

Northern Suburban Special Education District

Annual Financial Report
June 30, 2017

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RSM US LLP

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 financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Northern Suburban Special Education District (the District), as of and for the year ended June 30, 2017, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial position of the governmental activities and the major fund of the Northern Suburban Special Education District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 3-12 and schedules of net pension liabilities, employer contributions, funding progress, and budgetary comparison information and related note on pages 42-47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the combining schedule of revenues and expenditures, is presented for purposes of additional analysis and is 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.

RSM US LLP

Chicago, Illinois
October 6, 2017

Required Supplementary Information

**Management's Discussion
and Analysis (MD&A)**

Northern Suburban Special Education District

Management's Discussion and Analysis

This management's discussion and analysis of Northern Suburban Special Education District (the District) financial performance provides an overall review of the District's financial activities for the years ended June 30, 2017 and 2016. The management of the District encourages readers to consider the information presented herein in conjunction with the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year 2017 and 2016 by \$20.8 million and \$20.9 million, respectively (net position). Of this amount, \$6.3 million for 2017 and 2016 may be used to meet the District's ongoing operations.
- In total, net position decreased by \$0.1 million.
- Charges for services were \$32.9 million or 59 percent of total revenues. Operating grants and contributions were \$22.8 million or 41 percent of total revenue.
- The expenditures of the District's Governmental Activities were \$55.9 million.

Overview of the Financial Statements

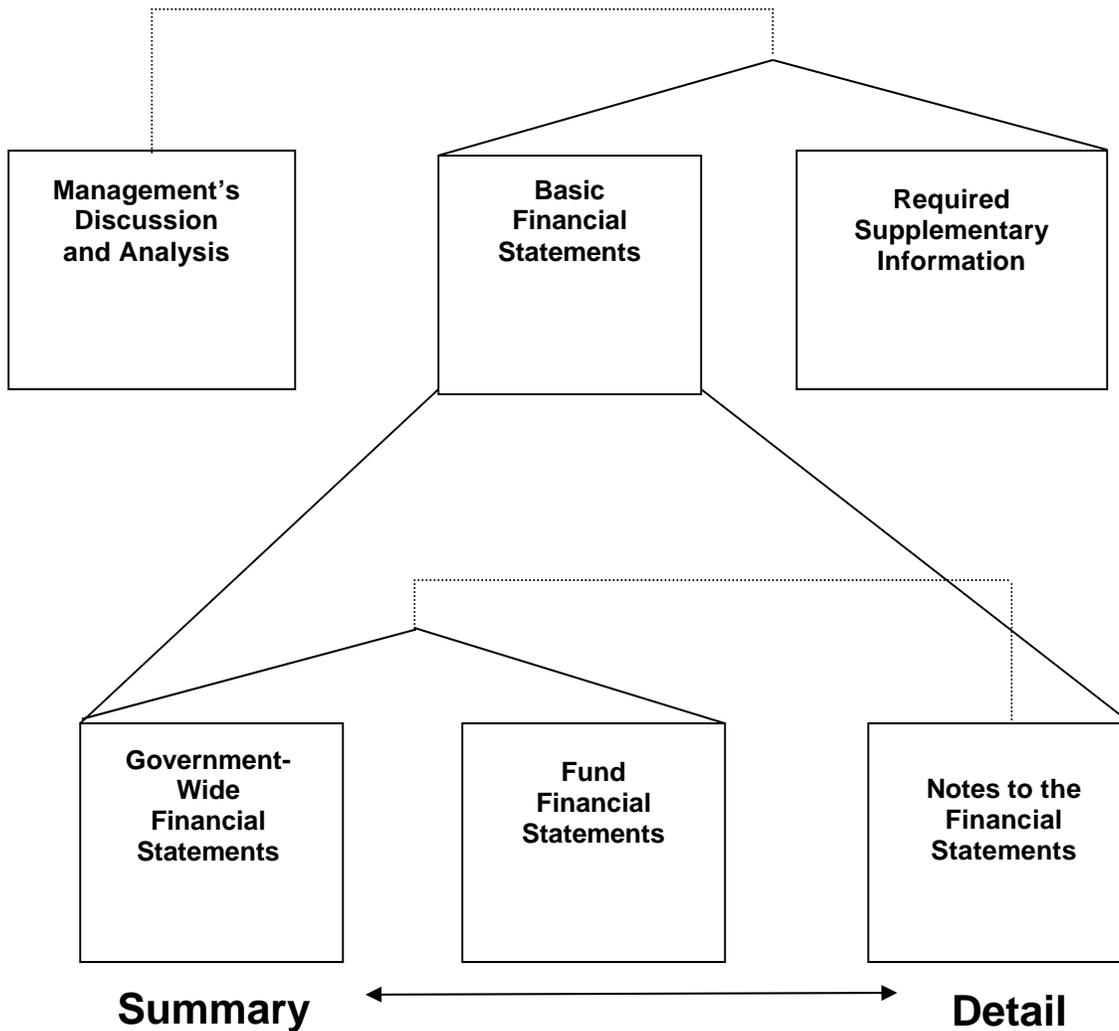
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Northern Suburban Special Education District's Annual Financial Report



This report also contains other supplemental information in addition to the basic financial statements.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2
Major Features of the Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as the General Fund	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required financial statements	<ul style="list-style-type: none"> • Statements of net position. • Statement of activities. 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance. 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities • Statement of changes in fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

Northern Suburban Special Education District

Management's Discussion and Analysis

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the District's financial health or *position*. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

In the government-wide financial statements, the District's activities are all categorized as *Governmental activities*. All of the District's basic services are included here. Charges for services and operating grants and contributions finance these activities.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District has two categories of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Northern Suburban Special Education District

Management's Discussion and Analysis

Financial Analysis of the District as a Whole

Net position. The District's *combined* net position was \$20.8 as of June 30, 2017 and \$20.9 as of June 30, 2016. (See Figure A-3).

Figure A-3
Governmental Activities
Condensed Statement of Net Position (in millions of dollars)

	<u>2017</u>	<u>2016</u>
Assets		
Current assets	\$ 15.4	\$ 14.1
Noncurrent assets	14.4	14.6
Total assets	<u>29.8</u>	<u>28.7</u>
Deferred outflows of resources	<u>3.5</u>	<u>3.8</u>
Total assets and deferred outflows of resources	<u>\$ 33.3</u>	<u>\$ 32.5</u>
Liabilities		
Current liabilities	\$ 4.3	\$ 3.8
Long-term liabilities	8.1	7.6
Total liabilities	<u>12.4</u>	<u>11.4</u>
Deferred inflows of resources	<u>0.2</u>	<u>0.2</u>
Net Position		
Net investment in capital assets	14.4	14.6
Unrestricted	6.3	6.3
Total net position	<u>20.8</u>	<u>20.9</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 33.3</u>	<u>\$ 32.5</u>

The District's financial position is the product of many factors. The largest factor can be attributed to the District recording the Illinois Municipal Retirement Fund pension related components, the Teachers' Retirement System pension related components, and the other post employment benefit obligations in the governmental activities.

Changes in net position. The District's total revenues were \$55.7 million (See Figure A-4.) Charges for services accounted for most of the District's revenue, contributing about 60 cents of every dollar raised. (See Figure A-5.) The remaining 40 cents came from operating grants and contributions.

The total cost of all programs and services was \$55.9 million. The District's expenses are predominantly related to instructing and caring for (instructional and support services), or 34 percent and 33 percent, respectively. (See Figure A-6.) The District's community services accounted for 0.2 percent of total costs, payments to other governments accounted for 14 percent of total cost, and TRS on-behalf contributions accounted for 18 percent of total costs.

Total expenses surpassed revenues, decreasing net position by \$0.1 million over last year.

Northern Suburban Special Education District

Management's Discussion and Analysis

Figure A-4
Governmental Activities
Changes in Net Position from Operating Results (in millions of dollars)

	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues		
Charges for services	\$ 32.9	\$ 31.6
Operating grants and contributions	22.8	21.0
General revenues	-	-
	<u>55.7</u>	<u>52.6</u>
Expenses		
Instruction:		
Special programs	16.9	17.2
Other instructional programs	2.1	2.4
Support services:		
Pupils	9.1	9.9
Instructional staff	1.3	1.3
General administration	1.2	1.3
School administration	2.9	2.5
Business	3.0	3.0
Central	1.1	1.0
Other support services	0.0	-
Community services	0.1	0.1
Payments to other governments	7.9	7.5
TRS on-behalf payments	10.1	8.7
	<u>55.9</u>	<u>54.9</u>
Change in net position	<u>(0.1)</u>	<u>(2.3)</u>
Net Position		
Beginning	<u>20.9</u>	<u>23.2</u>
Ending	<u>\$ 20.8</u>	<u>\$ 20.9</u>

Figure A-5 - Government-Wide Revenues by Source

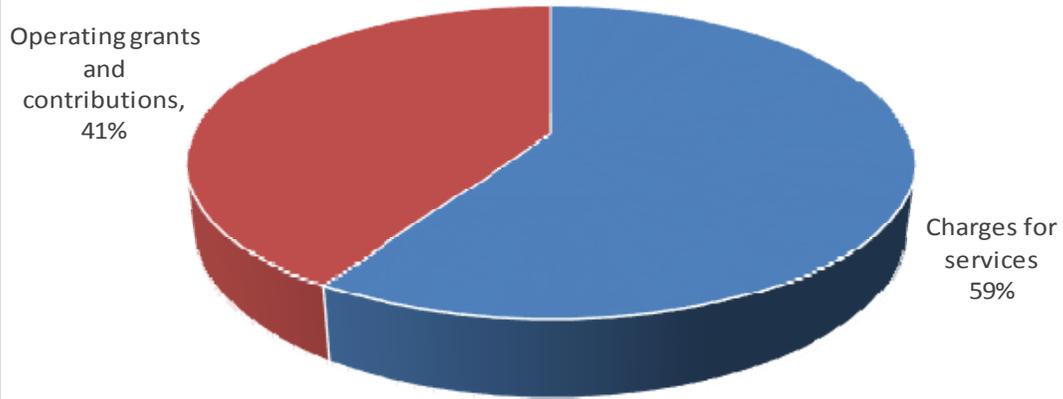
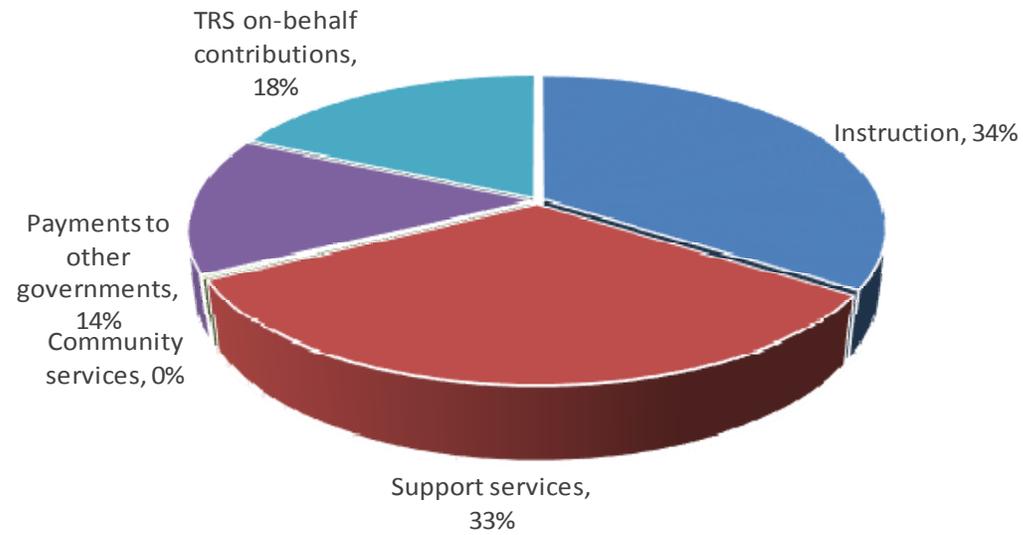


Figure A-6 - Government-Wide Expenses



Northern Suburban Special Education District

Management's Discussion and Analysis

Governmental Activities

Revenues for the District's governmental activities were \$55.7 million in 2017. Total expenses were \$55.9 million. Net position decreased \$0.1 million to an ending net position of \$20.8 million.

The good health of the District's finances can be credited to budgetary controls put in place by the Board of Education. In addition, operating grants and contributions for governmental activities continue to remain consistent with no new significant funding initiatives realized in 2017.

Figure A-7 presents the cost of the District's activities: instruction, support services, community service, payments to other governments, and TRS on-behalf payments. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7
Net Cost of Governmental Activities (in millions of dollars)

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction:				
Special programs	\$ 16.9	\$ 17.2	\$ (0.1)	\$ 2.5
Other instructional programs	2.1	2.4	(0.0)	0.1
Support services:				
Pupils	9.1	9.9	(0.0)	0.6
Instructional staff	1.3	1.3	(0.0)	0.2
General administration	1.2	1.3	(0.0)	0.1
School administration	2.9	2.5	(0.0)	0.9
Business	3.0	3.0	(0.0)	0.5
Central	1.1	1.0	(0.0)	0.2
Other support services	0.0	-	(0.0)	0.0
Community services	0.1	0.1	(0.0)	0.0
Payments to other governments	7.9	7.5	-	(7.5)
TRS on-behalf payments	10.1	8.7	-	-
Total expenses	\$ 55.9	\$ 54.9	\$ (0.1)	\$ (2.3)

- The cost of services for all *governmental* activities this year was \$55.9 million.
- Most of the cost was financed by the users of the District's programs (\$32.9 million).
- The federal and state governments subsidized certain programs with grants and contributions of \$22.8 million.

Financial Analysis of the District's General Fund

The financial performance of the District as a whole is reflected in its governmental funds, or General Fund, as well. As the District completed the year, its general fund reported a increase in fund balance of \$0.8 million. This increase resulted in a year-end fund balance of \$10.4 million.

Northern Suburban Special Education District

Management’s Discussion and Analysis

General Fund Budgetary Highlights

Over the course of the year, the District did not revise the annual operating budget, which is prepared on the modified accrual basis of accounting.

While the District’s budget for the General Fund anticipated that revenues and expenditures would equal, the actual result for the year was a \$0.8 million surplus. The surplus can mainly be attributed to various revenue sources coming in higher than expected such as the ELS-N, North Shore Academy, and the grant flow-through revenue sources.

Capital Assets

By the end of 2017, the District had invested \$14.4 million (after accumulated depreciation of \$6.1 million) in a broad range of capital assets, including land improvements, buildings (both school and administration facilities) furniture and equipment (computer, audio-visual, and other), and land. (See Figure A-8) (More detailed information about capital assets can be found in Note 3 to the financial statements.)

Depreciation expense for the year was \$0.6 million, additions to land, building and improvements, and furniture and equipment amounted to \$0.4 million.

**Figure A-8
Capital assets, net of depreciation (in millions of dollars)**

	2017	2016	Total Percentage Change
Land	\$ 0.2	\$ 0.2	-
Land improvements	0.3	0.3	-
Building and improvements	13.2	13.2	-0.3%
Furniture and equipment	0.7	0.8	-14.5%
Total expenses	\$ 14.4	\$ 14.6	-14.8%

Long–Term Obligations

At year-end, the District had \$8.1 million in other long-term obligations outstanding – as shown in Figure A-9. (The District’s long-term liabilities is presented in Note 4 to the financial statements.)

**Figure A-9
Outstanding Long-Term Obligations (in millions of dollars)**

	2017	2016	Total Percentage Change
Other long-term obligations			
Compensated absences	\$ 0.1	\$ 0.2	-38.3%
Net pension liability - IMRF	4.7	4.4	7.5%
Net pension liability -TRS	1.6	1.5	10.8%
OPEB obligation	1.7	1.6	4.6%
Total expenses	\$ 8.1	\$ 7.6	-15.4%

- The District had no outstanding bonds as of June 30, 2017.
- The District had outstanding pension liabilities of \$6.3 million and other postemployment benefit (OPEB) obligation of \$1.7 million.
- The District had compensated absences of \$0.1 million as of June 30, 2017.

Northern Suburban Special Education District

Management's Discussion and Analysis

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its financial health in the future:

- This District's enrollment has remained consistent within an acceptable range over the last several years.
- The current facilities adequately accommodate the District's enrollment.
- The current economy, at both the federal and state level, may continue to affect the District's funding levels and timing of receipts.
- The District's certified and teacher assistant staff are under contract through the 2018 fiscal year.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office, Northern Suburban Special Education District, 760 Red Oak Lane, Highland Park, Illinois 60035.

Basic Financial Statements

Northern Suburban Special Education District

**Statement of Net Position
June 30, 2017**

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 11,755,817
Receivables, net	
Grants	2,858,772
Tuition	746,548
Total current assets	<u>15,361,137</u>
Noncurrent Assets	
Capital assets not being depreciated	242,571
Capital assets being depreciated, net	14,181,935
Total noncurrent assets	<u>14,424,506</u>
Total assets	<u>29,785,643</u>
Deferred Outflows of Resources	
Pension related amounts - Illinois Municipal Retirement Fund	3,181,904
Pension related amounts - Teachers' Retirement System	362,676
Total deferred outflows of resources	<u>3,544,580</u>
Total assets and deferred outflows of resources	<u>\$ 33,330,223</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 1,052,937
Accrued salaries and benefits	3,187,492
Compensated absences	27,034
Total current liabilities	<u>4,267,463</u>
Noncurrent liabilities	
Net pension liability - Illinois Municipal Retirement Fund	4,720,783
Net pension liability - Teachers' Retirement System	1,626,278
Other post employment benefit obligation	1,667,055
Compensated absences	73,418
Total noncurrent liabilities	<u>8,087,534</u>
Total liabilities	<u>12,354,997</u>
Deferred Inflows of Resources	
Pension related amounts - Teachers' Retirement System	209,377
Total deferred inflows of resources	<u>209,377</u>
Net Position	
Net investment in capital assets	14,424,506
Unrestricted	6,341,343
Total net position	<u>20,765,849</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 33,330,223</u>

See notes to basic financial statements.

Northern Suburban Special Education District

Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Special programs	\$ 16,944,050	\$ 14,745,242	\$ 2,135,440	\$ (63,368)
Other instructional programs	2,116,014	1,841,421	266,679	(7,914)
Support services:				
Pupils	9,081,637	7,903,124	1,144,550	(33,963)
Instructional staff	1,334,824	1,161,606	168,227	(4,991)
General administration	1,181,163	1,027,884	148,861	(4,418)
School administration	2,916,868	2,538,349	367,610	(10,909)
Business	3,029,326	2,636,215	381,783	(11,328)
Central	1,051,059	914,665	132,464	(3,930)
Other support services	23,168	20,161	2,920	(87)
Community services	126,742	110,294	15,973	(475)
Payments to other governments	7,914,316	-	7,914,316	-
TRS on-behalf payments	10,143,778	-	10,143,778	-
Total governmental activities	\$ 55,862,945	\$ 32,898,961	\$ 22,822,601	(141,383)
General revenues				-
Change in net position				(141,383)
Net position				
July 1, 2016				20,907,232
June 30, 2017				<u>\$ 20,765,849</u>

See notes to basic financial statements.

Northern Suburban Special Education District

Balance Sheet
Governmental Fund
June 30, 2017

	General Fund
<hr/>	
Assets	
Cash	\$ 11,755,817
Receivables, net:	
Grants	2,858,772
Tuition	746,548
Total assets	<u><u>\$ 15,361,137</u></u>
 Liabilities	
Accounts payable	\$ 1,052,937
Accrued salaries and benefits	3,187,492
Total liabilities	<u>4,240,429</u>
 Deferred Inflows of Resources	
Deferred intergovernmental revenues	<u>722,648</u>
 Fund Balance	
Unassigned	<u>10,398,060</u>
 Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 15,361,137</u></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
June 30, 2017**

Total fund balance - governmental fund	\$ 10,398,060
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	14,424,506
Certain revenues that are reported as deferred inflows of resources in the fund financial statements because they are not available are recognized as revenue in the government-wide financial statements.	722,648
Certain pension-related items are reported as deferred outflows of resources in the government-wide financial statements but not in the fund financial statements.	
Deferred outflows of resources - Illinois Municipal Retirement Fund	3,181,904
Deferred outflows of resources - Teachers' Retirement System	362,676
Certain pension-related items are reported as deferred inflows of resources in the government-wide financial statements but not in the fund financial statements.	
Deferred inflows of resources - Teachers' Retirement System	(209,377)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds:	
Compensated absences	(100,452)
Net pension liability - Illinois Municipal Retirement Fund	(4,720,783)
Net pension liability - Teachers' Retirement System	(1,626,278)
Net other post employment benefit obligation	(1,667,055)
	<hr/>
Net position of governmental activities	<u><u>\$ 20,765,849</u></u>

See notes to basic financial statements.

Northern Suburban Special Education District

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2017**

	General Fund
<hr/>	
Revenues:	
Local	\$ 32,898,961
State	2,897,654
State on-behalf retirement contributions	10,143,778
Federal	9,752,456
Total revenues	<u>55,692,849</u>
Expenditures:	
Current:	
Instruction:	
Special programs	16,510,349
Other instructional programs	2,061,852
Support services:	
Pupils	8,849,183
Instructional staff	1,300,658
General administration	1,150,929
School administration	2,842,207
Business	2,951,788
Central	1,024,157
Other support services	22,574
Community services	123,497
Payments to other governments	7,914,316
TRS on-behalf payments	10,143,778
Total expenditures	<u>54,895,288</u>
Net change in fund balance	797,561
Fund balance - beginning of year, as restated	<u>9,600,499</u>
Fund balance - end of year	<u><u>\$ 10,398,060</u></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
Year Ended June 30, 2017**

Net change in fund balance—governmental fund	\$ 797,561
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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 expense exceeded capital outlays in the current period.</p>	
Capital outlays	\$ 412,868
Depreciation expense	(629,872)
<p>State grant revenues that are reported as deferred inflows of resources in the fund financial statements because they are not available are recognized as revenue in the government-wide financial statements.</p>	
Prior year deferred balance	(693,935)
Current year deferred balance	722,648
<p>Items related to pension expense and revenue are reported as deferred inflows and deferred outflows on the government-wide financial statements, but not on the fund financial statements.</p>	
Deferred outflows of resources related to pension expense - Illinois Municipal Retirement Fund	(421,740)
Deferred outflows of resources related to pension expense - Teachers' Retirement System	126,712
Deferred inflows of resources related to pension expense - Illinois Municipal Retirement Fund	34,917
Deferred inflows of resources related to pension expense - Teachers' Retirement System	9,425
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:</p>	
Decrease in compensated absences	62,445
(Increase) in net pension liability - Illinois Municipal Retirement Fund	(331,047)
(Increase) in net pension liability - Teachers' Retirement System	(158,593)
(Increase) in other post employment benefits	(72,772)
Change in net position of governmental activities	<u>\$ (141,383)</u>

See notes to basic financial statements.

Northern Suburban Special Education District

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2017

	Student Activity Funds
<hr/>	
Assets	
Cash	\$ 38,863
	<u>38,863</u>
Liabilities	
Due to NSSED student groups	\$ 38,863
	<u>38,863</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 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 and statement of activities 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 activities demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, 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.

The government-wide financial statements are reported using the economic resources measurement focus while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements and the fiduciary statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state-shared revenues and various state, federal and local grants. Grants, entitlements, state-shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include tuition, grants and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, in the governmental fund financial statements, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Cash

For purpose of reporting cash, all highly liquid investments with original maturities of three months or less when purchased are considered to be cash. The District only maintains cash as of June 30, 2017.

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 provided using the straight-line basis method 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 accumulated 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.

Deferred Inflows or Deferred Outflows of Resources and Unearned Revenue

Deferred inflows of resources are the acquisition of net position or fund balance that is applicable to future reporting periods. Potential grant revenue is recorded as deferred inflows of resources on the fund financial statements when it has not yet met both the "measurable" and "available" criteria for recognition in the current period.

Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. The net difference between projected and actual earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, as well as pension payments made subsequent to the pension liability measurement date are reported as deferred outflows or inflows of resources on the government-wide financial statements. See Note 6 for pension-related disclosures.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations, including compensated absences, post-employment benefits and pension benefits, are reported as liabilities in the statement of net position.

In the fund financial statements, a liability for compensated absences is reported only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Net Position

The District's government-wide statement of net position is 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.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2017, 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. At June 30, 2017, the District has no restricted fund balance.

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, 2017, 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, 2017, 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 requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources 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 Basic Financial Statements

Note 2. 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. The deposits and petty cash at year-end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 11,792,580	\$ 12,057,736	Custodial Credit Risk
Petty cash	2,100	2,100	None
	<u>\$ 11,794,680</u>	<u>\$ 12,059,836</u>	

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation (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, 2017, 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 FDIC coverage. The collateral must also be on the District approved list of investments.

The above deposits are presented in the basic financial statements as follows:

Statement of Net Position (GWFS)	\$ 11,755,817
Statement of Fiduciary Assets and Liabilities	38,863
	<u>\$ 11,794,680</u>

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Capital Assets Not Being Depreciated:				
Land	\$ 242,571	\$ -	\$ -	\$ 242,571
Construction in process	21,555	-	21,555	-
Total capital assets not being depreciated	<u>264,126</u>	<u>-</u>	<u>21,555</u>	<u>242,571</u>
Capital Assets Being Depreciated:				
Land improvements	506,012	-	-	506,012
Building and improvements	17,356,884	371,538	-	17,728,422
Furniture and equipment	2,007,198	62,885	24,532	2,045,551
Total capital assets being depreciated	<u>19,870,094</u>	<u>434,423</u>	<u>24,532</u>	<u>20,279,985</u>
Total capital assets	<u>20,134,220</u>	<u>434,423</u>	<u>46,087</u>	<u>20,522,556</u>
Less - Accumulated Depreciation for:				
Land improvements	(217,756)	(29,776)	-	(247,532)
Building and improvements	(4,110,085)	(415,179)	-	(4,525,264)
Furniture and equipment	(1,164,869)	(184,917)	(24,532)	(1,325,254)
Total accumulated depreciation	<u>(5,492,710)</u>	<u>(629,872)</u>	<u>(24,532)</u>	<u>(6,098,050)</u>
Capital Assets Being Depreciated: Net of depreciation	<u>14,377,384</u>	<u>(195,449)</u>	<u>-</u>	<u>14,181,935</u>
Total Capital Assets Net of depreciation	<u>\$ 14,641,510</u>	<u>\$ (195,449)</u>	<u>\$ 21,555</u>	<u>\$ 14,424,506</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 317,562
Support services	310,198
Community services	2,112
	<u>\$ 629,872</u>

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 4. Long-Term Obligations

Long-term obligations as of June 30, 2017, and a summary of activity for the year then ended are as follows:

	Outstanding debt as of July 1, 2016	Additions	Retirements	Outstanding debt as of June 30, 2017	Due within one year
Compensated absences	\$ 162,897	\$ -	\$ 62,445	\$ 100,452	\$ 27,034
Net pension liability - IMRF	4,389,736	3,287,944	2,956,897	4,720,783	-
Net pension liability -TRS	1,467,685	158,593	-	1,626,278	-
OPEB obligation	1,594,283	255,606	182,834	1,667,055	-
Total	\$ 7,614,601	\$ 3,702,143	\$ 3,202,176	\$ 8,114,568	\$ 27,034

The General Fund is used to liquidate these liabilities.

Note 5. Operating Leases

The District leases building and office facilities under four separate non-cancelable operating leases. Monthly payments under terms of the leases range from approximately \$7,200 to \$16,700, with increases ranging from the Consumer Price Index (CPI) or 3 percent for each year after. The CPI as of June 30, 2017 was 2.2 percent. Lengths of the leases are for five years, respectively, with the District having various renewal options. Total costs under these leases were \$470,562 for the year ended June 30, 2017. The future minimum lease obligations are as follows:

Year Ending June 30	
2018	\$ 448,038
2019	97,227
2020	97,473
2021	100,156
2022	8,367
Total	\$ 751,261

Note 6. Retirement Plan Commitments

Teachers' Retirement System

Plan Description

The District (employer) 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.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Teachers' Retirement System (continued)

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

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 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.

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). 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, 2017, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$9,999,657 in pension contributions from the state of Illinois.

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. Required contributions for the year ended June 30, 2017, were \$74,634. Actual contributions for the year ended June 30, 2017, were \$74,352 and are deferred because they were paid after the June 30, 2016 measurement date.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Teachers' Retirement System (continued)

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, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$18,523 were paid from federal and special trust funds that required employer contributions of \$7,139. Actual contributions were \$18,523 and deferred because they were paid after the June 30, 2016 measurement date.

Employer retirement cost contributions. Under GASB 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 ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the employer paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

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, 2017, 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.

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

At June 30, 2017, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 1,626,278
State's proportionate share of the net pension liability associated with the employer	101,823,185
	<u>\$ 103,449,463</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. 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, 2016, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2016, the employer's proportion was 0.0020 percent, which was a decrease of 0.0002 from its proportion measured as of June 30, 2015.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Teachers' Retirement System (continued)

For the year ended June 30, 2017, the employer recognized pension expense of \$10,022,114 and revenue of \$9,999,657 for support provided by the state. At June 30, 2017, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,026	\$ 1,102
Changes of assumptions	139,673	-
Net difference between projected and actual earnings on pension plan investments	45,945	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>72,157</u>	<u>208,275</u>
Total deferred amounts to be recognized in pension expense in future periods	269,801	209,377
Employer contribution subsequent to the measurement date	92,875	-
	<u>\$ 362,676</u>	<u>\$ 209,377</u>

The District reported \$92,875 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ (8,766)
2019	(8,766)
2020	51,581
2021	19,517
2022	6,858
	<u>\$ 60,424</u>

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Teachers' Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- **Inflation** 2.50 percent
- **Salary increases** varies by amount of service credit
- **Investment rate of return** 7.00 percent, net of pension plan investment expense, include inflation

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

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14 %	6.94
U.S. equities small/mid cap	4	8.09
International equities developed	14	7.46
Emerging market equities	4	10.15
U.S. bonds core	11	2.44
International debt developed	5	1.70
Real estate	15	5.44
Commodities (real return)	11	4.28
Hedge funds (absolute return)	8	4.16
Private equity	14	10.63
	100 %	

Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Teachers' Retirement System (continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

	1% Decrease 5.83%	Current Discount Rate 6.83%	1% Increase 7.83%
Employer's proportionate share of the net pension liability (asset)	\$ 1,989,004	\$ 1,626,278	\$ 1,330,027

TRS Fiduciary Net Position. Detailed information about TRS' fiduciary net position as of June 30, 2016 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Teachers' Health Insurance Security Fund

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

The 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. The plan is administered by the Illinois Department of Central Management Services 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.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Teachers' Health Insurance Security Fund (Continued)

- **On behalf contributions to the THIS Fund**
The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$144,121, and the employer recognized revenue and expenditures of this amount during the year.
- **Employer contributions to the THIS Fund**
The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the employer paid \$108,091 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the 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 current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

Illinois Municipal Retirement Fund

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 ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 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 96 consecutive months within the last 10 years of service, divided by 96.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Benefits Provided (Continued)

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.

Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	183
Inactive Plan Members entitled to but not yet receiving benefits	1,019
Active Plan Members	342
Total	<u>1,544</u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for the calendar years ended December 31, 2016 and 2015 was 10.82 and 10.95 percent, respectively. For the fiscal year ended June 30, 2017, the District contributed \$1,205,783 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75 percent.
- **Salary Increases** were expected to be 3.75 percent to 14.50 percent, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50 percent.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- For **Non-disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Actuarial Assumptions (Continued)

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	38 %	6.85
International equity	17	6.75
Fixed Income	27	3.00
Real estate	8	5.75
Alternative investments	9	2.65 - 7.35
Cash equivalents	1	2.25
	100 %	

Single Discount Rate

A Single Discount Rate of 7.50 percent was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.78 percent, and the resulting single discount rate is 7.50 percent.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

Changes in the Net Pension Liability

The following table shows the components of the District's annual pension liability and related plan fiduciary net position for the calendar year ended December 31, 2016:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balances at December 31, 2015	\$ 41,410,244	\$ 37,020,508	\$ 4,389,736
Changes for the year:			
Service Cost	1,183,447	-	1,183,447
Interest on the Total Pension Liability	3,086,224	-	3,086,224
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	722,894	-	722,894
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,208,907	(1,208,907)
Contributions - Employees	-	505,934	(505,934)
Net Investment Income	-	2,501,857	(2,501,857)
Benefit Payments, including Refunds of Employee Contributions	(1,704,621)	(1,704,621)	-
Other (Net Transfer)	-	444,820	(444,820)
Net Changes	<u>3,287,944</u>	<u>2,956,897</u>	<u>331,047</u>
Balances at December 31, 2016	<u>\$ 44,698,188</u>	<u>\$ 39,977,405</u>	<u>\$ 4,720,783</u>

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

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.50 percent as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1 percent lower or 1 percent higher:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employer's proportionate share of the net pension liability (asset)	\$ 10,661,326	\$ 4,720,783	\$ (96,717)

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 6. Retirement Plan Commitments (Continued)

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

For the year ended June 30, 2017, the District recognized pension expense of \$1,923,653. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods		
Differences between expected and actual experience	\$ 491,268	\$ -
Net difference between projected and actual earnings on pension plan investments	1,976,777	-
Total deferred amounts to be recognized in pension expense in future periods	2,468,045	-
Pension contributions made subsequent to the measurement date	713,859	-
Total deferred amounts related to pensions	<u>\$ 3,181,904</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ending December 31	Net Deferred Outflows of Resources
2017	\$ 1,061,903
2018	773,053
2019	574,740
2020	58,349
	<u>\$ 2,468,045</u>

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

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.

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, 2017, the plan was unfunded. The estimated amount of the unfunded accrued liability has not been determined.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment 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 No. 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 30 years. The District's net OPEB obligation at June 30, 2017 is included as a liability on the statement of net position.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution	\$ 325,805
Interest on net OPEB obligation	63,771
Adjustment to annual required contribution	(133,970)
Annual OPEB cost	<u>255,606</u>
Contributions made	<u>182,834</u>
Increase in net OPEB obligation	72,772
Net OPEB obligation beginning of year	<u>1,594,283</u>
Net OPEB obligation end of year	<u>\$ 1,667,055</u>

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 9. Postemployment Healthcare Plan (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation
June 30, 2017	\$ 255,606	72%	\$ 1,667,055
June 30, 2016	259,493	65%	1,594,283
June 30, 2015	217,926	85%	1,503,520

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$3,986,802, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability (UAAL) of \$3,986,802. The covered payroll (annual payroll of active employees covered by the plan) was \$22,055,886 and the ratio of the UAAL to the covered payroll was 18 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined reporting the funded status of the plan and the 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.

Actuarial Methods and Assumptions

In the June 30, 2016 actuarial valuation (most recent valuation), the actuarial cost method was used. The actuarial assumptions included a 4.5 percent discount rate (includes inflation at 3.0 percent), annual healthcare cost trend rates of 4.0 percent for PPO, 5.0 percent for administrators, and 3.0 percent for certified and anticipated utilization rate of 100 percent. The UAAL is being amortized as a level percentage of projected payroll on a 30-year open basis.

The schedule of funding progress, presented as required supplementary information following the notes to the basic 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 liabilities for benefits.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 10. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Employer)*, will be effective for the District beginning with its year ending June 30, 2018. This statement requires governments to report a liability on the face of the financial statements for the OPEB they provide and requires governments in all types of OPEB plans to report more extensive note disclosures and required supplementary information about their OPEB liabilities.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for the District beginning with its year ending June 30, 2018. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the District beginning with its year ending June 30, 2019. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the District beginning with its year ending June 30, 2020. The objective of this statement is to provide guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable; (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB Statement No. 85, *Omnibus 2017*, will be effective for the District beginning with its year ended June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for the District beginning with its year ended June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Northern Suburban Special Education District

Notes to Basic Financial Statements

Note 10. Pronouncements Issued But Not Yet Adopted (Continued)

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its year ended June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Management has not currently determined what impact, if any, these GASB Statements may have on its financial statements, however, the impact of GASB Statement No. 75 will likely be material to the statements, footnotes, and required supplementary information.

Required Supplementary Information

Northern Suburban Special Education District

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

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 1,208,908	\$ 1,208,907	\$ 1	\$ 11,040,252	10.95%
2015	1,198,525	1,198,524	1	10,935,443	10.96%
2014	1,170,897	1,192,978	(22,081)	10,577,210	11.28%

Notes to Schedule:

Summary of actuarial methods and assumptions used in the calculation of the 2016 contribution rate*

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method: Aggregate entry age = normal
 Amortization Method: Level percentage of payroll, closed
 Remaining Amortization Period: 27-year closed period
 Asset Valuation Method: 5-year smoothed market; 20% corridor
 Wage Growth: 3.5%
 Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.
 Salary Increases: 3.75% to 14.50%, including inflation
 Investment Rate of Return: 7.50%
 Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
 Mortality: RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes:

There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation; note two-year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

Calendar Year Ended December 31,	2016	2015	2014
A. Total pension liability			
1. Service cost	\$ 1,183,447	\$ 1,149,823	\$ 1,243,100
2. Interest on the Total Pension Liability	3,086,224	2,859,739	2,585,877
3. Changes of benefit terms	-	-	-
4. Difference between expected and actual experience of the Total Pension Liability	722,894	563,422	(247,241)
5. Changes of assumptions	-	-	1,460,035
6. Benefit payments, including refunds of employee contributions	(1,704,621)	(1,435,368)	(1,251,895)
7. Net change in total pension liability	3,287,944	3,137,616	3,789,876
8. Total pension liability - beginning	41,410,244	38,272,628	34,482,752
9. Total pension liability - ending	44,698,188	41,410,244	38,272,628
B. Plan fiduciary net position			
1. Contributions - employer	1,208,907	1,198,524	1,192,978
2. Contributions - employee	505,934	514,993	487,295
3. Net investment income	2,501,857	185,517	2,111,467
4. Benefit payments, including refunds of employee contributions	(1,704,621)	(1,435,368)	(1,251,895)
5. Other (net transfer)	444,820	(407,531)	24,504
6. Net change in plan fiduciary net position	2,956,897	56,135	2,564,349
7. Plan fiduciary net position - beginning	37,020,508	36,964,373	34,400,024
8. Plan fiduciary net position - ending	39,977,405	37,020,508	36,964,373
C. Net pension liability			
	\$ 4,720,783	\$ 4,389,736	\$ 1,308,255
D. Plan fiduciary net position as a percentage of total pension liability			
	89.44%	89.40%	96.58%
E. Covered valuation payroll			
	\$ 11,040,252	\$ 10,935,443	\$ 10,577,210
F. Net pension liability as a percentage of covered valuation payroll			
	42.76%	40.14%	12.37%

Note to schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Northern Suburban Special Education District

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois**

Fiscal Year	2017*	2016*	2015*
Employers proportion of the net pension liability	0.0020%	0.0022%	0.0020%
Employer's proportionate share of the net pension liability	\$ 1,626,278	\$ 1,467,685	\$ 1,247,804
State's proportionate share of the net pension liability associated with the employer	101,823,185	105,021,911	196,401,140
Total	\$ 103,449,463	\$ 106,489,596	\$ 197,648,944
Employer's covered payroll	\$ 12,832,056	\$ 12,711,990	\$ 12,612,977
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	12.7%	11.5%	9.9%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

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

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

Fiscal Year	2017	2016	2015
Contractually required contribution	\$ 81,773	\$ 79,787	\$ 78,504
Contributions in relation to the contractually required contribution	92,875	89,271	223,954
Contribution excess	\$ (11,102)	\$ (9,484)	\$ (145,450)
Employer's covered payroll	\$ 12,867,944	\$ 12,832,056	\$ 12,711,990
Contributions as a percentage of covered-employee payroll	0.72%	0.70%	1.76%

Notes to Schedule:

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Changes of assumptions:

For the 2016 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three year period ending June 30, 2014. For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

Northern Suburban Special Education District

**Schedule of Funding Progress
Postemployment Health Care Plan
Year Ended June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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]
July 1, 2015	\$ -	\$ 3,986,802	\$ 3,986,802	0%	\$ 22,055,886	18.08%
July 1, 2014	-	3,689,804	3,689,804	0	20,025,454	18.43

Note: Information is presented for as many years as available.

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Budgetary Basis
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 32,481,075	\$ 32,898,961	\$ 417,886
State	2,313,300	2,897,654	584,354
State on-behalf retirement contributions	4,588,600	10,143,778	5,555,178
Federal	9,272,634	9,752,456	479,822
Total revenues	<u>48,655,609</u>	<u>55,692,849</u>	<u>7,037,240</u>
Expenditures:			
Current:			
Instruction:			
Special programs	16,646,696	16,510,349	136,347
Other instructional programs	2,245,759	2,061,852	183,907
Support services:			
Pupils	8,856,175	8,849,183	6,992
Instructional staff	1,325,199	1,300,658	24,541
General administration	1,134,895	1,150,929	(16,034)
School administration	2,993,225	2,842,207	151,018
Business	2,412,947	2,951,788	(538,841)
Central	953,922	1,024,157	(70,235)
Other support services	22,100	22,574	(474)
Community services	101,346	123,497	(22,151)
Payments to other governments	7,374,745	7,914,316	(539,571)
TRS on-behalf payments	4,588,600	10,143,778	(5,555,178)
Total expenditures	<u>48,655,609</u>	<u>54,895,288</u>	<u>(6,239,679)</u>
Net change in fund balance	<u>\$ -</u>	<u>797,561</u>	<u>\$ 797,561</u>

Fund balance:	
July 1, 2016	<u>9,600,499</u>
June 30, 2017	<u>\$ 10,398,060</u>

See Note to Required Supplementary Information.

Northern Suburban Special Education District

Note to Required Supplementary Information

Note 1. Budgetary Information

Annual budgets are adopted for all governmental fund types. The annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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 \$684,501 for the year ended June 30, 2017, excluding Teachers' Retirement System on-behalf contributions.

Supplementary Information

Northern Suburban Special Education District

Combining Schedule of Revenues and Expenditures
By Individual Programs
Year Ended June 30, 2017

	Indirect Cost	Summer School	ECP - I Program	Related Services	ELS - N	North Shore Academy
Revenues:						
Local	\$ 812,530	\$ 604,238	\$ 2,547,276	\$ 3,512,312	\$ 10,382,161	\$ 9,269,093
State	442,465	64,513	256,247	281,708	991,668	611,952
State on-behalf retirement contributions	-	-	-	-	-	-
Federal	1,746,634	-	40,406	-	63,789	7,052
Revenue transfers	883,673	-	(94,896)	-	(290,418)	(379,774)
Total revenues	3,885,302	668,751	2,749,033	3,794,020	11,147,200	9,508,323
Expenditures:						
Salaries	2,378,621	522,676	1,746,047	2,741,188	6,931,433	6,211,347
Employee benefits	852,194	72,368	551,708	708,131	2,437,944	1,648,885
Purchases services	1,200,030	106,566	152,714	38,925	635,170	562,090
Supplies and materials	137,422	6,931	30,214	18,757	137,977	300,350
Capital outlay	40,231	-	6,025	4,584	348,230	7,913
Payments to local agencies	168,474	-	-	-	63,554	3,677
Other expenditures	11,490	-	6,290	2,961	10,418	13,286
Expenditure transfers	(967,864)	22,739	78,079	115,977	319,550	265,143
Total expenditures	3,820,598	731,280	2,571,077	3,630,523	10,884,276	9,012,691
Excess (deficiency) of revenues over expenditures	\$ 64,704	\$ (62,529)	\$ 177,956	\$ 163,497	\$ 262,924	\$ 495,632

(continued)

Northern Suburban Special Education District

Combining Schedule of Revenues and Expenditures
By Individual Programs (Continued)
Year Ended June 30, 2017

	District Services	Grant Flow - Through	LEA Contractual/ DORS	Arbor Academy	TRS On-Behalf Payments	Total
Revenues:						
Local	\$ 501,978	\$ -	\$ 2,202,183	\$ 3,067,190	\$ -	\$ 32,898,961
State	54,010	-	88,814	106,277	-	2,897,654
State on-behalf retirement contributions	-	-	-	-	10,143,778	10,143,778
Federal	-	7,894,575	-	-	-	9,752,456
Revenue transfers	-	-	-	(118,585)	-	-
Total revenues	555,988	7,894,575	2,290,997	3,054,882	10,143,778	55,692,849
Expenditures:						
Salaries	453,552	-	1,586,555	2,077,658	-	24,649,077
Employee benefits	118,584	-	589,130	596,193	10,143,778	17,718,915
Purchases services	4,554	-	195,516	306,960	-	3,202,525
Supplies and materials	900	-	801	82,313	-	715,665
Capital outlay	-	-	-	5,851	-	412,834
Payments to local agencies	-	7,894,316	1,806	20,000	-	8,151,827
Other expenditures	-	-	-	-	-	44,445
Expenditure transfers	17,212	-	59,693	89,471	-	-
Total expenditures	594,802	7,894,316	2,433,501	3,178,446	10,143,778	54,895,288
Excess (deficiency) of revenues over expenditures	\$ (38,814)	\$ 259	\$ (142,504)	\$ (123,564)	\$ -	\$ 797,561

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund - Budget to Actual - Indirect Costs
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 672,104	\$ 812,530	\$ 140,426
State	298,339	442,465	144,126
Federal	1,628,189	1,746,634	118,445
Revenue transfers	883,673	883,673	-
Total revenues	<u>3,482,305</u>	<u>3,885,302</u>	<u>402,997</u>
Expenditures:			
Salaries	2,470,585	2,378,621	91,964
Employee benefits	942,036	852,194	89,842
Purchased services	790,111	1,200,030	(409,919)
Supplies and materials	121,712	137,422	(15,710)
Capital outlay	18,225	40,231	(22,006)
Payments to other governments	84,500	168,474	(83,974)
Other expenditures	23,000	11,490	11,510
Expenditure transfers	(967,864)	(967,864)	-
Total expenditures	<u>3,482,305</u>	<u>3,820,598</u>	<u>(338,293)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 64,704</u>	<u>\$ 64,704</u>

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
 Budget and Actual
 General Fund - Budget to Actual - Summer School
 Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 733,833	\$ 604,238	\$ (129,595)
State	46,882	64,513	17,631
Total revenues	<u>780,715</u>	<u>668,751</u>	<u>(111,964)</u>
Expenditures:			
Salaries	595,367	522,676	72,691
Employee benefits	54,532	72,368	(17,836)
Purchased services	102,622	106,566	(3,944)
Supplies and materials	5,455	6,931	(1,476)
Expenditure transfers	22,739	22,739	-
Total expenditures	<u>780,715</u>	<u>731,280</u>	<u>49,435</u>
Change in fund balance	<u>\$ -</u>	<u>\$ (62,529)</u>	<u>\$ (62,529)</u>

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual
General Fund - Budget to Actual - ECP - I Program
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 2,521,546	\$ 2,547,276	\$ 25,730
State	204,603	256,247	51,644
Federal	49,472	40,406	(9,066)
Revenue transfers	(94,896)	(94,896)	-
Total revenues	2,680,725	2,749,033	68,308
Expenditures:			
Salaries	1,749,416	1,746,047	3,369
Employee benefits	622,153	551,708	70,445
Purchased services	172,937	152,714	20,223
Supplies and materials	43,100	30,214	12,886
Capital outlay	9,440	6,025	3,415
Payments to other governments	100	-	100
Other expenditures	5,500	6,290	(790)
Expenditure transfers	78,079	78,079	-
Total expenditures	2,680,725	2,571,077	109,648
Change in fund balance	\$ -	\$ 177,956	\$ 177,956

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual
General Fund - Budget to Actual - Related Services
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 3,763,296	\$ 3,512,312	\$ (250,984)
State	218,524	281,708	63,184
Total revenues	<u>3,981,820</u>	<u>3,794,020</u>	<u>(187,800)</u>
Expenditures:			
Salaries	2,946,590	2,741,188	205,402
Employee benefits	806,309	708,131	98,178
Purchased services	59,419	38,925	20,494
Supplies and materials	36,325	18,757	17,568
Capital outlay	8,000	4,584	3,416
Other expenditures	9,200	2,961	6,239
Expenditure transfers	115,977	115,977	-
Total expenditures	<u>3,981,820</u>	<u>3,630,523</u>	<u>351,297</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 163,497</u>	<u>\$ 163,497</u>

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual
General Fund - Budget to Actual - ELS - N
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 10,228,142	\$ 10,382,161	\$ 154,019
State	810,526	991,668	181,142
Federal	223,000	63,789	(159,211)
Revenue transfers	(290,418)	(290,418)	-
Total revenues	10,971,250	11,147,200	175,950
Expenditures:			
Salaries	7,142,909	6,931,433	211,476
Employee benefits	2,519,613	2,437,944	81,669
Purchased services	624,278	635,170	(10,892)
Supplies and materials	101,200	137,977	(36,777)
Capital outlay	183,700	348,230	(164,530)
Payments to other governments	62,000	63,554	(1,554)
Other expenditures	18,000	10,418	7,582
Expenditure transfers	319,550	319,550	-
Total expenditures	10,971,250	10,884,276	86,974
Change in fund balance	\$ -	\$ 262,924	\$ 262,924

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual
General Fund - Budget to Actual - North Shore Academy
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 8,991,665	\$ 9,269,093	\$ 277,428
State	474,117	611,952	137,835
Federal	17,228	7,052	(10,176)
Revenue transfers	(379,774)	(379,774)	-
Total revenues	9,103,236	9,508,323	405,087
Expenditures:			
Salaries	6,296,731	6,211,347	85,384
Employee benefits	1,696,500	1,648,885	47,615
Purchased services	579,971	562,090	17,881
Supplies and materials	244,541	300,350	(55,809)
Capital outlay	11,000	7,913	3,087
Payments to other governments	2,350	3,677	(1,327)
Other expenditures	7,000	13,286	(6,286)
Expenditure transfers	265,143	265,143	-
Total expenditures	9,103,236	9,012,691	90,545
Change in fund balance	\$ -	\$ 495,632	\$ 495,632

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual
General Fund - Budget to Actual - District Services
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 549,090	\$ 501,978	\$ (47,112)
State	41,850	54,010	12,160
Total revenues	<u>590,940</u>	<u>555,988</u>	<u>(34,952)</u>
Expenditures:			
Salaries	469,081	453,552	15,529
Employee benefits	93,230	118,584	(25,354)
Purchased services	6,917	4,554	2,363
Supplies and materials	4,500	900	3,600
Expenditure transfers	17,212	17,212	-
Total expenditures	<u>590,940</u>	<u>594,802</u>	<u>(3,862)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ (38,814)</u>	<u>\$ (38,814)</u>

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual
General Fund - Budget to Actual - Grant - Flow-Through
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Federal	<u>\$ 7,354,745</u>	<u>\$ 7,894,575</u>	<u>\$ 539,830</u>
Expenditures:			
Payments to local agencies	<u>7,354,745</u>	<u>7,894,316</u>	<u>(539,571)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 259</u>

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual
General Fund - Budget to Actual - LEA Contractual/DORS
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 1,905,466	\$ 2,202,183	\$ 296,717
State	143,991	88,814	(55,177)
Total revenues	2,049,457	2,290,997	241,540
Expenditures:			
Salaries	1,422,229	1,586,555	(164,326)
Employee benefits	532,730	589,130	(56,400)
Purchased services	34,805	195,516	(160,711)
Supplies and materials	-	801	(801)
Payments to other governments	-	1,806	(1,806)
Expenditure transfers	59,693	59,693	-
Total expenditures	2,049,457	2,433,501	(384,044)
Change in fund balance	\$ -	\$ (142,504)	\$ (142,504)

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual
General Fund - Budget to Actual - Arbor Academy
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Local	\$ 3,115,933	\$ 3,067,190	\$ (48,743)
State	74,469	106,277	31,808
Revenue transfers	(118,585)	(118,585)	-
Total revenues	<u>3,071,817</u>	<u>3,054,882</u>	<u>(16,935)</u>
Expenditures:			
Salaries	1,918,601	2,077,658	(159,057)
Employee benefits	641,159	596,193	44,966
Purchased services	320,986	306,960	14,026
Supplies and materials	49,500	82,313	(32,813)
Capital outlay	24,000	5,851	18,149
Payments to local agencies	16,000	20,000	(4,000)
Other expenditures	12,100	-	12,100
Expenditure transfers	89,471	89,471	-
Total expenditures	<u>3,071,817</u>	<u>3,178,446</u>	<u>(106,629)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ (123,564)</u>	<u>\$ (123,564)</u>

(continued)

Northern Suburban Special Education District

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued) -
Budget and Actual**

**General Fund - Budget to Actual - TRS On-Behalf Payments
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
State on-behalf retirement contributions	\$ 4,588,600	\$ 10,143,778	\$ 5,555,178
Expenditures:			
Employee benefits, state on-behalf retirement contributions	4,588,600	10,143,778	(5,555,178)
Change in fund balance	\$ -	\$ -	\$ -

Northern Suburban Special Education District

Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

June 30, 2017

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Agency Funds:				
Assets				
Cash	\$ 34,194	\$ 51,436	\$ 46,767	\$ 38,863
Liabilities				
Due to NSSED student groups	\$ 34,194	\$ 51,436	\$ 46,767	\$ 38,863