURANCE SECURITY*** (continued)

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- > **On Behalf Contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$113,656, and the District recognized revenues and expenditures of this amount during the year. For the year ended June 30, 2010, the rate was 0.84% and the District recognized revenues and expenditures of \$110,542.
- > **Employer Contributions to THIS Fund.** The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2011. For the year ended June 30, 2011, the District paid \$85,242 to the THIS Fund, which was 100 percent of the required contribution. For the year ended June 30, 2010, the rate was 0.63% and the District paid \$82,906, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

#### ***C. ILLINOIS MUNICIPAL RETIREMENT FUND***

##### ***DEFINED BENEFIT PENSION PLAN-AN AGENT-MULTIPLE-EMPLOYER PERS***

For purposes of reporting, the Illinois Municipal Retirement (IMRF) treats the Low Incidence Cooperative Agreement (LICA) and the Northern Suburban Special Education District (NSSED) as a single employer. Accordingly, the information presented below is for LICA and NSSED combined.

- > **Plan Description.** The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).
- > **Funding Policy.** As set by statute, District employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's contribution rate for calendar year 2010 was 10.87 percent of annual covered payroll. The District 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

### NOTE V – OTHER INFORMATION (continued)

#### C. ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

##### *DEFINED BENEFIT PENSION PLAN-AN AGENT-MULTIPLE-EMPLOYER PERS* (continued)

- > **Annual Pension Cost.** For calendar year ending December 31, 2010, the employer's actual contributions for pension cost for the Regular were \$1,251,674. Its required contribution for calendar year 2010 was \$1,262,124.

#### Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$ 1,262,124	99%	\$ 10,450
12/31/09	1,125,165	100%	-
12/31/08	921,598	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 10 year basis.

- > **Funded Status and Funding Progress.** As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 82.62 percent funded. The actuarial accrued liability for benefits was \$19,209,823 and the actuarial value of assets was \$15,870,584, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,339,239. The covered payroll (annual payroll of active employees covered by the plan) was \$11,611,076 and the ratio of the UAAL to the covered payroll was 29 percent.

The schedule of funding process, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE V – OTHER INFORMATION (continued)

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#### ***D. SOCIAL SECURITY/MEDICARE***

Employees not qualifying for coverage under the Illinois Teacher's Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid the total required contribution for the current fiscal year.

#### ***E. RISK MANAGEMENT***

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pool: School Employee Loss Fund (SELF) for workers' compensation claims. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that it will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage from coverage in any of the past three fiscal years.

The District carries commercial insurance for all other risks of loss, including general liability, torts and professional liability insurance. Premiums have been recorded as expenditures in the general fund. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### ***F. COMMITMENTS AND CONTINGENCIES***

From time to time, the District becomes party to claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

#### ***G. OTHER POST-EMPLOYMENT BENEFITS***

The District administers a single-employer defined benefit healthcare plan. The plan provides health insurance contributions for eligible retirees through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive healthcare insurance at established contribution rates for five years. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the board and the union. The District's funding policy is to provide annual contributions on a pay-as-you-go basis.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

### NOTE V – OTHER INFORMATION (continued)

#### G. OTHER POST-EMPLOYMENT BENEFITS (continued)

Teachers and administrative staff that have been employed at the District for a minimum of 10 years and are 55 or older may voluntarily retire and receive extended health insurance benefits. The benefits vary based on the retiree's position. For fiscal year 2011, the District contributed \$35,973 to the plan.

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation plan:

Annual Required Contribution	\$ 419,211
Interest on net OPEB obligation	39,988
Adjustment to annual required contribution	<u>(73,381)</u>
Annual OPEB cost (expense)	385,818
Contributions made	(99,105)
Actuarial valuation adjustment	<u>(481,482)</u>
Increase (decrease) in net OPEB obligation	(194,769)
Net OPEB Obligation - beginning of year	<u>1,281,233</u>
Net OPEB Obligation - end of year	<u><u>\$ 1,086,464</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010-2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 661,435	9%	\$ 600,919
6/30/2010	731,169	7%	1,281,233
6/30/2011	385,818	26%	1,086,464

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### NOTE V- OTHER INFORMATION (continued)

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#### **G. OTHER POST-EMPLOYMENT BENEFITS** (continued)

As of July 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$3,455,812, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,455,812. The covered payroll (annual payroll of active employees covered by the plan) was \$24,481,975 when the study was completed. The ratio of UAAL to covered payroll was 14%.

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5 percent rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to a rate of 4 percent after seven years. The actuarial value of the plan assets was not determined because there were no plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the level dollar amortization method. The remaining amortization period at June 30, 2011 was 30 years.

**REQUIRED SUPPLEMENTARY INFORMATION**

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF REVENUES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Original and Final Budget	Actual	Variance With Final Budget
<b>System Support</b>			
Local	\$ 951,039	\$ 946,525	\$ (4,514)
State	30,753	37,888	7,135
Federal	231,246	140,752	(90,494)
Total Systems Support	<u>1,213,038</u>	<u>1,125,165</u>	<u>(87,873)</u>
<b>Indirect Costs</b>			
Local	672,906	616,277	(56,629)
State	2,600,684	3,540,386	939,702
Federal	811,339	469,838	(341,501)
Total Indirect Costs	<u>4,084,929</u>	<u>4,626,501</u>	<u>541,572</u>
<b>Summer School</b>			
Local	677,704	582,276	(95,428)
State	73,844	84,896	11,052
Total Summer School	<u>751,548</u>	<u>667,172</u>	<u>(84,376)</u>
<b>ELP Programs</b>			
Federal	160,000	-	(160,000)
Total ELP Programs	<u>160,000</u>	<u>-</u>	<u>(160,000)</u>
<b>ECP- I Program</b>			
Local	961,100	833,135	(127,965)
State	151,241	185,249	34,008
Federal	374,123	212,271	(161,852)
Total ECP-I Program	<u>1,486,464</u>	<u>1,230,655</u>	<u>(255,809)</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF REVENUES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Original and Final Budget	Actual	Variance With Final Budget
<b>LEA Unit Billed ELS</b>			
Local	\$ 231,566	\$ 104,664	\$ (126,902)
State	19,890	23,235	3,345
Total LEA Unit Billed ELS	<u>251,456</u>	<u>127,899</u>	<u>(123,557)</u>
<b>Early Childhood/Alternative</b>			
Local	781,800	1,028,053	246,253
State	97,522	117,113	19,591
Federal	192,707	74,001	(118,706)
Total Early Childhood/Alternative	<u>1,072,029</u>	<u>1,219,167</u>	<u>147,138</u>
<b>Rhonda Alter Residence</b>			
Local	58,555	63,306	4,751
State	1,163	1,400	237
Total Rhonda Alter Residence	<u>59,718</u>	<u>64,706</u>	<u>4,988</u>
<b>Local Education Agency Services</b>			
Local	4,166,022	4,409,064	243,042
State	297,968	349,343	51,375
Total Local Education Agency Services	<u>4,463,990</u>	<u>4,758,407</u>	<u>294,417</u>
<b>ELS-N</b>			
Local	5,804,942	5,888,225	83,283
State	569,576	658,382	88,806
Federal	347,608	221,493	(126,115)
Total ELS-N	<u>6,722,126</u>	<u>6,768,100</u>	<u>45,974</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF REVENUES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

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	Original and Final Budget	Actual	Variance With Final Budget
<b>North Shore Academy</b>			
Local	\$ 5,882,720	\$ 5,862,111	\$ (20,609)
State	471,156	548,191	77,035
Federal	<u>1,326,344</u>	<u>816,828</u>	<u>(509,516)</u>
Total North Shore Academy	<u>7,680,220</u>	<u>7,227,130</u>	<u>(453,090)</u>
<b>ELS Transition</b>			
Local	1,046,176	1,073,972	27,796
State	92,907	110,554	17,647
Federal	<u>105,753</u>	<u>71,662</u>	<u>(34,091)</u>
Total ELS Transition	<u>1,244,836</u>	<u>1,256,188</u>	<u>11,352</u>
<b>IDEA Flow Through</b>			
Federal	<u>5,202,024</u>	<u>3,070,499</u>	<u>(2,131,525)</u>
<b>American Recovery and Reinvestment Act</b>			
Federal	<u>415,000</u>	<u>1,293,566</u>	<u>878,566</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF REVENUES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Original and Final Budget	Actual	Variance With Final Budget
<b>Contractual/DORS</b>			
Local	\$ 7,574,122	\$ 7,620,263	\$ 46,141
State	791,775	904,304	112,529
Federal	<u>62,874</u>	<u>37,349</u>	<u>(25,525)</u>
Total Contractual/DORS	<u>8,428,771</u>	<u>8,561,916</u>	<u>133,145</u>
<b>Professional Development Grant</b>			
State	3,213	2,801	(412)
Federal	<u>364,707</u>	<u>375,026</u>	<u>10,319</u>
	<u>367,920</u>	<u>377,827</u>	<u>9,907</u>
<b>ELS Transition-Summer School</b>			
Local	<u>53,693</u>	<u>25,734</u>	<u>(27,959)</u>
Total ELS Transition-Summer School	<u>53,693</u>	<u>25,734</u>	<u>(27,959)</u>
<b>Parent Mentor Grant</b>			
Local	-	1,033	1,033
Federal	<u>30,000</u>	<u>27,029</u>	<u>(2,971)</u>
Total Parent Mentor Grant	<u>30,000</u>	<u>28,062</u>	<u>(2,971)</u>
<b>TOTAL REVENUES - MODIFIED CASH BASIS</b>			
	<u>\$ 43,687,762</u>	<u>\$ 42,428,694</u>	<u>\$ (1,260,101)</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Original and Final Budget	Actual	Variance With Final Budget
<b>System Support</b>			
Salaries	\$ 781,183	\$ 775,969	\$ 5,214
Employee benefits	262,467	244,484	17,983
Purchased services	72,397	58,050	14,347
Supplies and materials	14,000	8,395	5,605
Capital outlay	49,500	37,677	11,823
Debt service	300	247	
Indirect cost distribution	(12,660)	(13,260)	600
Total System Support	<u>1,167,187</u>	<u>1,111,562</u>	<u>55,625</u>
<b>Indirect Costs</b>			
Salaries	1,813,467	1,921,821	(108,354)
Employee benefits	2,917,893	3,737,930	(820,037)
Purchased services	733,581	584,149	149,432
Supplies and materials	161,380	145,565	15,815
Capital outlay	17,000	40,492	(23,492)
Debt service	1,775	37,947	(36,172)
Indirect cost distribution	(1,603,009)	(1,603,009)	-
Total Indirect Costs	<u>4,042,087</u>	<u>4,864,895</u>	<u>(822,808)</u>
<b>Summer School</b>			
Salaries	570,391	421,696	148,695
Employee benefits	44,491	36,245	8,246
Purchased services	125,000	97,662	27,338
Supplies and materials	4,600	3,895	705
Total Summer School	<u>744,482</u>	<u>559,498</u>	<u>184,984</u>
<b>ELP Programs</b>			
Salaries	48,379	41,898	6,481
Employee benefits	13,184	6,245	6,939
Purchased services	81,130	108,338	(27,208)
Supplies and materials	10,310	9,563	747
Capital outlay	7,000	6,778	222
Total ELP Programs	<u>160,003</u>	<u>172,822</u>	<u>(12,819)</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Original and Final Budget	Actual	Variance With Final Budget
<b>ECP- I Program</b>			
Salaries	\$ 1,158,642	\$ 1,200,869	\$ (42,227)
Employee benefits	270,963	250,378	20,585
Purchased services	65,577	50,325	15,252
Supplies and materials	25,400	15,513	9,887
Capital outlay	9,000	520	8,480
Indirect cost distribution	63,968	63,967	1
Total ECP-I Program	<u>1,593,550</u>	<u>1,581,572</u>	<u>11,978</u>
<b>LEA Unit Billed ELS</b>			
Salaries	159,166	141,546	17,620
Employee benefits	38,510	24,009	14,501
Purchased services	36,338	50,632	(14,294)
Supplies and materials	10,967	-	10,967
Indirect cost distribution	6,475	6,475	-
Total LEA Unit Billed ELS	<u>251,456</u>	<u>222,662</u>	<u>28,794</u>
<b>Early Childhood/Alternative</b>			
Salaries	706,575	668,482	38,093
Employee benefits	168,376	151,538	16,838
Purchased services	33,280	43,591	(10,311)
Supplies and materials	11,400	3,771	7,629
Capital outlay	5,500	1,385	4,115
Indirect cost distribution	39,507	39,507	-
Total Early Childhood/Alternative	<u>964,638</u>	<u>908,274</u>	<u>56,364</u>
<b>Rhonda Alter Residence</b>			
Salaries	21,218	21,519	(301)
Employee benefits	7,419	7,370	49
Purchased services	10,568	9,891	677
Supplies and materials	500	70	430
Capital outlay	17,500	11,372	6,128
Total Rhonda Alter Residence	<u>57,205</u>	<u>50,222</u>	<u>6,983</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Original and Final Budget	Actual	Variance With Final Budget
<b>Local Education Agency Services</b>			
Salaries	\$ 3,044,042	\$ 3,046,474	\$ (2,432)
Employee benefits	736,735	813,623	(76,888)
Purchased services	95,767	83,612	12,155
Supplies and materials	22,145	13,675	8,470
Capital outlay	6,115	3,199	2,916
Indirect cost distribution	559,186	559,187	(1)
Total Local Education Agency Services	<u>4,463,990</u>	<u>4,519,770</u>	<u>(55,780)</u>
<b>ELS-N</b>			
Salaries	4,699,389	4,728,385	(28,996)
Employee benefits	1,069,788	1,099,058	(29,270)
Purchased services	196,720	170,436	26,284
Supplies and materials	150,919	125,791	25,128
Capital outlay	83,473	51,731	31,742
Indirect cost distribution	294,217	294,218	(1)
Total ELS-N	<u>6,494,506</u>	<u>6,469,619</u>	<u>24,887</u>
<b>North Shore Academy</b>			
Salaries	5,561,341	5,459,971	101,370
Employee benefits	1,259,199	1,257,563	1,636
Purchased services	374,978	359,210	15,768
Supplies and materials	166,994	204,968	(37,974)
Capital outlay	12,000	39,370	(27,370)
Debt Service	-	-	-
Indirect cost distribution	305,420	305,420	-
Total North Shore Academy	<u>7,679,932</u>	<u>7,626,502</u>	<u>53,430</u>
<b>ELS Transition</b>			
Salaries	945,120	904,471	40,649
Employee benefits	237,938	220,212	17,726
Purchased services	220,957	206,837	14,120
Supplies and materials	6,200	6,591	(391)
Capital outlay	25,676	9,855	15,821
Indirect cost distribution	53,130	53,130	-
Total ELS Transition	<u>1,489,021</u>	<u>1,401,096</u>	<u>87,925</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Original and Final Budget	Actual	Variance With Final Budget
<b>IDEA Flow Through</b>			
Purchased services	\$ 327,272	\$ 336,580	\$ (9,308)
Payments to local agencies	<u>4,874,752</u>	<u>4,607,508</u>	<u>267,244</u>
Total IDEA Flow Through	<u>5,202,024</u>	<u>4,944,088</u>	<u>257,936</u>
<b>American Recovery and Reinvestment Act</b>			
Payments to local agencies	<u>415,000</u>	<u>922,089</u>	<u>(507,089)</u>
Total American Recovery and Reinvestment	<u>415,000</u>	<u>922,089</u>	<u>(507,089)</u>
<b>Contractual/DORS</b>			
Salaries	5,225,411	5,079,546	145,865
Employee benefits	2,721,541	2,550,219	171,322
Purchased services	168,359	159,702	8,657
Supplies and materials	4,960	1,336	3,624
Indirect cost distribution	<u>308,501</u>	<u>308,501</u>	<u>-</u>
Total Contractual/DORS	<u>8,428,772</u>	<u>8,099,304</u>	<u>329,468</u>
<b>Professional Development Grant</b>			
Salaries	7,831	7,831	-
Employee benefits	13,263	4,021	9,242
Purchased services	128,186	57,171	71,015
Supplies and materials	1,000	390	610
Payments to local agencies	<u>217,640</u>	<u>214,075</u>	<u>3,565</u>
Total Professional Development Grant	<u>367,920</u>	<u>283,488</u>	<u>84,432</u>
<b>ELS Transition-Summer School</b>			
Salaries	34,211	26,964	7,247
Employee benefits	<u>2,704</u>	<u>1,960</u>	<u>744</u>
Total ELS Transition-Summer School	<u>36,915</u>	<u>28,924</u>	<u>7,991</u>

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# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

## REQUIRED SUPPLEMENTARY INFORMATION DETAILED SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS BUDGET AND ACTUAL

For the Year Ended June 30, 2011

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Parent Mentor Grant</b>			
Salaries	\$ 27,396	\$ 34,908	\$ (7,512)
Employee benefits	15,387	10,675	4,712
Purchased services	352	2,508	(2,156)
Supplies and materials	1,000	-	1,000
Capital outlay	-	1,200	(1,200)
Indirect cost distribution	(14,136)	(14,136)	-
Total Parent Mentor Grant	<u>29,999</u>	<u>35,155</u>	<u>(5,156)</u>
<b>TOTAL EXPENDITURES - MODIFIED CASH BASIS</b>	<u>\$ 43,588,687</u>	<u>\$ 43,801,542</u>	<u>\$ (212,855)</u>

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION ILLINOIS MUNICIPAL RETIREMENT FUND - SCHEDULE OF FUNDING PROGRESS

June 30, 2011

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As a Percentage of Covered Payroll [(b-a)/c]
12/31/10	\$ 15,870,584	\$ 19,209,823	\$ 3,339,239	82.62%	\$ 11,611,076	28.76%
12/31/09	14,305,281	17,413,398	3,108,117	82.15%	11,481,272	27.07%
12/31/08	13,215,275	15,538,368	2,323,093	85.05%	11,010,729	21.10%

On a market value basis, the actuarial value of assets at December 31, 2010 is \$16,875,914. On a market basis the funded ratio would be 87.85%.

# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION POSTEMPLOYMENT HEALTH CARE PLAN - SCHEDULE OF FUNDING PROGRESS

June 30, 2011

---

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Postemployment Health Care Plan</b>						
7/1/10	\$ -	\$ 3,455,812	\$ 3,455,812	0%	\$ 21,225,982	16%
7/1/08	-	5,156,753	5,156,753	0%	24,870,450	21%

The year ended June 30, 2009 was the first year of implementation of GASB 45. As such, two preceding year's information is not available.

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members. As such, only two years of information is applicable.

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# NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

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### *A. BUDGETARY INFORMATION*

The accounting policies of the District include the preparation of financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The District also prepares its budget on the modified cash basis of accounting.

Under the modified cash basis of accounting, revenues are recorded when received in cash and expenditures are recorded when the cash is disbursed. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. This method of accounting is under guidelines prescribed by the Illinois State Board of Education. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The District procedures in establishing the budgetary data reflected in the General Fund Financial Statements is presented below:

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

Expenditures exceeded budget in the general fund by \$212,855 which was funded by available fund balance.

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**SUPPLEMENTARY INFORMATION**

**NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT**

General Fund

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -  
MODIFIED CASH BASIS - BY INDIVIDUAL PROGRAMS  
June 30, 2011

	Systems Support	Indirect Cost	Summer School	ELP Program	ECP-I Program	LEA Unit Billed ELS	Early Childhood/ Alternative	Rhonda Alter Residence
<b>CURRENT ASSETS</b>								
Cash and investments (overdrafts)	\$ 947,531	\$ 509,406	\$ 554,240	\$ (264,382)	\$ (621,475)	\$ (69,858)	\$ 600,217	\$ 160,202
Other assets	46,946	-	876	-	173	67	2,039	52
<b>TOTAL ASSETS</b>	<u>\$ 994,477</u>	<u>\$ 509,406</u>	<u>\$ 555,116</u>	<u>\$ (264,382)</u>	<u>\$ (621,302)</u>	<u>\$ (69,791)</u>	<u>\$ 602,256</u>	<u>\$ 160,254</u>
<b>LIABILITIES AND FUND EQUITY</b>								
<b>LIABILITIES</b>	\$ -	\$ 89,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND EQUITY</b>								
Fund balances (deficit)								
Unassigned	994,477	419,466	555,116	(264,382)	(621,302)	(69,791)	602,256	160,254
<b>TOTAL FUND EQUITY</b>	<u>994,477</u>	<u>419,466</u>	<u>555,116</u>	<u>(264,382)</u>	<u>(621,302)</u>	<u>(69,791)</u>	<u>602,256</u>	<u>160,254</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 994,477</u>	<u>\$ 509,406</u>	<u>\$ 555,116</u>	<u>\$ (264,382)</u>	<u>\$ (621,302)</u>	<u>\$ (69,791)</u>	<u>\$ 602,256</u>	<u>\$ 160,254</u>

**NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT**

General Fund

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -  
MODIFIED CASH BASIS - BY INDIVIDUAL PROGRAMS (continued)  
June 30, 2011

	LEA Services	ELS-N	Early Childhood	0-3 Program	North Shore Academy	ELS Transition	NSA Summer Program	IDEA Flow-Through
<b>CURRENT ASSETS</b>								
Cash and investments (overdrafts)	\$ 468,190	\$ 390,781	\$ 397	\$ 7,118	\$ (427,945)	\$ (235,906)	\$ 352	\$ (2,155,575)
Deposit with vendors	-	-	-	-	-	-	-	-
Other assets	27,203	7,155	-	-	24,014	2,722	-	-
<b>TOTAL ASSETS</b>	<u>\$ 495,393</u>	<u>\$ 397,936</u>	<u>\$ 397</u>	<u>\$ 7,118</u>	<u>\$ (403,931)</u>	<u>\$ (233,184)</u>	<u>\$ 352</u>	<u>\$ (2,155,575)</u>
<b>LIABILITIES AND FUND EQUITY</b>								
<b>LIABILITIES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND EQUITY</b>								
Fund balances (deficit)								
Unassigned	495,393	397,936	397	7,118	(403,931)	(233,184)	352	(2,155,575)
<b>TOTAL FUND EQUITY</b>	<u>495,393</u>	<u>397,936</u>	<u>397</u>	<u>7,118</u>	<u>(403,931)</u>	<u>(233,184)</u>	<u>352</u>	<u>(2,155,575)</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 495,393</u>	<u>\$ 397,936</u>	<u>\$ 397</u>	<u>\$ 7,118</u>	<u>\$ (403,931)</u>	<u>\$ (233,184)</u>	<u>\$ 352</u>	<u>\$ (2,155,575)</u>

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**NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT**

General Fund

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -  
MODIFIED CASH BASIS - BY INDIVIDUAL PROGRAMS (continued)  
June 30, 2011

	American Recovery & Reinvestment Act	LEA Contractual/ DORS	Professional Development Grant	ELS Transition Summer School	Parent Mentor Grant	Reclassifications	Total
<b>CURRENT ASSETS</b>							
Cash and investments (overdrafts)	\$ 142,138	\$ 512,485	\$ 264,429	\$ (7,564)	\$ (10,955)	\$ -	\$ 763,826
Deposit with vendors	-	-	-	-	-	-	-
Other assets	-	41,471	473	-	81	(89,940)	63,332
<b>TOTAL ASSETS</b>	<u>\$ 142,138</u>	<u>\$ 553,956</u>	<u>\$ 264,902</u>	<u>\$ (7,564)</u>	<u>\$ (10,874)</u>	<u>\$ (89,940)</u>	<u>\$ 827,158</u>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (89,940)	\$ -
<b>FUND EQUITY</b>							
Fund balances (deficit)							
Unassigned	142,138	553,956	264,902	(7,564)	(10,874)	-	827,158
<b>TOTAL FUND EQUITY</b>	<u>142,138</u>	<u>553,956</u>	<u>264,902</u>	<u>(7,564)</u>	<u>(10,874)</u>	<u>-</u>	<u>827,158</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 142,138</u>	<u>\$ 553,956</u>	<u>\$ 264,902</u>	<u>\$ (7,564)</u>	<u>\$ (10,874)</u>	<u>\$ (89,940)</u>	<u>\$ 827,158</u>

**NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT**

General Fund

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - BY INDIVIDUAL PROGRAMS  
For the Year Ended June 30, 2011

	Systems Support	Indirect Cost	Summer School	ELP Programs	ECP-I Program	LEA Unit Billed ELS	Early Childhood/ Alternative	Rhonda Alter Residence
<b>REVENUES</b>								
Local	\$ 946,525	\$ 616,277	\$ 582,276	\$ -	\$ 833,135	\$ 104,664	\$ 1,028,053	\$ 63,306
State	37,888	3,540,386	84,896	-	185,249	23,235	117,113	1,400
Federal	140,752	469,838	-	-	212,271	-	74,001	-
Total Revenues	<u>1,125,165</u>	<u>4,626,501</u>	<u>667,172</u>	<u>-</u>	<u>1,230,655</u>	<u>127,899</u>	<u>1,219,167</u>	<u>64,706</u>
<b>EXPENDITURES</b>								
Salaries	775,969	1,921,821	421,696	41,898	1,200,869	141,546	668,482	21,519
Employee benefits	244,484	3,737,930	36,245	6,245	250,378	24,009	151,538	7,370
Purchased services	58,050	584,149	97,662	108,338	50,325	50,632	43,591	9,891
Supplies and materials	8,395	145,565	3,895	9,563	15,513	-	3,771	70
Capital outlay	37,677	40,492	-	6,778	520	-	1,385	11,372
Debt service	247	37,947	-	-	-	-	-	-
Payments to local agencies	-	-	-	-	-	-	-	-
Transfers								
Indirect cost distribution	(13,260)	(1,603,009)	-	-	63,967	6,475	39,507	-
Total Expenditures	<u>1,111,562</u>	<u>4,864,895</u>	<u>559,498</u>	<u>172,822</u>	<u>1,581,572</u>	<u>222,662</u>	<u>908,274</u>	<u>50,222</u>
Excess (deficiency) of revenues over expenditures	13,603	(238,394)	107,674	(172,822)	(350,917)	(94,763)	310,893	14,484
FUND BALANCE (DEFICIT) - BEGINNING OF YEA	<u>980,874</u>	<u>657,860</u>	<u>447,442</u>	<u>(91,560)</u>	<u>(270,385)</u>	<u>24,972</u>	<u>291,363</u>	<u>145,770</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 994,477</u>	<u>\$ 419,466</u>	<u>\$ 555,116</u>	<u>\$ (264,382)</u>	<u>\$ (621,302)</u>	<u>\$ (69,791)</u>	<u>\$ 602,256</u>	<u>\$ 160,254</u>

**NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT**

General Fund

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 MODIFIED CASH BASIS - BY INDIVIDUAL PROGRAMS (continued)  
 For the Year Ended June 30, 2011

	LEA Services	ELS-N	Early Childhood	0-3 Program	North Shore Academy	ELS Transition	NSA Summer Program	IDEA Flow- Through
<b>REVENUES</b>								
Local	\$ 4,409,064	\$ 5,888,225	\$ -	\$ -	\$ 5,862,111	\$ 1,073,972	\$ -	\$ -
State	349,343	658,382	-	-	548,191	110,554	-	-
Federal	-	221,493	-	-	816,828	71,662	-	3,070,499
Total Revenues	<u>4,758,407</u>	<u>6,768,100</u>	<u>-</u>	<u>-</u>	<u>7,227,130</u>	<u>1,256,188</u>	<u>-</u>	<u>3,070,499</u>
<b>EXPENDITURES</b>								
Salaries	3,046,474	4,728,385	-	-	5,459,971	904,471	-	-
Employee benefits	813,623	1,099,058	-	-	1,257,563	220,212	-	-
Purchased services	83,612	170,436	-	-	359,210	206,837	-	336,580
Supplies and materials	13,675	125,791	-	-	204,968	6,591	-	-
Capital outlay	3,199	51,731	-	-	39,370	9,855	-	-
Debt service	-	-	-	-	-	-	-	-
Payments to local agencies	-	-	-	-	-	-	-	4,607,508
Transfers								
Indirect cost distribution	559,187	294,218	-	-	305,420	53,130	-	-
Total Expenditures	<u>4,519,770</u>	<u>6,469,619</u>	<u>-</u>	<u>-</u>	<u>7,626,502</u>	<u>1,401,096</u>	<u>-</u>	<u>4,944,088</u>
Excess (deficiency) of revenues over expenditures	238,637	298,481	-	-	(399,372)	(144,908)	-	(1,873,589)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>256,756</u>	<u>99,455</u>	<u>397</u>	<u>7,118</u>	<u>(4,559)</u>	<u>(88,276)</u>	<u>352</u>	<u>(281,986)</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 495,393</u>	<u>\$ 397,936</u>	<u>\$ 397</u>	<u>\$ 7,118</u>	<u>\$ (403,931)</u>	<u>\$ (233,184)</u>	<u>\$ 352</u>	<u>\$ (2,155,575)</u>

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## NORTHERN SUBURBAN SPECIAL EDUCATION DISTRICT

General Fund

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 MODIFIED CASH BASIS - BY INDIVIDUAL PROGRAMS (continued)  
 For the Year Ended June 30, 2011

	American Recovery & Reinvestment Act	LEA Contractual/ DORS	Professional Development Grant	ELS Transition Summer School	Parent Mentor Grant	Total
<b>REVENUES</b>						
Local	\$ -	\$ 7,620,263	\$ -	\$ 25,734	\$ 1,033	\$ 29,054,638
State	-	904,304	2,801	-	-	6,563,742
Federal	1,293,566	37,349	375,026	-	27,029	6,810,314
Total Revenues	<u>1,293,566</u>	<u>8,561,916</u>	<u>377,827</u>	<u>25,734</u>	<u>28,062</u>	<u>42,428,694</u>
<b>EXPENDITURES</b>						
Salaries	-	5,079,546	7,831	26,964	34,908	24,482,350
Employee benefits	-	2,550,219	4,021	1,960	10,675	10,415,530
Purchased services	-	159,702	57,171	-	2,508	2,378,694
Supplies and materials	-	1,336	390	-	-	539,523
Capital outlay	-	-	-	-	1,200	203,579
Debt service	-	-	-	-	-	38,194
Payments to local agencies	922,089	-	214,075	-	-	5,743,672
Transfers						
Indirect cost distribution	-	308,501	-	-	(14,136)	-
Total Expenditures	<u>922,089</u>	<u>8,099,304</u>	<u>283,488</u>	<u>28,924</u>	<u>35,155</u>	<u>43,801,542</u>
Excess (deficiency) of revenues over expenditures	371,477	462,612	94,339	(3,190)	(7,093)	(1,372,848)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(229,339)</u>	<u>91,344</u>	<u>170,563</u>	<u>(4,374)</u>	<u>(3,781)</u>	<u>2,200,006</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 142,138</u>	<u>\$ 553,956</u>	<u>\$ 264,902</u>	<u>\$ (7,564)</u>	<u>\$ (10,874)</u>	<u>\$ 827,158</u>

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