

Northern Suburban Special Education District

Financial Report
June 30, 2015

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Independent Auditor's Report

To the Leadership Council
Northern Suburban Special Education District
Highland Park, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of the Northern Suburban Special Education District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of the Northern Suburban Special Education District as of June 30, 2015, and the respective changes in modified cash basis financial position thereof, for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the budgetary comparison information, and the other information, such as the schedules of employer contributions and changes in net pension liabilities, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The other information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Chicago, Illinois
December 9, 2015

Northern Suburban Special Education District

Statement of Net Position - Modified Cash Basis

June 30, 2015

	Governmental Activities
<hr/>	
Assets	
Cash	\$ 10,016,319
Capital assets not being depreciated	242,571
Capital assets being depreciated, net	14,750,980
Total assets	<u>25,009,870</u>
Liabilities	
Payroll liabilities	<u>1,120,620</u>
Net Position	
Net investment in capital assets	14,993,551
Unrestricted	8,895,699
Total net position	<u><u>\$ 23,889,250</u></u>

See notes to basic financial statements.

Northern Suburban Special Education District

**Statement of Activities - Modified Cash Basis
Year Ended June 30, 2015**

Programs	Expenses	Program Revenues		Changes in
		Charges for Services	Operating Grants and Contributions	Net Position
				Governmental Activities
Summer School	\$ 551,699	\$ 552,799	\$ 45,545	\$ 46,645
ECP - I Program	3,184,808	3,098,519	224,201	137,912
Local Education Agency (LEA) Services	3,369,230	3,594,772	210,296	435,838
Educational & Life Skills - Program (ELS) - N	11,251,647	10,721,165	969,055	438,573
North Shore Academy	8,389,611	8,631,900	478,822	721,111
ELS - Transition	572,927	494,271	40,555	(38,101)
IDEA Flow Through	5,771,789	878	5,708,090	(62,821)
LEA Contractual - DORS	2,976,883	2,726,583	206,408	(43,892)
TRS on-behalf contributions	4,324,618	-	4,324,618	-
Indirect costs	5,124,493	865,733	2,967,976	(1,290,784)
Total governmental activities	\$ 45,517,705	\$ 30,686,620	\$ 15,175,566	344,481
General revenues				-
Change in net position				344,481
Net position				
July 1, 2014				23,544,769
June 30, 2015				\$ 23,889,250

See notes to basic financial statements.

Northern Suburban Special Education District

Balance Sheet - Modified Cash Basis

Governmental Fund

June 30, 2015

	General Fund
<hr/>	
Assets	
Cash	<u>\$ 10,016,319</u>
Liabilities	
Payroll liabilities	\$ 1,120,620
Fund Balance	
Unassigned	<u>8,895,699</u>
Total liabilities and fund balance	<u>\$ 10,016,319</u>

See notes to basic financial statements.

Northern Suburban Special Education District

**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position - Modified Cash Basis
June 30, 2015**

Total fund balance - Governmental Fund	\$ 8,895,699
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Amounts reported for governmental activities in the statement of net position
are different because:

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	\$ 21,058,527	
Accumulated depreciation	(6,064,976)	14,993,551

Net position of governmental activities	<u><u>\$ 23,889,250</u></u>
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See notes to basic financial statements.

Northern Suburban Special Education District

**Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis
Governmental Funds
Year Ended June 30, 2015**

	General Fund
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Revenues:	
Local	\$ 30,686,620
State	2,093,138
State on-behalf retirement contributions	4,324,618
Federal	8,757,810
Total revenues	<u>45,862,186</u>
Expenditures:	
Summer School	551,699
ECP - I Program	3,184,808
Local Education Agency (LEA) Services	3,369,230
Educational & Life Skills Program (ELS) - N	11,251,647
North Shore Academy	8,389,611
Direct Services	572,927
IDEA Flow - Through	5,771,789
LEA Contractual - DORS	2,976,883
Employee benefits, state on-behalf retirement contributions	4,324,618
Indirect Costs	4,576,459
Total expenditures	<u>44,969,671</u>
Net change in fund balance	892,515
Fund balance - beginning of year	<u>8,003,184</u>
Fund balance - end of year	<u>\$ 8,895,699</u>

See notes to basic financial statements.

Northern Suburban Special Education District

**Reconciliation of the Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities - Modified Cash Basis
Year Ended June 30, 2015**

Net change in fund balance—governmental fund	\$	892,515
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$	410,011	
Depreciation expense		(958,045)	(548,034)
		<u> </u>	<u> </u>

Change in net position	\$	<u>344,481</u>
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See notes to basic financial statements.

Northern Suburban Special Education District

Statement of Fiduciary Net Position - Modified Cash Basis

Fiduciary Funds

June 30, 2015

	Student Activity Funds
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Assets	
Cash	<u>\$ 38,500</u>
Liabilities	
Due to NSSED student groups	<u>\$ 38,500</u>

See notes to basic financial statements.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Activities

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 (School Code) 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 (the Governing Board) composed of a school board member from each of the member districts and is operated by a leadership council (Leadership Council), advisory committee (Advisory Committee) and superintendent. The seven-member Advisory 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 Leadership Council. 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 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.

The accounting policies of the District conform to 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 as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

Financial Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Financial benefit or financial burden is created if any one of the following relationships exist:

- 1) The primary government is legally entitled to or has access to the component unit's resources.
- 2) The primary government is legally required or has assumed the obligation to finance the deficits of, or provide support to, the component unit.
- 3) The primary government is obligated in some manner for the other component unit's debt.

Based upon the application criteria, no component units have been included within the reporting entity.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Government-Wide Financial Statements (GWFS): The government-wide statement of net position – modified cash basis and statement of activities – modified cash basis report the overall financial activity of the District. Eliminations have been made to minimize the double counting of internal activities of the District. The financial activities of the District consist of governmental activities, which are primarily supported by charges for services provided and intergovernmental revenues.

The statement of net position – modified cash basis presents the District's non-fiduciary assets and liabilities arising out of cash transactions with the difference reported as net position.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given program (i.e., Summer school, ECP-I Program, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

Fund Financial Statements (FFS): Separate financial statements are provided for governmental funds. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District has one governmental fund, which is the General Fund, and this fund is reported as a major governmental fund.

The General Fund accounts for all financial resources of the District. The fund is primarily used for the instructional and administrative aspects of the District's operations. Revenues consist largely of state and federal government aid and tuition payments from member districts.

Additionally, the District administers an agency fund that is used to account for assets held by the District in an agency capacity. These funds are held on behalf of the students of the District.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) are reported within the limitations of the modified cash basis of accounting. Equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the modified cash basis of accounting, is used. Under a "current financial resources" measurement focus, only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. The funds use fund balances as their measure of available spendable financial resources at the end of the period.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

In the government-wide and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, deferred inflows and outflows, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Individual teachers' contracts expire on June 30 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 at June 30, 2015, has been reduced by \$1,667,889 for year-end payroll and payroll-related items at the time payrolls are processed.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting and all government-wide financials would be presented on the accrual basis of accounting.

Cash

State statutes authorize the District to make deposits in interest-bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations, and credit unions.

Capital Assets

Capital assets, which include land, buildings, transportation equipment and other equipment, are reported in the statement of net position. Capital assets are defined as assets with an initial individual cost of more than \$1,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized in government-wide financial statements. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the statement of activities – modified cash basis with accumulated depreciation reflected in the statement of net position – modified cash basis and is provided on the straight-line basis over the following estimated useful lives:

Land improvements	5 - 50 Years
Building and improvements	20 - 40 Years
Furniture and equipment	5 - 20 Years

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 employee's 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 the District; 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.

Net Position

The District's statement of net position – modified cash basis presents the District's non-fiduciary assets and liabilities with the difference reported in three categories:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation. This balance would be shown net of related debt that is attributable to the acquisition, construction, or improvement of those assets if the District had any such outstanding debt.

Restricted - result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted - consists of net position that does not meet the criteria of the two preceding categories.

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 Balances

Within the governmental fund types, the District's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form, or b) legally or contractually required to be maintained intact. At June 30, 2015, the District has no nonspendable fund balance amounts.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's board of education (the Board of Education). The District passes formal resolutions to commit their fund balances. As of June 30, 2015, the District has no committed fund balance.

Assigned – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's Board of Education itself, or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not authorized any other body or official to assign amounts for a specific purpose within the General Fund. At June 30, 2015, the District has no assigned fund balances.

Unassigned – includes the residual fund balance that has not been restricted, committed, or assigned.

It is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e. committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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 2. Budgets and Budgetary Information

Annual budgets are adopted for all governmental fund types. The annual budgets are adopted on a basis consistent with the modified cash basis of accounting, which is another comprehensive basis of accounting at the fund level. All budgets lapse at fiscal year-end.

On or before July 1 of each year, the superintendent is to submit for review by the Governing Board a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Governing Board holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund and by function. The Governing Board may make transfers between functions within a fund not exceeding in the aggregate 10 percent of the total of such fund, and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level. No supplemental budget was required and there were no transfers between functions during the year.

The General Fund over-expended its budget by \$520,470 for the year ended June 30, 2015, excluding Teachers' Retirement System on-behalf contributions.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 3. Cash

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 10,052,719	\$ 12,045,673	Custodial Credit Risk
Petty cash	2,100	2,100	None
	<u>\$ 10,054,819</u>	<u>\$ 12,047,773</u>	
Reconciliation to financial statements			
Per statement of net position	\$ 10,016,319		
Per statement of fiduciary net position	38,500		
Total	<u>\$ 10,054,819</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for non-interest-bearing transaction accounts.

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 Leadership Council.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2015, all of the District's bank balances were insured or collateralized with securities held by the pledging financial institution's trust department or agent. District policy requires collateral for all deposit amounts in excess of Federal Deposit Insurance Corporation coverage. The collateral must also be on the District approved list of investments.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land	\$ 242,571	\$ -	\$ -	\$ 242,571
Total capital assets not being depreciated	242,571	-	-	242,571
Capital Assets Being Depreciated:				
Land improvements	498,675	85,376	-	584,051
Building and improvements	17,278,154	20,340	-	17,298,494
Furniture and equipment	2,697,312	304,295	68,196	2,933,411
Total capital assets being depreciated	20,474,141	410,011	68,196	20,815,956
Total capital assets	20,716,712	410,011	68,196	21,058,527
Less - Accumulated Depreciation for:				
Land improvements	(211,216)	(45,764)	-	(256,980)
Building and improvements	(3,125,591)	(638,994)	-	(3,764,585)
Furniture and equipment	(1,838,320)	(273,287)	(68,196)	(2,043,411)
Total accumulated depreciation	(5,175,127)	(958,045)	(68,196)	(6,064,976)
Capital Assets Being Depreciated: Net of depreciation	15,299,014	(548,034)	-	14,750,980
Total Capital Assets Net of depreciation	\$ 15,541,585	\$ (548,034)	\$ -	\$ 14,993,551

Depreciation expense of \$958,045 was charged to the District's indirect cost function.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 5. Operating Leases

The District leases building and office facilities under two separate non-cancelable operating leases. Monthly payments under terms of the leases range from \$7,600 to \$15,727 for the first years, with increases ranging from the CPI to 5 percent for each year after. Lengths of the leases are four and five years, respectively, with the District having various renewal options. Total costs under these leases were \$281,468 for the year ended June 30, 2015. The future minimum lease obligations are as follows:

Year Ending June 30	
2016	\$ 287,130
2017	292,961
2018	206,217
Total	<u>\$ 786,308</u>

Note 6. Retirement Fund Commitments

Teachers' Retirement System

Plan Description

The District 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 nonannuitants 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 TRS' administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

TRS provides retirement, disability and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 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 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Teachers' Retirement System (continued)

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to TRS for each fiscal year shall be an amount determined to be sufficient to bring the total assets of TRS up to 90 percent of the total actuarial liabilities of TRS 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, 2015, was 9.4 percent 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 the employer. For the year ended June 30, 2015, state of Illinois contributions in the amount of \$4,194,956 were paid directly to TRS based on the state's proportionate share of on the state of Illinois contribution rate of 33 percent of creditable earnings.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$73,730.

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 a policy adopted by the TRS board of trustees that has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$14,466 were paid from federal and special trust funds that required employer contributions of \$4,774.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the employer paid \$0 to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Teachers' Retirement System (continued)

Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period.

Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of employer contributions is presented as other information following the notes to the financial statements.

Teachers' Health Insurance Security Fund

Plan Description

The District (employer) participates in the Teachers' 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 retired 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 TRS. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Part A and B may be eligible in Medicare Advantage Plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

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 the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$129,962 during the year.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Teachers' Health Insurance Security Fund (continued)

Employer Contributions to THIS

The District (employer) also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent for the year ended June 30, 2015, and 0.72 percent and 0.69 percent for the years ended June 30, 2014 and 2013, respectively. For the year ended June 30, 2015, the District paid \$96,611 to the THIS Fund. For the years ended June 30, 2014 and 2013, the District paid \$90,813 and \$81,558 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information on THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2015 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

Illinois Municipal Retirement

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

Benefits Provided

The District participates in the Regular Plan (RP). 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 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent 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 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent 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 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3 percent of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement (Continued)

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	151
Inactive Plan Members entitled to but not yet receiving benefits	1,021
Active Plan Members	337
	<hr/>
	1,509
	<hr/>

Contributions

As set by statute, the District's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Districts required and actual contribution rates for the calendar years ending December 31, 2015 and 2014, were 11.69 percent and 12.26 percent, respectively. For fiscal year 2015, the District contributed \$1,216,749 to the plan. 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 benefit rate is set by statute.

Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The District's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Since the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of changes in net pension liability and related ratios and the schedule of employer contributions are presented as other information following the notes to the financial statements.

Note 7. Risk Management

The District is exposed to various risks of loss related to workers' compensation claims; theft of, damage to and destruction of assets; and natural disasters. To protect from workers' compensation risks, the District participates in the Collective Liability Insurance Cooperative (CLIC) public entity risk pool. The District pays annual premiums to the pool for insurance coverage. The arrangements with the pool 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 employee health benefits, 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.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 8. 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.

Note 9. Postemployment Healthcare Plan

(a) Plan Description

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. Under the current agreement, 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. 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 benefits vary based on the retiree's position. The Retiree Health Plan does not issue a publicly available financial report.

(b) Funding Status, Policy and Contributions

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. At June 30, 2015, the plan was unfunded. The estimated amount of the unfunded accrued liability has not been determined.

Since the District's financial statements have been prepared using a modified cash basis of accounting as discussed in Note 1, only contributions made to the OPEB plan are recorded as expense in the financial statements.

The District has not engaged an actuary to determine the annual required contribution (ARC) to the OPEB plan. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 that 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 30 years.

Additionally, since the net OPEB obligation does not arise out of a cash transaction, it is not recorded in the accompanying financial statements. The amount of the net OPEB obligation has not been determined.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 10. Functional Expenditures Allocations

As described in Note 1, revenues and expenditures are presented by District program. Expenditures presented by function, as reported to the Illinois State Board of Education, are as follows:

	Actual	Budget
Special education programs	\$ 13,076,973	\$ 13,267,987
Special education programs - pre-kindergarden	1,724,962	1,733,007
Career and technical - vocational services	1,474,666	1,391,651
Summer school programs	640,774	665,495
Pupil support services	9,183,501	9,002,451
Instructional staff support services	1,374,069	1,108,593
General administration	1,144,363	1,343,178
School administration	2,292,510	2,318,041
Business support services	2,836,683	2,350,527
Central support services	850,915	1,017,167
Other support services	21,220	22,100
Community services	129,736	127,823
Payments to other governments	5,894,681	5,776,563
TRS on-behalf payments	4,324,618	3,001,133
	<u>\$ 44,969,671</u>	<u>\$ 43,125,716</u>

Note 11. Pronouncements Issued But Not Yet Adopted

The following is a description of other GASB authoritative pronouncements, which have been issued but not yet adopted by the District.

GASB Statement No. 72, *Fair Value Measurement and Application*, will be effective for the District beginning with its year ended June 30, 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*, will be effective for the District beginning with its year ended June 30, 2017, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for the District beginning with its year ended June 30, 2018. This statement will establish requirements for those pension and pension plans that are not administered through a trust meeting specified criteria.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for the District beginning with its year ended June 30, 2017. This statement will establish rules on reporting by OPEB plans that administer benefits on behalf of governments.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 11. Pronouncements Issued But Not Yet Adopted (Continued)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Employer)*, will be effective for the District beginning with its year ended June 30, 2018. This statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective for the District beginning with its year ending June 30, 2016. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the District beginning with its year ending June 30, 2017. This statement requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues.

Management has not determined the impact, if any, these statements will have on the basic financial statements and related disclosures.

Northern Suburban Special Education District

**Schedule of Employer Contributions
Illinois Municipal Retirement Fund**

<u>Calendar Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2014	\$ 1,193,091	\$ 1,192,978	\$ 113	\$ 10,777,697	11.07%

Note to schedule: Detailed information and the summary of actuarial methods and assumptions used in the calculation of the contribution rate are available at the District's administrative offices.

**Northern Suburban Special Education District
Schedule of Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund**

Calendar Year Ended December 31,	2014
A. Total pension liability	
1. Service cost	\$ 1,243,100
2. Interest on the Total Pension Liability	2,585,877
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	(247,241)
5. Changes of assumptions	1,460,035
6. Benefit payments, including refunds of employee contributions	<u>(1,251,895)</u>
7. Net change in total pension liability	3,789,876
8. Total pension liability - beginning	<u>34,482,752</u>
9. Total pension liability - ending	<u>38,272,628</u>
B. Plan fiduciary net position	
1. Contributions - employer	1,192,978
2. Contributions - employee	487,295
3. Net investment income	2,111,467
4. Benefit payments, including refunds of employee contributions	(1,251,895)
5. Other (net transfer)	<u>24,504</u>
6. Net change in plan fiduciary net position	2,564,349
7. Plan fiduciary net position - beginning	<u>34,400,024</u>
8. Plan fiduciary net position - ending	<u>36,964,373</u>
C. Net pension liability	<u>\$ 1,308,255</u>
D. Plan fiduciary net position as a percentage of total pension liability	96.58%
E. Covered valuation payroll	\$ 10,777,697
F. Net pension liability as a percentage of covered valuation payroll	12.14%

Note to schedule: Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at <https://www.imrf.org/en/employers/employer-resources/reports-for-employers>

Northern Suburban Special Education District

**Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois
Fiscal Year 2015**

Contractually required contribution	\$ 78,504
Contributions in relation to the contractually required contribution	<u>223,954</u>
Contribution excess	<u>\$ (145,450)</u>
Employer's covered payroll	\$ 12,711,990
Contributions as a percentage of covered-employee payroll	1.76%

Northern Suburban Special Education District

**Detailed Schedule of Revenues - Modified Cash Basis
Budget and Actual
General Fund
Year Ended June 30, 2015**

	Original and Final Budget	Actual	Variance With Final Budget
Indirect costs:			
Local	\$ 610,997	\$ 865,733	\$ 254,736
State	238,340	208,996	(29,344)
Federal	2,754,852	2,758,980	4,128
Total indirect costs	<u>3,604,189</u>	<u>3,833,709</u>	<u>229,520</u>
Summer school:			
Local	587,597	552,799	(34,798)
State	47,000	45,545	(1,455)
Total summer school	<u>634,597</u>	<u>598,344</u>	<u>(36,253)</u>
ECP - I Program:			
Local	3,013,598	3,098,519	84,921
State	192,675	186,712	(5,963)
Federal	60,660	37,489	(23,171)
Total ECP - I Program	<u>3,266,933</u>	<u>3,322,720</u>	<u>55,787</u>
Local education agency services:			
Local	3,372,610	3,594,772	222,162
State	217,013	210,296	(6,717)
Total local education agency services	<u>3,589,623</u>	<u>3,805,068</u>	<u>215,445</u>
ELS - N:			
Local	10,528,132	10,721,165	193,033
State	745,969	736,600	(9,369)
Federal	203,000	232,455	29,455
Total ELS - N	<u>11,477,101</u>	<u>11,690,220</u>	<u>213,119</u>

See independent auditor's report.

(continued)

Northern Suburban Special Education District

Detailed Schedule of Revenues - Modified Cash Basis (continued)
Budget and Actual
General Fund
Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance With Final Budget
North Shore Academy:			
Local	\$ 8,249,915	\$ 8,631,900	\$ 381,985
State	472,435	458,026	(14,409)
Federal	-	20,796	20,796
Total North Shore Academy	<u>8,722,350</u>	<u>9,110,722</u>	<u>388,372</u>
District services			
Local	483,545	494,271	10,726
State	41,850	40,555	(1,295)
Total district services	<u>525,395</u>	<u>534,826</u>	<u>9,431</u>
IDEA Flow Through:			
Local	-	878	878
Federal	5,776,563	5,708,090	(68,473)
Total IDEA Flow Through	<u>5,776,563</u>	<u>5,708,968</u>	<u>(67,595)</u>
Contractual/DORS:			
Local	2,468,037	2,726,583	258,546
State	59,795	206,408	146,613
Total contractual/DORS	<u>2,527,832</u>	<u>2,932,991</u>	<u>405,159</u>
TRS on-behalf contributions:			
State on-behalf retirement contributions	<u>3,001,133</u>	<u>4,324,618</u>	<u>1,323,485</u>
Total revenues - modified cash basis	<u>\$ 43,125,716</u>	<u>\$ 45,862,186</u>	<u>\$ 2,736,470</u>

See independent auditor's report.

Northern Suburban Special Education District

**Detailed Schedule of Expenditures - Modified Cash Basis
Budget and Actual
General Fund
Year Ended June 30, 2015**

	Original and Final Budget	Actual	Variance With Final Budget
Indirect costs:			
Salaries	\$ 2,522,074	\$ 2,367,687	\$ 154,387
Employee benefits	941,936	825,606	116,330
Purchased services	781,582	1,144,716	(363,134)
Supplies and materials	147,800	124,442	23,358
Capital outlay	15,000	6,078	8,922
Payments to other governments	32,100	75,913	(43,813)
Other expenditures	23,000	32,017	(9,017)
Total indirect costs	<u>4,463,492</u>	<u>4,576,459</u>	<u>(112,967)</u>
Summer school:			
Salaries	464,900	421,972	42,928
Employee benefits	58,412	35,487	22,925
Purchased services	98,500	85,708	12,792
Supplies and materials	12,785	8,532	4,253
Total summer school	<u>634,597</u>	<u>551,699</u>	<u>82,898</u>
ECP-I Program:			
Salaries	2,332,243	2,393,276	(61,033)
Employee benefits	689,077	668,134	20,943
Purchased services	86,424	70,085	16,339
Supplies and materials	50,100	43,777	6,323
Capital outlay	5,509	2,997	2,512
Payments to other governments	600	53	547
Other expenditures	5,000	6,486	(1,486)
Total ECP-I Program	<u>3,168,953</u>	<u>3,184,808</u>	<u>(15,855)</u>

See independent auditor's report.

(continued)

Northern Suburban Special Education District

Detailed Schedule of Expenditures - Modified Cash Basis (continued)

Budget and Actual

General Fund

Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance With Final Budget
Local education agency services:			
Salaries	\$ 2,652,848	\$ 2,557,833	\$ 95,015
Employee benefits	722,156	661,017	61,139
Purchased services	58,323	108,520	(50,197)
Supplies and materials	35,825	20,959	14,866
Capital outlay	15,000	14,314	686
Other expenditures	-	6,587	(6,587)
Total local education agency services	3,484,152	3,369,230	114,922
ELS - N:			
Salaries	7,877,226	7,979,374	(102,148)
Employee benefits	2,725,793	2,580,419	145,374
Purchased services	405,482	393,337	12,145
Supplies and materials	105,454	111,335	(5,881)
Capital outlay	17,000	43,917	(26,917)
Payments to local agencies	-	117,957	(117,957)
Other expenditures	21,000	25,308	(4,308)
Total ELS - N	11,151,955	11,251,647	(99,692)
North Shore Academy:			
Salaries	6,061,690	6,015,608	46,082
Employee benefits	1,592,226	1,513,747	78,479
Purchased services	566,007	515,393	50,614
Supplies and materials	220,550	323,142	(102,592)
Capital outlay	11,000	8,055	2,945
Payments to local agencies	2,000	2,578	(578)
Other expenditures	7,000	11,088	(4,088)
Total North Shore Academy	8,460,473	8,389,611	70,862
District services:			
Salaries	434,610	488,623	(54,013)
Employee benefits	63,705	75,598	(11,893)
Purchased services	7,165	4,535	2,630
Supplies and materials	4,500	808	3,692
Capital outlay	-	2,364	(2,364)
Other expenditures	-	999	(999)
Total district services	509,980	572,927	(62,947)

See independent auditor's report.

(continued)

Northern Suburban Special Education District

Detailed Schedule of Expenditures - Modified Cash Basis (continued)

Budget and Actual

General Fund

Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance With Final Budget
IDEA Flow Through:			
Payments to local agencies	\$ 5,776,563	\$ 5,771,789	\$ 4,774
Total IDEA Flow Through	<u>5,776,563</u>	<u>5,771,789</u>	<u>4,774</u>
Contractual/DORS:			
Salaries	1,785,267	2,116,215	(330,948)
Employee benefits	652,139	660,334	(8,195)
Purchased services	37,012	132,967	(95,955)
Payments to local agencies	-	67,367	(67,367)
Total contractual/DORS	<u>2,474,418</u>	<u>2,976,883</u>	<u>(502,465)</u>
TRS on-behalf contributions:			
Employee benefits, state on-behalf retirement contributions	<u>3,001,133</u>	<u>4,324,618</u>	<u>(1,323,485)</u>
Total expenditures - modified cash basis	<u>\$ 43,125,716</u>	<u>\$ 44,969,671</u>	<u>\$ (1,843,955)</u>

See independent auditor's report.

Northern Suburban Special Education District

Combining Schedule of Revenues and Expenditures
 Modified Cash Basis - By Individual Programs
 Year Ended June 30, 2015

	Indirect Cost	Summer School	ECP - I Program	LEA Services	ELS - N	North Shore Academy
Revenues:						
Local	\$ 865,733	\$ 552,799	\$ 3,098,519	\$ 3,594,772	\$ 10,721,165	\$ 8,631,900
State	208,996	45,545	186,712	210,296	736,600	458,026
State on-behalf retirement contributions	-	-	-	-	-	-
Federal	2,758,980	-	37,489	-	232,455	20,796
Total revenues	3,833,709	598,344	3,322,720	3,805,068	11,690,220	9,110,722
Expenditures:						
Salaries	2,367,687	421,972	2,393,276	2,557,833	7,979,374	6,015,608
Employee benefits	825,606	35,487	668,134	661,017	2,580,419	1,513,747
Employee benefits, state on-behalf retirement contributions	-	-	-	-	-	-
Purchases services	1,144,716	85,708	70,085	108,520	393,337	515,393
Supplies and materials	124,442	8,532	43,777	20,959	111,335	323,142
Capital outlay	6,078	-	2,997	14,314	43,917	8,055
Payments to local agencies	75,913	-	53	-	117,957	2,578
Other expenditures	32,017	-	6,486	6,587	25,308	11,088
Total expenditures	4,576,459	551,699	3,184,808	3,369,230	11,251,647	8,389,611
Excess (deficiency) of revenues over expenditures	\$ (742,750)	\$ 46,645	\$ 137,912	\$ 435,838	\$ 438,573	\$ 721,111

(continued)

Northern Suburban Special Education District

Combining Schedule of Revenues and Expenditures
 Modified Cash Basis - By Individual Programs (Continued)
 Year Ended June 30, 2015

	District Services	IDEA Flow - Through	LEA Contractual/ DORS	TRS On-Behalf Payments	Total
Revenues:					
Local	\$ 494,271	\$ 878	\$ 2,726,583	\$ -	\$ 30,686,620
State	40,555	-	206,408	-	2,093,138
State on-behalf retirement contributions	-	-	-	4,324,618	4,324,618
Federal	-	5,708,090	-	-	8,757,810
Total revenues	534,826	5,708,968	2,932,991	4,324,618	45,862,186
Expenditures:					
Salaries	488,623	-	2,116,215	-	24,340,588
Employee benefits	75,598	-	660,334	4,324,618	11,344,960
Purchases services	4,535	-	132,967	-	2,455,261
Supplies and materials	808	-	-	-	632,995
Capital outlay	2,364	-	-	-	77,725
Payments to local agencies	-	5,771,789	67,367	-	6,035,657
Other expenditures	999	-	-	-	82,485
Total expenditures	572,927	5,771,789	2,976,883	4,324,618	44,969,671
Excess (deficiency) of revenues over expenditures	\$ (38,101)	\$ (62,821)	\$ (43,892)	\$ -	\$ 892,515