

NORTH DUPAGE SPECIAL EDUCATION  
COOPERATIVE, ILLINOIS

---

ANNUAL FINANCIAL REPORT

NDSEEC

---

NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023

132 E Pine Ave  
Roselle, IL 60172  
Phone: 630.894.0490  
Fax: 630.894.5960  
[www.ndsec.org](http://www.ndsec.org)

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## TABLE OF CONTENTS

---

---

### PAGE

#### INTRODUCTORY SECTION

|  |                   |
|--|-------------------|
| Governing Board, Operational Board, and Administration | <a href="#">1</a> |
|--|-------------------|

#### FINANCIAL SECTION

|                                     |                   |
|-------------------------------------|-------------------|
| <b>INDEPENDENT AUDITORS' REPORT</b> | <a href="#">4</a> |
|-------------------------------------|-------------------|

|   |                   |
|---|-------------------|
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> | <a href="#">8</a> |
|---|-------------------|

#### **BASIC FINANCIAL STATEMENTS**

##### Government-Wide Financial Statements

|   |                    |
|---|--------------------|
| Statement of Net Position - Modified Cash Basis | <a href="#">16</a> |
|---|--------------------|

|   |                    |
|---|--------------------|
| Statement of Activities - Modified Cash Basis | <a href="#">17</a> |
|---|--------------------|

##### Fund Financial Statements

|  |                    |
|--|--------------------|
| Balance Sheet - Modified Cash Basis - Governmental Funds | <a href="#">18</a> |
|--|--------------------|

##### Reconciliation of Total Governmental Fund Balance to the

|   |                    |
|---|--------------------|
| Statement of Net Position - Modified Cash Basis - Governmental Activities | <a href="#">19</a> |
|---|--------------------|

##### Statement of Revenues, Expenditures and Changes in

|   |                    |
|---|--------------------|
| Fund Balances - Modified Cash Basis - Governmental Activities | <a href="#">20</a> |
|---|--------------------|

##### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances

|  |                    |
|--|--------------------|
| to the Statement of Activities - Modified Cash Basis - Governmental Activities | <a href="#">21</a> |
|--|--------------------|

|                               |                    |
|-------------------------------|--------------------|
| Notes to Financial Statements | <a href="#">22</a> |
|-------------------------------|--------------------|

#### **OTHER SUPPLEMENTARY INFORMATION**

##### Schedule of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions

|                             |                    |
|-----------------------------|--------------------|
| Teachers' Retirement System | <a href="#">52</a> |
|-----------------------------|--------------------|

##### Schedule of Employer Contributions

|                                    |                    |
|------------------------------------|--------------------|
| Illinois Municipal Retirement Fund | <a href="#">54</a> |
|------------------------------------|--------------------|

##### Schedule of Changes in Employer's Net Pension Liability

|                                    |                    |
|------------------------------------|--------------------|
| Illinois Municipal Retirement Fund | <a href="#">56</a> |
|------------------------------------|--------------------|

##### Schedule of Employer Contributions

|  |                    |
|--|--------------------|
| Teacher's Health Insurance Security Fund | <a href="#">58</a> |
|--|--------------------|

##### Notes to the Schedule of Employer Contributions

|  |                    |
|--|--------------------|
| Teacher's Health Insurance Security Fund | <a href="#">59</a> |
|--|--------------------|

##### Schedule of Employer's Proportionate Share of the Collective Net OPEB Liability

|  |                    |
|--|--------------------|
| Teacher's Health Insurance Security Fund | <a href="#">60</a> |
|--|--------------------|

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**TABLE OF CONTENTS**

---

---

**PAGE**

**FINANCIAL SECTION - Continued**

**OTHER SUPPLEMENTARY INFORMATION - Continued**

|   |                    |
|---|--------------------|
| Schedule of Revenues, Expenditures and Changes in Fund Balance                                |                    |
| Budget and Actual - Modified Cash Basis - General Fund  | <a href="#">62</a> |
| Combining Balance Sheet - Modified Cash Basis - General Fund - by Accounts                    | <a href="#">63</a> |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash    |                    |
| General Fund - by Accounts  | <a href="#">64</a> |
| Schedule of Revenues, Expenditures and Changes in Fund Balance                                |                    |
| Budget and Actual - Modified Cash Basis   |                    |
| Educational Account - General Fund  | <a href="#">65</a> |
| Operations and Maintenance Account - General Fund   | <a href="#">71</a> |
| Transportation - Special Revenue Fund   | <a href="#">72</a> |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances                    |                    |
| Consolidated Year-End Financial Report  | <a href="#">73</a> |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based |                    |
| on an Audit of Financial Statements Performed in Accordance with <i>Governmental</i>          |                    |
| <i>Auditing Standards</i>   | <a href="#">74</a> |

## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Cooperative including:

- Governing Board, Operational Board, and Administration

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Governing Board, Operational Board, and Administration

June 30, 2023

---

---

### NDSEC GOVERNING BOARD

#### **BENSENVILLE DISTRICT #2**

Lori Parthimos  
(Katie Krajecki – Alternate)

#### **ADDISON DISTRICT #4**

Dave Williams (Vice Chairperson)  
(Serge Ruffolo – Alternate)

#### **WOOD DALE DISTRICT #7**

Merilyn Daniels  
(Mary Fletcher-Gomez – Alternate)

#### **ITASCA DISTRICT #10**

Tina O’Neill  
(Marty Lundeen – Alternate)

#### **MEDINAH DISTRICT #11**

Destini Best  
(Sandra Martyn – Alternate)

Recording Secretary: Susan Steele

The Governing Board meetings start at 4:00 p.m. and take place in the conference room of the NDSEC Administrative Office, 132 E. Pine Ave., Roselle, Illinois.

The dates and times are as follows: August 14, 2023, March 11, 2024 & May 13, 2024. Other Governing Board meetings may be scheduled during the year if business occurs that must be addressed by the Governing Board.

#### **ROSELLE DISTRICT #12**

Blythe Cammy

#### **BLOOMINGDALE DISTRICT #13**

Tamara Peterson  
(Linda Wojcicki – Alternate)

#### **FENTON HIGH SCHOOL DISTRICT #100**

Leonel Figueroa (Chairperson)

#### **LAKE PARK HIGH SCHOOL DISTRICT #108**

Barbara Layer  
(Bob Marino – Alternate)

### NDSEC OPERATIONAL BOARD

#### **BENSENVILLE DISTRICT #2**

Dr. Katie McCluskey, Superintendent

#### **ADDISON DISTRICT #4**

Dr. Nick Sutton, Superintendent

#### **WOOD DALE DISTRICT #7**

Dr. John Corbett, Superintendent (Vice Chairperson)

#### **ITASCA DISTRICT #10**

Craig Benes, Superintendent (Chairperson)

#### **MEDINAH DISTRICT #11**

Dr. Susan Redell, Superintendent

Recording Secretary: Susan Steele

The Operational Board meetings start at 3:00 p.m. and take place in the conference room of the NDSEC Administrative Office, 132 E. Pine Ave., Roselle, Illinois.

The dates and times are as follows: August 14, September 11, October 16, November 13 & December 11, 2023, February 12, March 11, April 8 & May 13, 2024.

#### **ROSELLE DISTRICT #12**

Dr. Mary Henderson, Superintendent

#### **BLOOMINGDALE DISTRICT #13**

Dr. Jon Bartelt, Superintendent

#### **FENTON HIGH SCHOOL DISTRICT #100**

James Ongtengco, Superintendent

#### **LAKE PARK HIGH SCHOOL DISTRICT #108**

Dr. Michael Wojtowicz, Superintendent

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Other Supplementary Information
- Supplemental Schedules

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Cooperative's independent auditing firm.



## INDEPENDENT AUDITORS' REPORT

November 27, 2023

Executive Director and Operational Board  
North DuPage Special Education Cooperative  
Roselle, Illinois

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the North DuPage Special Education Cooperative (the Cooperative), Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the North DuPage Special Education Cooperative, Illinois, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cooperative, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter - Basis of Accounting

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North DuPage Special Education Cooperative, Illinois' basic financial statements. The management's discussion and analysis, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, management's discussion and analysis, and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

North DuPage Special Education Cooperative  
Roselle, Illinois  
November 27, 2023

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises of the introductory section, the management’s discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Management's Discussion and Analysis

June 30, 2023

---

---

The discussion and analysis of North DuPage Special Education Cooperative's (the Cooperative) financial performance provides an overall review of the Cooperative's financial activities as of and for the year ended June 30, 2023. The management of the Cooperative encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the Cooperative's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the MD&A).

### FINANCIAL HIGHLIGHTS

- In total, net position decreased by \$733,430. This represents a 11.5% decrease from 2022.
- General revenues accounted for \$1,307,828 in revenues or 8.4% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$14,336,729 or 91.6% of total revenues of \$15,644,557.
- The Cooperative had \$16,377,987 in expenses related to government activities, \$14,336,729 of these expenses were offset by program specific charges and grants.
- Revenues for fiscal year 2023 (FY23), as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, were \$13,146,852, exclusive of on-behalf payments to the Teacher's Retirement System. Expenditures for FY23 were \$13,908,889, also exclusive on State of Illinois payments to the Teachers Retirement System.
- The Illinois Teacher's Retirement System (TRS) and the Teacher's Health Insurance Security Fund (THIS) receive on-behalf pension and post-retirement health insurance payments from the State of Illinois for The Cooperative certified staff. In FY23, \$2,497,705 was included in the total revenues and expenditures of the Cooperative representing the State of Illinois contributions.
- Actual revenues received in FY23 for the General Fund, exclusive of the State of Illinois on-behalf payment to the Teachers Retirement System, was \$13,085,731. Actual expenditures exclusive of on-behalf contributions were \$13,731,331 in FY23.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provides information about the activities of the Cooperative as a whole and present a longer-term view of the Cooperative's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Cooperative's operations in more detail than the government-wide statements by providing information about the Cooperative's most significant funds. The remaining statements provide financial information about activities for which the Cooperative acts solely as a trustee or agent for the benefit of those outside of the government.

### Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Cooperative's finances, in a matter similar to a private-sector business.

The Statement of Net Position reports information on some of the Cooperative's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Cooperative is improving or deteriorating. Consideration of other nonfinancial factors, such as the condition of the Cooperative's infrastructure, is needed to assess the overall health of the Cooperative.

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Management's Discussion and Analysis

June 30, 2023

---

---

### USING THIS ANNUAL REPORT - Continued

#### Government-Wide Financial Statements - Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Cooperative, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Cooperative only maintains governmental funds.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Cooperative's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Cooperative maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Transportation Fund, which are considered major funds.

The Cooperative adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Cooperative's Teacher's Health Insurance Security Fund, Teacher's Retirement and I.M.R.F employee pension obligations and combining schedule and individual fund information.

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Management's Discussion and Analysis

June 30, 2023

---

---

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Cooperative, assets exceeded liabilities by \$5,632,607.

|                              | Net Position        |                  |
|------------------------------|---------------------|------------------|
|                              | Modified Cash Basis |                  |
|                              | 2023                | 2022             |
| Current Assets               | \$ 3,242,015        | 4,035,382        |
| Capital Assets               | 2,479,604           | 2,450,997        |
| Total Assets                 | <u>5,721,619</u>    | <u>6,486,379</u> |
| Liabilities                  | <u>89,012</u>       | <u>120,342</u>   |
| Net Position                 |                     |                  |
| Investment in Capital Assets | 2,479,604           | 2,450,997        |
| Restricted                   | 404,566             | 380,840          |
| Unrestricted                 | <u>2,748,437</u>    | <u>3,534,200</u> |
| Total Net Position           | <u>5,632,607</u>    | <u>6,366,037</u> |

A portion of the Cooperative's net position, \$2,479,604 or 44.0 percent, reflects its investment in capital assets (for example, land, construction in progress, buildings, equipment, land improvements, and leasehold improvements), less any related debt used to acquire those assets that is still outstanding, if applicable. The Cooperative uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Cooperative's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Cooperative does not have any debt as of June 30, 2023.

An additional portion, \$404,566 or 7.2 percent, of the Cooperative's net position represents resources that are subject to external restrictions on how they may be used. The remaining 48.8 percent, or \$2,748,437, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Management's Discussion and Analysis**

**June 30, 2023**

---

---

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued**

|                                | Change in Net Position  |                         |
|--------------------------------|-------------------------|-------------------------|
|                                | Modified Cash Basis     |                         |
|                                | 2023                    | 2022                    |
| Revenues                       |                         |                         |
| Program Revenues               |                         |                         |
| Charges for Services           | \$ 11,061,186           | 11,174,648              |
| Operating Grants/Contributions | 3,275,543               | 3,675,910               |
| General Revenues               |                         |                         |
| General State Aid              | 803,809                 | 803,809                 |
| Other General Revenues         | 504,019                 | 452,890                 |
| Total Revenues                 | <u>15,644,557</u>       | <u>16,107,257</u>       |
| Expenses                       |                         |                         |
| Instructional                  | 5,370,200               | 4,697,656               |
| Support Services               | 7,553,704               | 6,692,960               |
| Transportation                 | 956,378                 | 935,945                 |
| Other Support                  | 2,497,705               | 2,359,895               |
| Total Expenses                 | <u>16,377,987</u>       | <u>14,686,456</u>       |
| Change in Net Position         | (733,430)               | 1,420,801               |
| Net Position - Beginning       | <u>6,366,037</u>        | <u>4,945,236</u>        |
| Net Position - Ending          | <u><u>5,632,607</u></u> | <u><u>6,366,037</u></u> |

Net position of the Cooperative's governmental activities decreased by 11.5 percent (\$5,632,607 in 2023 compared to \$6,366,037 in 2022). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$2,748,437 at June 30, 2023.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Management's Discussion and Analysis**

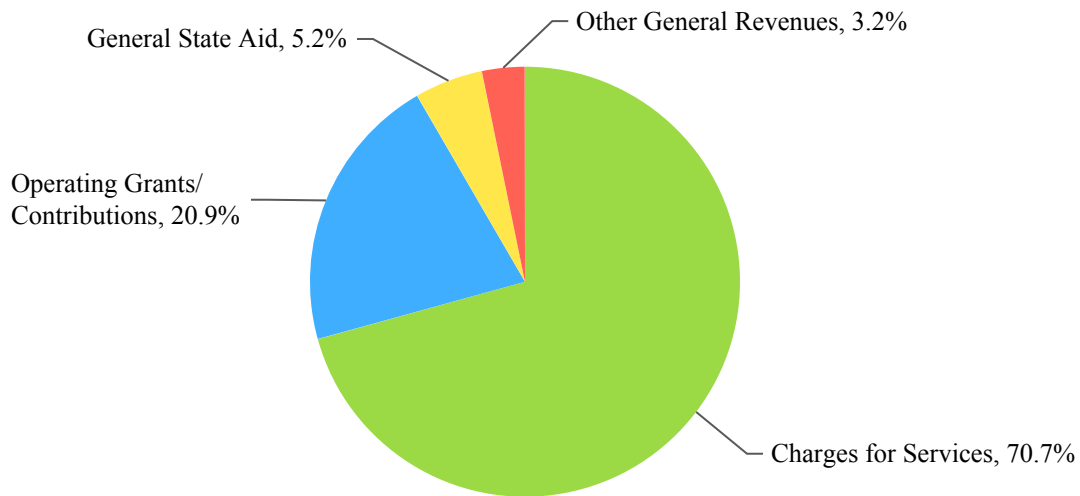
**June 30, 2023**

---

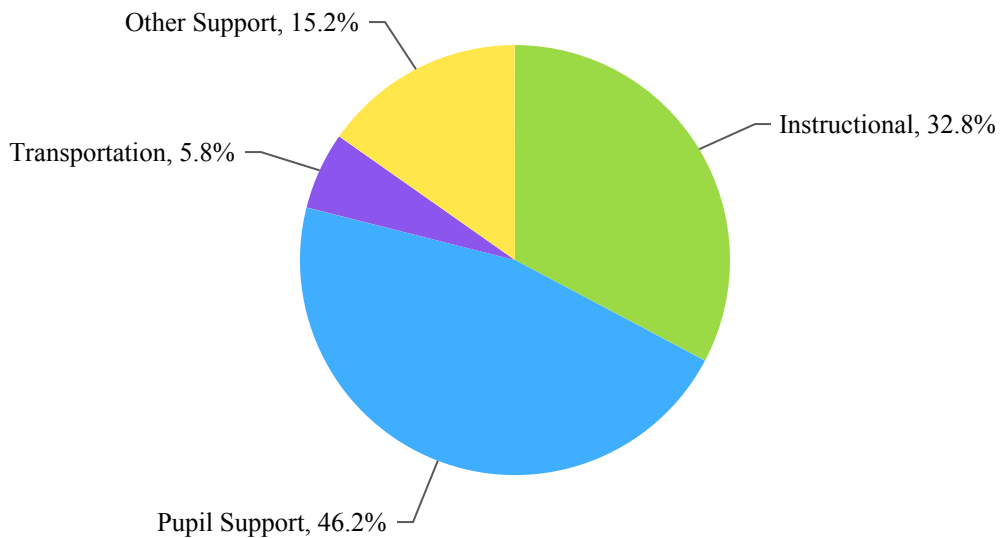
---

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued**

**Cooperative-Wide Revenues by Source**



**Cooperative-Wide Expenses by Function**



Revenues for governmental activities totaled \$15,644,557, while the cost of all governmental functions totaled \$16,377,987. This results in a deficit of \$733,430. In 2022, revenues of \$16,107,257 exceeded expenses of \$14,686,456, resulting in a surplus of \$1,420,801. The deficit in the current year is due to the timing of revenues collected this year and the disbursement of those funds the following year to the member districts per the NDSEC Cooperative Agreement.



# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Management's Discussion and Analysis

June 30, 2023

---

---

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

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

The Cooperative's governmental funds reported combining ending fund balances of \$3,153,003, which is \$762,037, or 19.5 percent, lower than last year's total of \$3,915,040. Of the \$3,153,003 total, \$1,948,437, or 60.1 percent, of the fund balance constitutes unassigned fund balance.

The General Fund is the chief operating fund of the Cooperative. During the current fiscal year, the General Fund saw a decrease in fund balance of \$945,600. The decrease is due to the Medicaid rate adjustment from the previous year.

The Transportation Fund reported an increase in fund balance of \$183,563, resulting in an ending fund balance of \$97,425. This increase is due to the Cooperative using a transportation company to transport students for field trips and vocational trips.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the Cooperative's largest budgeted fund and consists of the Educational and Operations and Maintenance Accounts. The General Fund's budgeted revenues were greater than actual revenues of \$13,085,731 by \$766,528, excluding on-behalf payments, due to the reduction in enrollment and tuition payments. Actual expenditures of \$13,731,331 were greater than budgeted expenditures of \$12,642,950 by \$1,088,381, excluding on-behalf payments, due to the necessity to hire contract staff to cover the industry shortage of paraprofessional and nursing staff.

#### CAPITAL ASSETS

The Cooperative's investment in capital assets for its governmental activities as of June 30, 2023 was \$2,479,604 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, equipment, land improvements, and leasehold improvements.

|                          | Capital Assets - Net of<br>Depreciation |                  |
|--------------------------|---|------------------|
|                          | 2023                                    | 2022             |
| Land                     | \$ 125,920                              | 125,920          |
| Construction in Progress | —                                       | 516,865          |
| Buildings                | 2,035,219                               | 1,510,931        |
| Equipment                | 203,837                                 | 187,675          |
| Buildings Improvements   | 67,789                                  | 58,576           |
| Leased Improvements      | 46,839                                  | 51,030           |
| Totals                   | <u>2,479,604</u>                        | <u>2,450,997</u> |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Management's Discussion and Analysis**

**June 30, 2023**

---

---

**CAPITAL ASSETS - Continued**

This year's major additions included:

|                   |    |                |
|-------------------|----|----------------|
| Buildings         | \$ | 160,695        |
| Equipment         |    | 68,625         |
| Land Improvements |    | <u>13,175</u>  |
|                   |    | <u>242,495</u> |

Additional information on the Cooperative's capital assets can be found in Note 3 of this report.

**DEBT ADMINISTRATION**

The Cooperative does not have any long-term debt outstanding.

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

The Cooperative continues to evaluate all program and overhead costs to ensure fiscal responsibility while maintaining the effectiveness and integrity of programs and services. In response to the continuing industry shortage of paraprofessionals and nurses, the Cooperative has hired contract staff for the Cooperative programs and for the member districts, thus resulting in an increase in budgeted professional services. To reduce costs, the Cooperative continues to strive to hire staff as opposed to outsourcing services as allowable, and regularly evaluates the necessity of classroom space based on the needs of the students served.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Cooperative's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

Office of the Executive Director  
North DuPage Special Education Cooperative  
132 E. Pine Avenue  
Roselle, IL 60172

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Statement of Net Position - Modified Cash Basis**

**June 30, 2023**

---

---

|                              | <u>Governmental<br/>Activities</u> |
|------------------------------|------------------------------------|
| <b>ASSETS</b>                |                                    |
| Current Assets               |                                    |
| Cash and Investments         | <u>\$ 3,242,015</u>                |
| Noncurrent Assets            |                                    |
| Capital Assets               |                                    |
| Nondepreciable               | 125,920                            |
| Depreciable                  | 4,360,149                          |
| Accumulated Depreciation     | <u>(2,006,465)</u>                 |
| Total Noncurrent Assets      | <u>2,479,604</u>                   |
| Total Assets                 | <u>5,721,619</u>                   |
| <b>LIABILITIES</b>           |                                    |
| Current Liabilities          |                                    |
| Accrued Payroll              | 73,150                             |
| Other Payables               | <u>15,862</u>                      |
| Total Liabilities            | <u>89,012</u>                      |
| <b>NET POSITION</b>          |                                    |
| Investment in Capital Assets | 2,479,604                          |
| Restricted                   |                                    |
| Operations and Maintenance   | 307,141                            |
| Transportation               | 97,425                             |
| Unrestricted                 | <u>2,748,437</u>                   |
| Total Net Position           | <u>5,632,607</u>                   |

The notes to the financial statements are an integral part of this statement.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Statement of Activities - Modified Cash Basis**

**For the Fiscal Year Ended June 30, 2023**

|                                      | Expenses          | Program Revenues           |                                       | Net<br>(Expenses)/<br>Revenues |
|--------------------------------------|-------------------|----------------------------|---------------------------------------|--------------------------------|
|                                      |                   | Charges<br>for<br>Services | Operating<br>Grants/<br>Contributions |                                |
| <b>Governmental Activities</b>       |                   |                            |                                       |                                |
| Instruction                          | \$ 5,370,200      | 11,061,186                 | 210,679                               | 5,901,665                      |
| Support Services                     | 7,553,704         | —                          | 567,159                               | (6,986,545)                    |
| Payments to Other Districts/Govts.   | 956,378           | —                          | —                                     | (956,378)                      |
| State Retirement Contributions       | 2,497,705         | —                          | 2,497,705                             | —                              |
| <b>Total Governmental Activities</b> | <b>16,377,987</b> | <b>11,061,186</b>          | <b>3,275,543</b>                      | <b>(2,041,258)</b>             |
| <b>General Revenues</b>              |                   |                            |                                       |                                |
| Evidence Based Funding               |                   |                            |                                       | 803,809                        |
| Earnings on Investments              |                   |                            |                                       | 69,623                         |
| Other General Revenues               |                   |                            |                                       | 434,396                        |
|                                      |                   |                            |                                       | <u>1,307,828</u>               |
| Change in Net Position               |                   |                            |                                       | (733,430)                      |
| Net Position - Beginning             |                   |                            |                                       | <u>6,366,037</u>               |
| Net Position - Ending                |                   |                            |                                       | <u><u>5,632,607</u></u>        |

The notes to the financial statements are an integral part of this statement.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Balance Sheet - Modified Cash Basis - Governmental Funds**

**June 30, 2023**

|                                     | General      | Nonmajor<br>Special<br>Revenue<br>Transportation | Totals    |
|-------------------------------------|--------------|--|-----------|
| <b>ASSETS</b>                       |              |  |           |
| Cash and Investments                | \$ 3,145,166 | 96,849   | 3,242,015 |
| <b>LIABILITIES</b>                  |              |  |           |
| Accrued Payroll                     | 73,726       | (576)  | 73,150    |
| Other Payables                      | 15,862       | —  | 15,862    |
| Total Liabilities                   | 89,588       | (576)  | 89,012    |
| <b>FUND BALANCES</b>                |              |  |           |
| Restricted                          | 307,141      | 97,425   | 404,566   |
| Assigned                            | 800,000      | —  | 800,000   |
| Unassigned                          | 1,948,437    | —  | 1,948,437 |
| Total Fund Balances                 | 3,055,578    | 97,425   | 3,153,003 |
| Total Liabilities and Fund Balances | 3,145,166    | 96,849   | 3,242,015 |

The notes to the financial statements are an integral part of this statement.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Modified Cash Basis - Governmental Activities**

**June 30, 2023**

---

---

|   |              |
|---|--------------|
| <b>Total Governmental Fund Balances</b> | \$ 3,153,003 |
|---|--------------|

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.

2,479,604

**Net Position of Governmental Activities**

5,632,607

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2023**

|  | General           | Nonmajor<br>Special<br>Revenue<br>Transportation | Totals            |
|--|-------------------|--|-------------------|
| <b>Revenues</b>  |                   |  |                   |
| <b>Local Sources</b>   |                   |  |                   |
| Tuition - Special Education  | \$ 10,857,319     | —  | 10,857,319        |
| Tuition - Summer School  | 203,867           | —  | 203,867           |
| Earnings on Investments  | 69,623            | —  | 69,623            |
| Other Revenue from Local Sources                                     | 434,396           | —  | 434,396           |
| <b>State Sources</b>   | 825,726           | 61,121   | 886,847           |
| <b>Federal Sources</b>   | 694,800           | —  | 694,800           |
| <b>On-Behalf Payments</b>  | 2,497,705         | —  | 2,497,705         |
| <b>Total Revenues</b>  | <u>15,583,436</u> | <u>61,121</u>                                    | <u>15,644,557</u> |
| <b>Expenditures</b>  |                   |  |                   |
| Instruction  | 5,230,152         | —  | 5,230,152         |
| Support Services   | 7,618,888         | 103,471  | 7,722,359         |
| Payments to Other Districts/Govt. Units                              | 882,291           | 74,087   | 956,378           |
| <b>On-Behalf Payments</b>  | 2,497,705         | —  | 2,497,705         |
| <b>Total Expenditures</b>  | <u>16,229,036</u> | <u>177,558</u>                                   | <u>16,406,594</u> |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(645,600)</u>  | <u>(116,437)</u>                                 | <u>(762,037)</u>  |
| <b>Other Financing Sources (Uses)</b>                                |                   |  |                   |
| Transfers In   | —                 | 300,000  | 300,000           |
| Transfers Out  | (300,000)         | —  | (300,000)         |
|  | <u>(300,000)</u>  | <u>300,000</u>                                   | <u>—</u>          |
| <b>Net Change in Fund Balances</b>                                   | (945,600)         | 183,563  | (762,037)         |
| <b>Fund Balances - Beginning</b>                                     | <u>4,001,178</u>  | <u>(86,138)</u>                                  | <u>3,915,040</u>  |
| <b>Fund Balances - Ending</b>  | <u>3,055,578</u>  | <u>97,425</u>                                    | <u>3,153,003</u>  |

The notes to the financial statements are an integral part of this statement.



**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the  
Statement of Activities - Modified Cash Basis - Governmental Activities  
For the Fiscal Year Ended June 30, 2023**

---

---

**Net Change in Fund Balances - Total Governmental Funds** \$ (762,037)

Amounts reported for Governmental Activities in the Statement of Activities  
are different because:

Governmental Funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

|                                      |               |
|--------------------------------------|---------------|
| Capital Outlays                      | 242,495       |
| Depreciation Expense                 | (211,376)     |
| Disposals - Cost                     | (73,999)      |
| Disposals - Accumulated Depreciation | <u>71,487</u> |

**Changes in Net Position of Governmental Activities** (733,430)

# **NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

## **Notes to the Financial Statements**

**June 30, 2023**

---

---

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

North DuPage Special Education Cooperative (the Cooperative) provides special education services to its nine member school districts and is governed by the Operational Board.

The basic financial statements of the Cooperative have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the Cooperative's accounting policies are described below.

#### **REPORTING ENTITY**

In determining the financial reporting entity, the Cooperative complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34" and includes all component units that have a significant operational or financial relationship with the Cooperative. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### **BASIS OF PRESENTATION**

##### **Government-Wide Statements**

The Cooperative's basic financial statements include both government-wide (reporting the Cooperative as a whole) and fund financial statements (reporting the Cooperative's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Cooperative's operating activities are all considered governmental activities. The Cooperative has no operating activities that would be considered business-type activities. The Cooperative first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Cooperative's functions (instruction, support services, community services, etc.). The functions are supported by general government revenues (evidence based funding, interest income, other general revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (evidence based funding, interest income, other general revenues, etc.).

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

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### BASIS OF PRESENTATION - Continued

##### Fund Financial Statements

The financial transactions of the Cooperative are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Cooperative or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Cooperative:

##### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Cooperative:

*General Fund* is the general operating fund of the Cooperative. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and support aspects of the Cooperative's operations. The General Fund is a major fund and is comprised of the Educational Account and Operations and Maintenance Account.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The Cooperative maintains one nonmajor special revenue fund.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

##### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

##### Measurement Focus - Continued

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

##### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognized revenue when cash is received and expenditures are recorded when payment is made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are modified from the cash basis method because the Cooperative records capital assets and depreciation.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not result from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. The compensated absences for the Cooperative have not been recorded. The total OPEB liability as calculated under GASB 75 has not been recorded, and OPEB expense in the financial statements represents cash paid during the year rather than the amount calculated under GASB 75. Lastly, the net pension liability/(asset) as calculated under GASB 68 has not been recorded, and pension expense in the financial statements represents cash paid during the year rather than the amount calculated under GASB 68.

If the Cooperative utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting.

On-behalf payments (payments made by a third party for the benefit of the Cooperative, such as payments made by the state to the Teachers’ Retirement System) have been recognized in the financial statements.

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

##### Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Cooperative categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Cooperative's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

##### Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

##### Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Cooperative as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical costs based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

|                        |               |
|------------------------|---------------|
| Buildings              | 10 - 50 Years |
| Equipment              | 5 - 20 Years  |
| Land Improvements      | 20 Years      |
| Leasehold Improvements | 10 - 20 Years |

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

##### Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

The budget is prepared on the modified cash basis of accounting for all governmental funds, which is an acceptable method as prescribed by the Illinois State Board of Education and is the same basis that is used for financial reporting. This allows for comparability between budget and actual amounts.

The budget appropriations lapse at the end of each fiscal year. The Cooperative does not utilize an encumbrance system. The Cooperative follows these procedures in establishing the budgetary data reflected in the financial statements.

- The administration submits to the Operational Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- Prior to September 30, the budget is legally adopted through passage of a resolution.
- The Executive Director is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Operational Board. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund.
- Formal budgetary integration is employed as a management control device during the year.
- The Operational Board may amend the budget by the same procedures required of its original adoption.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

---

---

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following funds had an excess of actual expenditures over budget as of the date of this report:

| Fund   | Excess     |
|--|------------|
| Educational Account - General                | \$ 931,224 |
| Operations and Maintenance Account - General | 157,157    |
| Transportation                               | 5,328      |

**NOTE 3 - DETAIL NOTES ON ALL FUND**

**ON-BEHALF PAYMENTS**

The Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds includes “on-behalf” payments received and made for the amounts contributed by the State of Illinois for the employer’s share of the Teachers Retirement System pension. The Cooperative does not budget for these amounts in the Educational Accounts of the General Fund.

**DEPOSITS AND INVESTMENTS**

Under State law, limits are imposed as to investments in commercial paper, corporate bonds, and mutual funds in which the Cooperative may invest, as well as the Illinois School District Liquid Asset Fund Plus (ISDLAF+).

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an investment opportunity for Illinois school districts, community college districts and educational service regions. The ISDLAF+ is not registered with the SEC as an Investment Company. Regulatory oversight of the pool is managed by their Board of Trustees. Investments in the ISDLAF+ are valued at the share price, the price for which the investment could be sold.

**Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk**

*Deposits.* At year-end, the carrying amount of the Cooperative’s deposits for governmental activities totaled \$1,406,383 and the bank balances totaled \$2,314,827. Additionally, the Cooperative has \$1,835,632 invested in ISDLAF+ which has investment maturities of less than one year.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

---

---

**NOTE 3 - DETAIL NOTES ON ALL FUND - Continued**

**DEPOSITS AND INVESTMENTS - Continued**

**Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk - Continued**

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Cooperative does not have an investment policy which addresses interest rate risk.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Cooperative does not have an investment policy which addresses credit risk. At year end, the Cooperative's investment in ISDLAF+ is rated AAAM Standard & Poor's .

*Custodial Credit Risk - Deposits.* With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the Cooperative's deposits may not be returned to it. The Cooperative does not have an investment policy which addresses custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Cooperative will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Cooperative does not have an investment policy which addresses custodial credit risk for investments.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Cooperative's investment in a single issuer. The Cooperative does not have an investment policy which addresses credit risk. At year-end, the Cooperative does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

**INTERFUND TRANSFERS**

Interfund transfers for the year consisted of the following:

| Transfer In    | Transfer Out                  | Amount            |
|----------------|-------------------------------|-------------------|
| Transportation | Educational Account - General | <u>\$ 300,000</u> |

Transfers are used to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

|   | Beginning<br>Balances | Increases      | Decreases      | Ending<br>Balances |
|---|-----------------------|----------------|----------------|--------------------|
| <b>Nondepreciable Capital Assets</b>        |                       |                |                |                    |
| Land  | \$ 125,920            | —              | —              | 125,920            |
| Construction in Progress                    | 516,865               | —              | 516,865        | —                  |
|   | <u>642,785</u>        | <u>—</u>       | <u>516,865</u> | <u>125,920</u>     |
| <b>Depreciable Capital Assets</b>           |                       |                |                |                    |
| Buildings                                   | 3,087,016             | 677,560        | —              | 3,764,576          |
| Equipment                                   | 416,685               | 68,625         | 73,999         | 411,311            |
| Land Improvements                           | 79,248                | 13,175         | —              | 92,423             |
| Leasehold Improvements                      | 91,839                | —              | —              | 91,839             |
|   | <u>3,674,788</u>      | <u>759,360</u> | <u>73,999</u>  | <u>4,360,149</u>   |
| <b>Less Accumulated Depreciation</b>        |                       |                |                |                    |
| Buildings                                   | 1,576,085             | 153,272        | —              | 1,729,357          |
| Equipment                                   | 229,010               | 49,951         | 71,487         | 207,474            |
| Land Improvements                           | 20,672                | 3,962          | —              | 24,634             |
| Leasehold Improvements                      | 40,809                | 4,191          | —              | 45,000             |
|   | <u>1,866,576</u>      | <u>211,376</u> | <u>71,487</u>  | <u>2,006,465</u>   |
| <b>Total Net Depreciable Capital Assets</b> | <u>1,808,212</u>      | <u>547,984</u> | <u>2,512</u>   | <u>2,353,684</u>   |
| <b>Total Net Capital Assets</b>             | <u>2,450,997</u>      | <u>547,984</u> | <u>519,377</u> | <u>2,479,604</u>   |

Depreciation expense was charged to governmental activities as follows:

|                  |                |
|------------------|----------------|
| Instruction      | \$ 191,549     |
| Support Services | <u>19,827</u>  |
|                  | <u>211,376</u> |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**FUND BALANCE CLASSIFICATIONS**

In the governmental fund financial statements, the Cooperative considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Cooperative first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

|                            | General                 | Nonmajor<br>Special<br>Revenue<br>Transportation | Totals                  |
|----------------------------|-------------------------|--|-------------------------|
| Fund Balances              |                         |  |                         |
| Restricted                 |                         |  |                         |
| Operations and Maintenance | \$ 307,141              | —  | 307,141                 |
| Transportation             | —                       | 97,425   | 97,425                  |
|                            | <u>307,141</u>          | <u>97,425</u>                                    | <u>404,566</u>          |
| Assigned                   |                         |  |                         |
| Dissolution Distribution   | 800,000                 | —  | 800,000                 |
| Unassigned                 | <u>1,948,437</u>        | —  | <u>1,948,437</u>        |
| Total Fund Balances        | <u><u>3,055,578</u></u> | <u><u>97,425</u></u>                             | <u><u>3,153,003</u></u> |

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources 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.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Education; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Operational Board' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Operational Board itself or b) a body or official to which the Operational Board has delegated the authority to assign amounts to be used for specific purposes. The Cooperative's highest level of decision-making authority is the Operational Board, who is authorized to assign amounts to a specific purpose.

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### FUND BALANCE CLASSIFICATIONS - Continued

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

### NOTE 4 - OTHER INFORMATION

#### RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Cooperative's employees. The Cooperative has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

#### CONTINGENT LIABILITIES

##### Litigation

The Cooperative is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Cooperative's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Cooperative.

##### State and Federal Contingencies

The Cooperative 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 the terms of the grant. Management believes such disallowance, if any, would be immaterial.

##### Grantor Agencies

Federal and state grants-in-aid received by the Cooperative are subject to audit and adjustment by grantor agencies. If grant revenues collected are received for expenditures paid which are subsequently disallowed, the Cooperative may be required to repay the revenues collected. In the opinion of management, liabilities resulting from such disallowed expenditures paid, if any, will not be material.

#### RETIREMENT SYSTEMS

The retirement plans of the Cooperative include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the Cooperative. IMRF is funded through property taxes and a perpetual lien of the Cooperative's corporate personal property replacement tax. Each retirement system is discussed below.

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 4 - OTHER INFORMATION - Continued

#### RETIREMENT SYSTEMS - Continued

The aggregate amounts that would be recognized under the GAAP basis of accounting for the two pension plans are:

|      | Pension<br>Expense | Net Pension<br>Liability | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------|--------------------|--------------------------|--------------------------------------|-------------------------------------|
| TRS  | \$ 9,327           | 360,212                  | 44,463                               | 73,936                              |
| IMRF | 70,525             | 180,381                  | 1,137,192                            | —                                   |
|      | 79,852             | 540,593                  | 1,181,655                            | 73,936                              |

#### Teachers' Retirement System (TRS)

##### Plan Descriptions, Provisions and Funding Policies

The Cooperative participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can only be made by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for TRS's administration. TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/acfrs>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

##### Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 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 consecutive 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.

Tier 2 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 highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different than Tier 1.

Essentially all Tier 1 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 2 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.

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 4 - OTHER INFORMATION - Continued

#### RETIREMENT SYSTEMS - Continued

##### Teachers' Retirement System (TRS) - Continued

##### Benefits Provided - Continued

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the State of Illinois.

##### Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 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, 2022, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

*On Behalf Contributions to TRS.* The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2023, 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 \$2,454,417 in pension contributions from the State.

*2.2 Formula Contributions.* Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2023 were \$27,897 and are deferred because they were paid after the June 30, 2022 measurement date.

*Federal and Special Trust Fund Contributions.* When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the fiscal year ended June 30, 2023, the employer pension contribution was 10.49 percent of salaries paid from federal and special trust funds. For the fiscal year ended June 30, 2022, the employer pension contribution was 10.31 percent of salaries paid from those funds. For the fiscal year ended June 30, 2023, salaries totaling \$89,450 were paid from federal and special trust funds that required employer contributions of \$9,383. These contributions are deferred because they were paid after the June 30, 2022 measurement date.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

---

---

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Teachers' Retirement System (TRS) - Continued**

**Contributions - Continued**

*Employer Retirement Cost Contributions.* Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6 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, 2023, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, \$1,596 for salary increases in excess of 3 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, 2022, 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 follows below:

|   |                          |
|---|--------------------------|
| Employer's Proportionate Share of the Net Pension Liability                           | \$ 360,212               |
| State's Proportionate Share of the Net Pension Liability Associated with the Employer | <u>31,246,031</u>        |
| Total   | <u><u>31,606,243</u></u> |

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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, 2022, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2022, the employer's proportion was 0.0004 percent, which was a decrease of 0.0001 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the employer recognized pension expense of \$2,454,417 and revenue of \$2,454,417 for support provided by the state. At June 30, 2023, the employer reported deferred outflows of resources and deterred inflows of resources related to pension from the following sources:

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Teachers' Retirement System (TRS) - Continued**

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

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Totals   |
|--|--------------------------------------|-------------------------------------|----------|
| Differences Between Expected and Actual Experience   | \$ 724                               | (1,986)                             | (1,262)  |
| Net Difference Between Projected and Actual Earnings on Pension Investments                                      | 330                                  | —                                   | 330      |
| Changes of Assumptions   | 1,661                                | (688)                               | 973      |
| Changes in Proportion and Differences Between Employer Contributions<br>and Proportionate Share of Contributions | 4,468                                | (71,262)                            | (66,794) |
| Total Pension Expense to be Recognized in Future Periods   | 7,183                                | (73,936)                            | (66,753) |
| Employer Contributions Subsequent to the Measurement Date  | 37,280                               | —                                   | 37,280   |
| Totals   | 44,463                               | (73,936)                            | (29,473) |

\$37,280 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2024, under the GAAP basis of accounting. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

| Fiscal<br>Year | Net Deferred<br>(Inflows)<br>of Resources |
|----------------|---|
| 2024           | \$ (22,825)                               |
| 2025           | (19,217)                                  |
| 2026           | (15,485)                                  |
| 2027           | (4,893)                                   |
| 2028           | (4,333)                                   |
| Thereafter     | —   |
| Total          | (66,753)                                  |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

---

---

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Teachers' Retirement System (TRS) - Continued**

**Actuarial Assumptions**

The total pension liability in the June 30, 2022 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, Including Inflation |

In the June 30, 2022 actuarial valuation, mortality rates were based on the PubT -2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2020. In the June 30, 2021 actuarial valuation, mortality rates were based on the PubT-2010 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2020.

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



**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

---

---

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Teachers' Retirement System (TRS) - Continued**

**Actuarial Assumptions - Continued**

| Asset Class                      | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|-------------------|--|
| U.S. Large Cap                   | 16.3%             | 5.7%                                   |
| U.S. Small/Mid Cap               | 1.9%              | 6.8%                                   |
| International Equities Developed | 14.1%             | 6.6%                                   |
| Emerging Market Equities         | 4.7%              | 8.6%                                   |
| U.S. Bonds Core                  | 6.9%              | 1.2%                                   |
| Cash Equivalents                 | 1.2%              | (0.3%)                                 |
| TIPS                             | 0.5%              | 0.3%                                   |
| International Debt Developed     | 1.2%              | 6.6%                                   |
| Emerging International Debt      | 3.7%              | 3.8%                                   |
| Real Estate                      | 16.0%             | 5.4%                                   |
| Private Debt                     | 12.5%             | 5.3%                                   |
| Hedge Funds                      | 4.0%              | 3.5%                                   |
| Private Equity                   | 15.0%             | 10.0%                                  |
| Infrastructure                   | 2.0%              | 5.9%                                   |
| Total                            | 100.0%            |  |

**Discount Rate**

At June 30, 2022, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2021 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2022 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

---

---

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Teachers' Retirement System (TRS) - Continued**

**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 7.00 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 one percentage-point lower or one percentage-point higher than the current rate.

|   | 1% Decrease<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|---|------------------------|-------------------------------------|------------------------|
| Employer's Proportionate Share<br>of the OPEB Liability | \$ 440,543             | 360,212                             | 293,599                |

**TRS Fiduciary Net Position**

Detailed information about the TRS's fiduciary net position as of June 30, 2022 is available in the separately issued TRS *Annual Comprehensive Financial Report*.

**Illinois Municipal Retirement Fund (IMRF)**

The Cooperative contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

**Plan Descriptions**

*Plan Administration.* All hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

---

---

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

**Plan Descriptions - Continued**

*Benefits Provided.* IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

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

*Plan Membership.* As of December 31, 2022, the measurement date, the following employees were covered by the benefit terms:

|  |                   |
|--|-------------------|
| Inactive Plan Members Currently Receiving Benefits               | 88                |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 185               |
| Active Plan Members  | <u>77</u>         |
| Total  | <u><u>350</u></u> |

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 4 - OTHER INFORMATION - Continued

#### RETIREMENT SYSTEMS - Continued

##### Illinois Municipal Retirement Fund (IMRF) - Continued

###### Plan Descriptions - Continued

*Contributions.* As set by statute, the Cooperative's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2023, the Cooperative's contribution was 3.71% of covered payroll.

*Net Pension Liability/(Asset).* The Cooperative's net pension liability/(asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, using the following actuarial methods and assumptions:

|                            |                     |
|----------------------------|---------------------|
| Actuarial Cost Method      | Entry Age<br>Normal |
| Asset Valuation Method     | Fair Value          |
| Actuarial Assumptions      |                     |
| Interest Rate              | 7.25%               |
| Salary Increases           | 2.85% to 13.75%     |
| Cost of Living Adjustments | 2.75%               |
| Inflation                  | 2.25%               |

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

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:

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

**Plan Descriptions - Continued**

*Actuarial Assumptions - Continued.*

| Asset Class               | Target | Long-Term<br>Expected Real<br>Rate of Return |
|---------------------------|--------|--|
| Fixed Income              | 25.50% | 4.90%  |
| Domestic Equities         | 35.50% | 6.50%  |
| International Equities    | 18.00% | 7.60%  |
| Real Estate               | 10.50% | 6.20%  |
| Blended                   | 9.50%  | 6.25% - 9.90%                                |
| Cash and Cash Equivalents | 1.00%  | 4.00%  |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Cooperative contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the Cooperative calculated using the discount rate as well as what the Cooperative’s net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

|                                  | 1% Decrease<br>(6.25%) | Current<br>Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|----------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability/(Asset) \$ | 1,482,698              | 180,381                             | (844,227)              |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

**Changes in the Net Pension Liability/(Asset)**

|   | Total<br>Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability/<br>(Asset)<br>(A) - (B) |
|---|--------------------------------------|---------------------------------------|---|
| Balances at December 31, 2021   | \$ 11,395,402                        | 13,718,984                            | (2,323,582)                                       |
| Changes for the Year:   |                                      |                                       |   |
| Service Cost  | 259,187                              | —                                     | 259,187   |
| Interest on the Total Pension Liability   | 814,943                              | —                                     | 814,943   |
| Changes of Benefit Terms  | —                                    | —                                     | —   |
| Difference Between Expected and Actual<br>Experience of the Total Pension Liability | 225,885                              | —                                     | 225,885   |
| Changes of Assumptions  | —                                    | —                                     | —   |
| Contributions - Employer  | —                                    | 140,913                               | (140,913)   |
| Contributions - Employees   | —                                    | 126,316                               | (126,316)   |
| Net Investment Income   | —                                    | (1,645,411)                           | 1,645,411   |
| Benefit Payments, Including Refunds<br>of Employee Contributions                    | (568,808)                            | (568,808)                             | —   |
| Other (Net Transfer)  | —                                    | 174,234                               | (174,234)   |
| Net Changes   | 731,207                              | (1,772,756)                           | 2,503,963   |
| Balances at December 31, 2022   | 12,126,609                           | 11,946,228                            | 180,381   |

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

For the year ended June 30, 2023, the Cooperative recognized pension expense of \$103,844 on a cash basis. At June 30, 2023, the Cooperative would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources under the GAAP basis of accounting:

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 4 - OTHER INFORMATION - Continued**

**RETIREMENT SYSTEMS - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

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

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Totals           |
|--|--------------------------------------|-------------------------------------|------------------|
| Differences Between Expected and Actual Experience Changes of Assumptions        | \$ 139,526                           | —                                   | 139,526          |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | —                                    | —                                   | —                |
| Total Pension Expense to be Recognized in Future Periods                         | 948,931                              | —                                   | 948,931          |
| Pension Contributions Made Subsequent to the Measurement Date                    | 1,088,457                            | —                                   | 1,088,457        |
|  | 48,735                               | —                                   | 48,735           |
| Total Deferred Amounts Related to Pensions                                       | <u>1,137,192</u>                     | <u>—</u>                            | <u>1,137,192</u> |

\$48,735 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2024, under the GAAP basis of accounting. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

| Fiscal<br>Year | Net Deferred<br>Outflows<br>of Resources |
|----------------|--|
| 2024           | \$ 70,826                                |
| 2025           | 185,227                                  |
| 2026           | 305,319                                  |
| 2027           | 527,085                                  |
| 2028           | —  |
| Thereafter     | —  |
| Total          | <u>1,088,457</u>                         |

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 4 - OTHER INFORMATION - Continued

#### OTHER POST-EMPLOYMENT BENEFITS

##### Teachers' Health Insurance Security (THIS) Fund

###### Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. THIS health coverage includes provisions for medical, prescription drug, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2015, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

*Benefits Provided.* 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 Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS, who are not employees of the State, to contribute to the THIS Fund.

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

*On Behalf Contributions to THIS Fund.* The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.90 percent of pay during the year ended June 30, 2023. State of Illinois contributions were \$2,454,417, and the Cooperative recognized revenues and expenditures of this amount during the year.

*Employer Contributions to THIS Fund.* The Cooperative also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.67 percent during the year ended June 30, 2023. For the year ended June 30, 2023 the Cooperative paid \$43,288 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: <https://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."



# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

## Notes to the Financial Statements

June 30, 2023

---

---

### NOTE 4 - OTHER INFORMATION - Continued

#### OTHER POST-EMPLOYMENT BENEFITS - Continued

##### Teachers' Health Insurance Security Fund - Continued

##### Plan Description - Continued

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

|                              |  |
|------------------------------|--|
| Inflation:                   | 2.25%  |
| Salary Increases:            | Depends on service and ranges from 8.50% at 1 year of service to 3.50% at 20 or more years of service.   |
| Investment Rate of Return:   | 2.75%, net of OPEB plan investment expense, including inflation, for all plan years.   |
| Healthcare Cost Trend Rates: | Trend rates for plan year 2023 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2024 and decrease gradually to an ultimate rate of 4.25% in 2039. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 5.81% in 2034, declining gradually to an ultimate rate of 4.25% in 2039. |

Mortality rates for retirement and beneficiary annuitants were based on the PubT-2010 Retiree Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the PubNS2010 Non-Safety Disabled Retiree Table. Mortality rates for pre-retirement were based on the PubT2010 Employee Mortality Table. All tables reflect future mortality improvements using Projection Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2020.

##### Single Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since TRIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.69% as of June 30, 2022, and 1.92% as of June 30, 2021.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 4 - OTHER INFORMATION - Continued**

**OTHER POST-EMPLOYMENT BENEFITS - Continued**

**Teachers' Health Insurance Security Fund - Continued**

**Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate**

The following presents the Cooperative's proportionate share of the collective net OPEB liability, as well as what the Cooperative's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

|   | 1% Decrease<br>(2.69%) | Current<br>Discount Rate<br>(3.69%) | 1% Increase<br>(4.69%) |
|---|------------------------|-------------------------------------|------------------------|
| Employer's Proportionate Share<br>of the OPEB Liability | \$ 1,296,606           | 1,090,169                           | 1,033,181              |

**Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following table shows the plan's net OPEB liability as of June 30, 2022, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The current claims trend rates are 8.00% in plan year end 2024, decreasing to an ultimate trend rate of 4.25% in plan year end 2039.

|   | 1% Decrease | Healthcare<br>Cost Trend<br>Rates | 1% Increase |
|---|-------------|-----------------------------------|-------------|
| Employer's Proportionate Share<br>of the OPEB Liability | \$ 985,875  | 1,090,169                         | 1,365,105   |

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of the District, actuarially determined.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 4 - OTHER INFORMATION - Continued**

**OTHER POST-EMPLOYMENT BENEFITS - Continued**

**Teachers' Health Insurance Security Fund - Continued**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued**

At June 30, 2022, the Cooperative's proportion was 0.017045 percent, which was an increase of 0.001118 from its proportion measured as of June 30, 2021. The State's support and total are for disclosure purposes only. The amount recognized by the Cooperative as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Cooperative were as follow:

|  |                             |
|--|-----------------------------|
| Employer's Proportionate Share of the Net OPEB Liability                           | \$ 1,090,169                |
| State's Proportionate Share of the Net OPEB Liability Associated with the Employer | <u>1,483,054</u>            |
| <br>Total  | <br><u><u>2,573,223</u></u> |

For the year ending June 30, 2023, the Cooperative recognized OPEB revenue and expense of \$2,454,417 for support provided by the State. For the year ending June 30, 2023, the Cooperative recognized OPEB expense of \$43,288 on a cash basis. At June 30, 2023, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Totals                        |
|---|--------------------------------------|-------------------------------------|-------------------------------|
| Differences Between Expected and Actual Experience  | \$ —                                 | (713,024)                           | (713,024)                     |
| Net Difference Between Projected and Actual Earnings on Pension Investments                                   | 983                                  | (2,689,157)                         | (2,688,174)                   |
| Changes of Assumptions  | 157                                  | (25)                                | 132                           |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | <u>343,631</u>                       | <u>(759,012)</u>                    | <u>(415,381)</u>              |
| Total Pension Expense to be Recognized in Future Periods  | 344,771                              | (4,161,218)                         | (3,816,447)                   |
| Employer Contributions Subsequent to the Measurement Date   | <u>43,288</u>                        | <u>—</u>                            | <u>43,288</u>                 |
| <br>Totals  | <br><u><u>388,059</u></u>            | <br><u><u>(4,161,218)</u></u>       | <br><u><u>(3,773,159)</u></u> |

\$43,288 reported as deferred outflows of resources related to OPEB resulting from Cooperative contributions subsequent to the measurement date and before the end of the fiscal year would be included as a reduction of the collective net OPEB liability in the year ending June 30, 2024, under the GAAP basis of accounting. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in the Cooperative's OPEB expense as follows:

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Notes to the Financial Statements**

**June 30, 2023**

---

---

**NOTE 4 - OTHER INFORMATION - Continued**

**OTHER POST-EMPLOYMENT BENEFITS - Continued**

**Teachers' Health Insurance Security Fund - Continued**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued**

| Fiscal<br>Year | Net Deferred<br>(Inflows)<br>of Resources |
|----------------|---|
| 2024           | \$ (626,199)                              |
| 2025           | (584,425)                                 |
| 2026           | (521,479)                                 |
| 2027           | (504,906)                                 |
| 2028           | (498,512)                                 |
| Thereafter     | <u>(1,080,926)</u>                        |
| Total          | <u><u>(3,816,447)</u></u>                 |

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Schedule of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions  
Teachers' Retirement System
- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)  
Illinois Municipal Retirement Fund
- Schedule of Employer Contributions  
Teacher's Health Insurance Security Fund
- Schedule of Employer's Proportionate Share of the Collective Net OPEB Liability  
Teacher's Health Insurance Security Fund
- Budgetary Comparison Schedule  
General Fund
- Combining Statements - General Fund Accounts
- Budgetary Comparison Schedules - General Fund Accounts
- Budgetary Comparison Schedule - Nonmajor Governmental Fund
- Consolidated Year-End Financial Report

## **INDIVIDUAL FUND DESCRIPTIONS**

---

### **GENERAL FUND**

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund includes the Educational Account, and Operations and Maintenance Account.

---

### **SPECIAL REVENUE FUND**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

#### **Transportation Fund**

The Transportation Fund is used to account for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

---

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Teachers' Retirement System**

**Schedule of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions  
June 30, 2023**

---

---

**See Following Page**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Teachers' Retirement System**

**Schedule of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions  
June 30, 2023**

|   | 6/30/15           | 6/30/16           |
|---|-------------------|-------------------|
| Employer's Proportion of the Net Pension Liability  | 0.0009%           | 0.0014%           |
| Employer's Proportionate Share of the Net Pension Liability   | \$ 516,834        | 913,688           |
| State's Proportionate Share of the Net Pension Liability<br>Associated with the Employer              | 27,369,939        | 28,900,490        |
| Total   | <u>27,886,773</u> | <u>29,814,178</u> |
| Employer's Covered Payroll  | \$ N/A            | 4,712,372         |
| Employer's Proportionate Share of the Net Pension Liability<br>as a % of its Covered-Employee Payroll | N/A               | 19.39%            |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                         | 43.00%            | 41.50%            |
| Contractually-Required Contribution   | \$ N/A            | 25,486            |
| Contributions in Relation to the Contractually<br>Required Contribution                               | N/A               | 27,394            |
| Contribution Deficiency (Excess)  | <u>N/A</u>        | <u>(1,908)</u>    |
| Employer's Covered Payroll  | \$ 4,712,372      | 4,468,401         |
| Contributions as a % of Covered Payroll   | N/A               | 0.57%             |

Notes:

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

For the 2022 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.50 percent and a real return of 4.50 percent. Salary increases were assumed to vary by service credit. These actuarial assumptions were based on an experience study dated September 30, 2021.

For the 2021-2017 measurement years, the assumed investment rate of return was 7.0, including an inflation rate of 2.25 percent and a real return of 4.75 percent. Salary increases were assumed to vary by service credit. The assumptions used for the 2020-2018 and 2017-2016 measurement years were based on an experience study dated September 18, 2018 and August 13, 2015, respectively.

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.

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

N/A - Not Available



| 6/30/17    | 6/30/18    | 6/30/19    | 6/30/20    | 6/30/21    | 6/30/22    | 6/30/23    |
|------------|------------|------------|------------|------------|------------|------------|
| 0.0013%    | 0.0006%    | 0.0006%    | 0.0005%    | 0.0005%    | 0.0005%    | 0.0004%    |
| 990,258    | 456,233    | 452,119    | 432,177    | 419,366    | 385,989    | 360,212    |
| 37,489,317 | 27,441,401 | 30,972,043 | 30,757,542 | 32,846,962 | 32,350,011 | 31,246,031 |
| 38,479,575 | 27,897,634 | 31,424,162 | 31,189,719 | 33,266,328 | 32,736,000 | 31,606,243 |
| 4,468,401  | 4,394,103  | 4,035,236  | 3,981,429  | 4,334,368  | 4,090,394  | 4,395,470  |
| 22.16%     | 10.38%     | 11.20%     | 10.85%     | 9.68%      | 9.44%      | 8.20%      |
| 36.40%     | 39.30%     | 40.00%     | 39.60%     | 37.80%     | 45.10%     | 42.80%     |
| 23,404     | 23,092     | 25,139     | 23,724     | 25,360     | 25,920     | 37,280     |
| 23,648     | 23,092     | 25,139     | 23,724     | 25,360     | 25,641     | 37,281     |
| (244)      | —          | —          | —          | —          | 279        | (1)        |
| 4,394,103  | 4,035,236  | 3,981,429  | 4,334,368  | 4,090,394  | 4,395,470  | 4,809,792  |
| 0.53%      | 0.57%      | 0.63%      | 0.55%      | 0.62%      | 0.59%      | 0.78%      |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Illinois Municipal Retirement Fund  
Schedule of Employer Contributions  
June 30, 2023**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|-----------------|--|
| 2015        | \$ 202,552                          | \$ 202,552   | \$ —                              | \$ 1,859,869    | 10.89%   |
| 2016        | 179,898                             | 179,898  | —                                 | 1,747,951       | 10.29%   |
| 2017        | 198,854                             | 198,854  | —                                 | 1,940,292       | 10.25%   |
| 2018        | 230,070                             | 230,070  | —                                 | 2,364,671       | 9.73%  |
| 2019        | 175,095                             | 175,095  | —                                 | 2,618,433       | 6.69%  |
| 2020        | 196,959                             | 196,959  | —                                 | 3,030,435       | 6.50%  |
| 2021        | 223,225                             | 223,225  | —                                 | 2,988,164       | 7.47%  |
| 2022        | 169,213                             | 169,213  | —                                 | 2,831,812       | 5.98%  |
| 2023        | 103,844                             | 103,844  | —                                 | 2,801,811       | 3.71%  |

Notes to the Required Supplementary Information:

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Entry Age Normal   |
| Amortization Method           | Level % Pay (Closed)   |
| Remaining Amortization Period | 21 Years   |
| Asset Valuation Method        | 5-Year Smoothed Fair Value   |
| Inflation                     | 2.25%  |
| Salary Increases              | 2.85% to 13.75%, Including Inflation   |
| Investment Rate of Return     | 7.25%  |
| Retirement Age                | See the Notes to the Financial Statements  |
| Mortality                     | For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. |

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Illinois Municipal Retirement Fund**

**Schedule of Changes in the Employer's Net Pension Liability/(Asset)**

**June 30, 2023**

---

---

**See Following Page**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Illinois Municipal Retirement Fund**

**Schedule of Changes in the Employer's Net Pension Liability/(Asset)**

**June 30, 2023**

|  | 12/31/14           | 12/31/15         |
|--|--------------------|------------------|
| Total Pension Liability  |                    |                  |
| Service Cost   | \$ 224,950         | 205,019          |
| Interest   | 514,700            | 568,079          |
| Changes in Benefit Terms   | —                  | —                |
| Differences Between Expected and Actual Experience                             | (25,794)           | 16,176           |
| Change of Assumptions  | 287,487            | —                |
| Benefit Payments, Including Refunds<br>of Member Contributions                 | (259,852)          | (299,467)        |
| Net Change in Total Pension Liability  | 741,491            | 489,807          |
| Total Pension Liability - Beginning  | 6,880,116          | 7,621,607        |
| Total Pension Liability - Ending   | <u>7,621,607</u>   | <u>8,111,414</u> |
| Plan Fiduciary Net Position  |                    |                  |
| Contributions - Employer   | \$ 211,074         | 186,598          |
| Contributions - Members  | 89,631             | 81,207           |
| Net Investment Income  | 437,519            | 38,196           |
| Benefit Payments, Including Refunds<br>of Member Contributions                 | (259,852)          | (299,467)        |
| Other (Net Transfer)   | 24,586             | (94,511)         |
| Net Change in Plan Fiduciary Net Position                                      | 502,958            | (87,977)         |
| Plan Net Position - Beginning  | 7,152,014          | 7,654,972        |
| Plan Net Position - Ending   | <u>7,654,972</u>   | <u>7,566,995</u> |
| Employer's Net Pension Liability/(Asset)                                       | <u>\$ (33,365)</u> | <u>544,419</u>   |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability  | 100.44%            | 93.29%           |
| Covered Payroll  | \$ 1,819,848       | 1,804,624        |
| Employer's Net Pension Liability/(Asset) as a Percentage of<br>Covered Payroll | (1.83%)            | 30.17%           |

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

| 12/31/16  | 12/31/17  | 12/31/18  | 12/31/19   | 12/31/20    | 12/31/21    | 12/31/22    |
|-----------|-----------|-----------|------------|-------------|-------------|-------------|
| 186,785   | 210,828   | 210,186   | 253,086    | 285,268     | 272,568     | 259,187     |
| 603,458   | 641,745   | 645,073   | 695,351    | 742,302     | 774,208     | 814,943     |
| —         | —         | —         | —          | —           | —           | —           |
| 51,952    | (164,206) | 277,080   | 111,335    | (37,929)    | 52,640      | 225,885     |
| —         | (238,029) | 266,861   | —          | (78,421)    | —           | —           |
| (317,411) | (370,033) | (441,253) | (419,894)  | (436,628)   | (492,934)   | (568,808)   |
| 524,784   | 80,305    | 957,947   | 639,878    | 474,592     | 606,482     | 731,207     |
| 8,111,414 | 8,636,198 | 8,716,503 | 9,674,450  | 10,314,328  | 10,788,920  | 11,395,402  |
| 8,636,198 | 8,716,503 | 9,674,450 | 10,314,328 | 10,788,920  | 11,395,402  | 12,126,609  |
| 200,990   | 203,931   | 237,691   | 132,483    | 231,058     | 215,802     | 140,913     |
| 85,260    | 89,617    | 113,547   | 128,336    | 138,082     | 135,003     | 126,316     |
| 523,335   | 1,402,724 | (488,527) | 1,663,812  | 1,481,133   | 1,965,990   | (1,645,411) |
| (317,411) | (370,033) | (441,253) | (419,894)  | (436,628)   | (492,934)   | (568,808)   |
| 41,410    | (118,103) | 201,846   | 20,520     | 21,795      | 2,407       | 174,234     |
| 533,584   | 1,208,136 | (376,696) | 1,525,257  | 1,435,440   | 1,826,268   | (1,772,756) |
| 7,566,995 | 8,100,579 | 9,308,715 | 8,932,019  | 10,457,276  | 11,892,716  | 13,718,984  |
| 8,100,579 | 9,308,715 | 8,932,019 | 10,457,276 | 11,892,716  | 13,718,984  | 11,946,228  |
| 535,619   | (592,212) | 742,431   | (142,948)  | (1,103,796) | (2,323,582) | 180,381     |
| 93.80%    | 106.79%   | 92.33%    | 101.39%    | 110.23%     | 120.39%     | 98.51%      |
| 1,894,690 | 1,991,510 | 2,523,266 | 2,731,602  | 3,068,485   | 2,904,465   | 2,807,029   |
| 28.27%    | (29.74%)  | 29.42%    | (5.23%)    | (35.97%)    | (80.00%)    | 6.43%       |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Teacher's Health Insurance Security Fund  
Schedule of Employer Contributions  
June 30, 2023**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|-----------------|--|
| 2018        | \$ 35,037                           | \$ 35,037  | \$ —                              | \$ 4,035,236    | 0.87%  |
| 2019        | 39,876                              | 39,876   | —                                 | 3,981,429       | 1.00%  |
| 2020        | 37,632                              | 37,632   | —                                 | 4,334,368       | 0.87%  |
| 2021        | 39,257                              | 39,257   | —                                 | 4,090,394       | 0.96%  |
| 2022        | 29,450                              | 29,450   | —                                 | 4,395,470       | 0.67%  |
| 2023        | 32,226                              | 32,226   | —                                 | 4,809,792       | 0.67%  |

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Teacher's Health Insurance Security Fund  
Schedule of Employer Contributions - Continued  
June 30, 2023**

---

---

**Notes to the Schedule of Employer Contributions**

|                                  |               |
|----------------------------------|---------------|
| <b>Valuation Date</b>            | June 30, 2021 |
| <b>Measurement Date</b>          | June 30, 2022 |
| <b>Sponsor's Fiscal Year End</b> | June 30, 2023 |

**Methods and Assumptions Used to Determine Actuarial Liability and Contributions:**

|                             |   |
|-----------------------------|---|
| Actuarial Cost Method       | Entry Age Normal, used to measure the Total OPEB Liability  |
| Contribution Policy         | Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2022, contribution rates are 0.90% of pay for active members, 0.67% of pay for school districts and 0.90% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs. |
| Asset Valuation Method      | Fair Value  |
| Investment Rate of Return   | 2.75%, net of OPEB plan investment expense, including inflation for all plan years.   |
| Inflation                   | 2.3%  |
| Salary Increases            | Depends on service and ranges from 8.50% at 1 year of service to 3.50% at 20 or more years of service.  |
| Retirement Age              | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the actuarial valuation as of June 30, 2021.   |
| Mortality                   | Retirement and Beneficiary Annuitants: PubT-2010 Retiree Mortality Table, adjusted for TRS experience. Disabled Annuitants: PubNS-2010 Non-Safety Disabled Retiree Table. PreRetirement: PubT-2010 Employee Mortality Table. All tables reflect future mortality improvements using Projection Scale MP-2020.   |
| Healthcare Cost Trend Rates | Trend rates for plan year 2023 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2024 and decrease gradually to an ultimate rate of 4.25% in 2039. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 5.81% in 2034, declining gradually to an ultimate rate of 4.25% in 2039.  |
| Aging Factors               | Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".  |
| Expenses                    | Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.   |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Teacher's Health Insurance Security Fund**

**Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability**

**June 30, 2023**

---

---

|   | <u>6/30/18</u>           |
|---|--------------------------|
| Employer's Proportion of the Net OPEB Liability   | 0.017542%                |
| Employer's Proportionate Share of the Net OPEB Liability                                  | \$ 4,552,118             |
| State's Proportionate Share of the Net OPEB Liability<br>Associated with the Employer     | <u>5,978,062</u>         |
| Total   | <u><u>10,530,180</u></u> |
| Employer's Covered Payroll  | \$ 4,394,103             |
| Employer's Proportionate Share of the Net OPEB Liability<br>as a % of its Covered Payroll | N/A                      |
| Plan Fiduciary Net Position as a Percentage of the<br>Total OPEB Liability                | 0.00%                    |

Notes:

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

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

N/A - Not Available



| 6/30/19    | 6/30/20    | 6/30/21    | 6/30/22   | 6/30/23   |
|------------|------------|------------|-----------|-----------|
| 0.016796%  | 0.017634%  | 0.161690%  | 0.017045% | 0.015927% |
| 4,424,988  | 4,880,605  | 4,322,817  | 3,759,298 | 1,090,169 |
| 5,941,805  | 6,608,962  | 5,856,240  | 5,097,050 | 1,483,054 |
| 10,366,793 | 11,489,567 | 10,179,057 | 8,856,348 | 2,573,223 |
| 4,035,236  | 3,981,429  | 4,334,368  | 4,090,394 | 4,395,470 |
| 109.66%    | 122.58%    | 99.73%     | 91.91%    | 24.80%    |
| 0.00%      | 0.25%      | 0.70%      | 1.40%     | 5.24%     |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis**

**For the Fiscal Year Ended June 30, 2023**

|  | Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Final Budget |
|--|--------------------|-------------------|-------------------|-------------------------------|
| <b>Revenues</b>                        |                    |                   |                   |                               |
| <b>Local Sources</b>                   |                    |                   |                   |                               |
| Tuition - Special Education            | \$ 12,080,450      | 12,080,450        | 10,857,319        | (1,223,131)                   |
| Tuition - Summer School                | 225,000            | 225,000           | 203,867           | (21,133)                      |
| Earnings on Investments                | 25,000             | 25,000            | 69,623            | 44,623                        |
| Other Revenue from Local Sources       | 333,000            | 333,000           | 434,396           | 101,396                       |
| <b>State Sources</b>                   |                    |                   |                   |                               |
| Federal Sources                        | 803,809            | 803,809           | 825,726           | 21,917                        |
| On-Behalf Payments                     | —                  | —                 | 2,497,705         | 2,497,705                     |
| <b>Total Revenues</b>                  | <b>13,852,259</b>  | <b>13,852,259</b> | <b>15,583,436</b> | <b>1,731,177</b>              |
| <b>Expenditures</b>                    |                    |                   |                   |                               |
| <b>Instruction</b>                     |                    |                   |                   |                               |
| Special Education Programs             | 2,867,997          | 2,867,997         | 3,273,853         | (405,856)                     |
| Other Instructional Programs           | 2,346,105          | 2,346,105         | 1,956,299         | 389,806                       |
| <b>Support Services</b>                |                    |                   |                   |                               |
| Pupils                                 | 3,939,694          | 3,939,694         | 3,866,641         | 73,053                        |
| Instructional Staff                    | 497,505            | 497,505           | 580,925           | (83,420)                      |
| General Administration                 | 1,746,990          | 1,746,990         | 1,825,831         | (78,841)                      |
| School Administration                  | 172,843            | 172,843           | 170,635           | 2,208                         |
| Business                               | 755,247            | 755,247           | 888,920           | (133,673)                     |
| Central                                | 316,569            | 316,569           | 285,936           | 30,633                        |
| <b>Payments to Other Districts and</b> |                    |                   |                   |                               |
| Government Units                       | —                  | —                 | 882,291           | (882,291)                     |
| On Behalf Payments                     | —                  | —                 | 2,497,705         | (2,497,705)                   |
| <b>Total Expenditures</b>              | <b>12,642,950</b>  | <b>12,642,950</b> | <b>16,229,036</b> | <b>(3,586,086)</b>            |
| <b>Excess (Deficiency) of Revenues</b> |                    |                   |                   |                               |
| Over (Under) Expenditures              | 1,209,309          | 1,209,309         | (645,600)         | (1,854,909)                   |
| <b>Other Financing (Uses)</b>          |                    |                   |                   |                               |
| Transfers Out                          | —                  | —                 | (300,000)         | (300,000)                     |
| <b>Net Change in Fund Balances</b>     | <b>1,209,309</b>   | <b>1,209,309</b>  | <b>(945,600)</b>  | <b>(2,154,909)</b>            |
| Fund Balances - Beginning              |                    |                   | 4,001,178         |                               |
| Fund Balances - Ending                 |                    |                   | 3,055,578         |                               |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**General Fund - by Accounts**

**Combining Balance Sheet - Modified Cash Basis**

**June 30, 2023**

|                                     | Educational<br>Account | Operations<br>and<br>Maintenance<br>Account | Totals    |
|-------------------------------------|------------------------|---|-----------|
| <b>ASSETS</b>                       |                        |   |           |
| Cash and Investments                | \$ 2,838,025           | 307,141                                     | 3,145,166 |
| <b>LIABILITIES</b>                  |                        |   |           |
| Accrued Payroll                     | 73,726                 | —   | 73,726    |
| Other Payables                      | 15,862                 | —   | 15,862    |
| Total Liabilities                   | 89,588                 | —   | 89,588    |
| <b>FUND BALANCE</b>                 |                        |   |           |
| Restricted                          | —                      | 307,141                                     | 307,141   |
| Assigned                            | 800,000                | —   | 800,000   |
| Unassigned                          | 1,948,437              | —   | 1,948,437 |
| Total Fund Balances                 | 2,748,437              | 307,141                                     | 3,055,578 |
| Total Liabilities and Fund Balances | 2,838,025              | 307,141                                     | 3,145,166 |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**General Fund - by Accounts**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2023**

|  | Educational<br>Account | Operations<br>and<br>Maintenance<br>Account | Totals            |
|--|------------------------|---|-------------------|
| <b>Revenues</b>  |                        |   |                   |
| <b>Local Sources</b>   |                        |   |                   |
| Tuition - Special Education  | \$ 10,857,319          | —   | 10,857,319        |
| Tuition - Summer School  | 203,867                | —   | 203,867           |
| Earnings on Investments  | 69,623                 | —   | 69,623            |
| Other Revenue from Local Sources                                     | 51,135                 | 383,261                                     | 434,396           |
| <b>State Sources</b>   | 803,809                | 21,917                                      | 825,726           |
| <b>Federal Sources</b>   | 694,800                | —   | 694,800           |
| On-Behalf Payments - State of Illinois                               | 2,497,705              | —   | 2,497,705         |
| <b>Total Revenues</b>  | <u>15,178,258</u>      | <u>405,178</u>                              | <u>15,583,436</u> |
| <b>Expenditures</b>  |                        |   |                   |
| <b>Instruction</b>   |                        |   |                   |
| Special Education Programs   | 3,273,853              | —   | 3,273,853         |
| Other Instructional Programs   | 1,956,299              | —   | 1,956,299         |
| <b>Support Services</b>  |                        |   |                   |
| Pupils   | 3,866,641              | —   | 3,866,641         |
| Instructional Staff  | 580,925                | —   | 580,925           |
| General Administration   | 1,825,831              | —   | 1,825,831         |
| School Administration  | 170,635                | —   | 170,635           |
| Business   | 410,043                | 478,877                                     | 888,920           |
| Central  | 285,936                | —   | 285,936           |
| Payments to Other Districts and Government Units                     | 882,291                | —   | 882,291           |
| On-Behalf Payments   | 2,497,705              | —   | 2,497,705         |
| <b>Total Expenditures</b>  | <u>15,750,159</u>      | <u>478,877</u>                              | <u>16,229,036</u> |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | (571,901)              | (73,699)                                    | (645,600)         |
| <b>Other Financing (Uses)</b>  |                        |   |                   |
| Transfers Out  | (300,000)              | —   | (300,000)         |
| <b>Net Change in Fund Balance</b>                                    | (871,901)              | (73,699)                                    | (945,600)         |
| <b>Fund Balances - Beginning</b>                                     | <u>3,620,338</u>       | <u>380,840</u>                              | <u>4,001,178</u>  |
| <b>Fund Balances - Ending</b>  | <u>2,748,437</u>       | <u>307,141</u>                              | <u>3,055,578</u>  |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Educational Account - General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis**

**For the Fiscal Year Ended June 30, 2023**

|                                    | Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Final Budget |
|------------------------------------|--------------------|-------------------|-------------------|-------------------------------|
| <b>Revenues</b>                    |                    |                   |                   |                               |
| <b>Local Sources</b>               |                    |                   |                   |                               |
| Tuition - Special Education        | \$ 12,080,450      | 12,080,450        | 10,857,319        | (1,223,131)                   |
| Tuition - Summer School            | 225,000            | 225,000           | 203,867           | (21,133)                      |
| Earnings on Investments            | 25,000             | 25,000            | 69,623            | 44,623                        |
| Other Revenue from Local Sources   | —                  | —                 | 51,135            | 51,135                        |
| <b>Total Local Sources</b>         | <b>12,330,450</b>  | <b>12,330,450</b> | <b>11,181,944</b> | <b>(1,148,506)</b>            |
| <b>State Sources</b>               |                    |                   |                   |                               |
| Evidence Based Funding             | 803,809            | 803,809           | 803,809           | —                             |
| <b>Federal Sources</b>             |                    |                   |                   |                               |
| <b>Federal - Special Education</b> |                    |                   |                   |                               |
| IDEA Flow-Through                  | 125,000            | 125,000           | 188,762           | 63,762                        |
| <b>Medicaid Matching Funds</b>     |                    |                   |                   |                               |
| Administrative Outreach            | 90,000             | 90,000            | 191,246           | 101,246                       |
| Fee-for-Service Program            | 170,000            | 170,000           | 314,792           | 144,792                       |
| <b>Total Federal Sources</b>       | <b>385,000</b>     | <b>385,000</b>    | <b>694,800</b>    | <b>309,800</b>                |
| <b>Total Direct Revenues</b>       | <b>13,519,259</b>  | <b>13,519,259</b> | <b>12,680,553</b> | <b>(838,706)</b>              |
| <b>On-Behalf Payments</b>          | <b>—</b>           | <b>—</b>          | <b>2,497,705</b>  | <b>2,497,705</b>              |
| <b>Total Revenues</b>              | <b>13,519,259</b>  | <b>13,519,259</b> | <b>15,178,258</b> | <b>1,658,999</b>              |
| <b>Expenditures</b>                |                    |                   |                   |                               |
| <b>Instruction</b>                 |                    |                   |                   |                               |
| <b>Special Education Programs</b>  |                    |                   |                   |                               |
| Salaries                           | 1,669,061          | 1,669,061         | 1,822,258         | (153,197)                     |
| Employee Benefits                  | 657,151            | 657,151           | 559,830           | 97,321                        |
| Purchased Services                 | 501,785            | 501,785           | 739,088           | (237,303)                     |
| Supplies and Materials             | 40,000             | 40,000            | 101,176           | (61,176)                      |
| Capital Outlay                     | —                  | —                 | 51,501            | (51,501)                      |
|                                    | <b>2,867,997</b>   | <b>2,867,997</b>  | <b>3,273,853</b>  | <b>(405,856)</b>              |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Educational Account - General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis - Continued**

**For the Fiscal Year Ended June 30, 2023**

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget |
|---|--------------------|------------------|------------------|-------------------------------|
| Expenditures - Continued                |                    |                  |                  |                               |
| Instruction - Continued                 |                    |                  |                  |                               |
| Special Education Programs Pre-K        |                    |                  |                  |                               |
| Salaries                                | \$ 1,003,715       | 1,003,715        | 961,873          | 41,842                        |
| Employee Benefits                       | 340,809            | 340,809          | 255,828          | 84,981                        |
| Purchased Services                      | 95,650             | 95,650           | 205,606          | (109,956)                     |
| Supplies and Materials                  | 473,500            | 473,500          | 38,509           | 434,991                       |
|   | <u>1,913,674</u>   | <u>1,913,674</u> | <u>1,461,816</u> | <u>451,858</u>                |
| Remedial and Supplemental Programs K-12 |                    |                  |                  |                               |
| Salaries                                | 211,405            | 211,405          | 116,096          | 95,309                        |
| Employee Benefits                       | 24,754             | 24,754           | 24,826           | (72)                          |
| Purchased Services                      | 3,500              | 3,500            | 102,554          | (99,054)                      |
|   | <u>239,659</u>     | <u>239,659</u>   | <u>243,476</u>   | <u>(3,817)</u>                |
| Summer School Programs                  |                    |                  |                  |                               |
| Salaries                                | 150,000            | 150,000          | 179,932          | (29,932)                      |
| Employee Benefits                       | 10,772             | 10,772           | 16,287           | (5,515)                       |
| Purchased Services                      | 30,000             | 30,000           | 49,410           | (19,410)                      |
| Supplies and Materials                  | 2,000              | 2,000            | 5,378            | (3,378)                       |
|   | <u>192,772</u>     | <u>192,772</u>   | <u>251,007</u>   | <u>(58,235)</u>               |
| Total Instruction                       | <u>5,214,102</u>   | <u>5,214,102</u> | <u>5,230,152</u> | <u>(16,050)</u>               |
| Support Services                        |                    |                  |                  |                               |
| Pupils                                  |                    |                  |                  |                               |
| Attendance and Social Work Services     |                    |                  |                  |                               |
| Salaries                                | 489,683            | 489,683          | 508,077          | (18,394)                      |
| Employee Benefits                       | 93,779             | 93,779           | 94,104           | (325)                         |
| Purchased Services                      | 3,000              | 3,000            | 3,237            | (237)                         |
| Supplies and Materials                  | 3,000              | 3,000            | 6,663            | (3,663)                       |
|   | <u>589,462</u>     | <u>589,462</u>   | <u>612,081</u>   | <u>(22,619)</u>               |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Educational Account - General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis - Continued**

**For the Fiscal Year Ended June 30, 2023**

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget |
|---|--------------------|------------------|------------------|-------------------------------|
| Expenditures - Continued                |                    |                  |                  |                               |
| Support Services - Continued            |                    |                  |                  |                               |
| Pupils - Continued                      |                    |                  |                  |                               |
| Health Services                         |                    |                  |                  |                               |
| Salaries                                | \$ 237,235         | 237,235          | 204,949          | 32,286                        |
| Employee Benefits                       | 48,969             | 48,969           | 39,001           | 9,968                         |
| Purchased Services                      | 414,644            | 414,644          | 504,715          | (90,071)                      |
| Supplies and Materials                  | 7,000              | 7,000            | 5,665            | 1,335                         |
|   | <u>707,848</u>     | <u>707,848</u>   | <u>754,330</u>   | <u>(46,482)</u>               |
| Psychological Services                  |                    |                  |                  |                               |
| Salaries                                | 239,383            | 239,383          | 288,334          | (48,951)                      |
| Employee Benefits                       | 34,805             | 34,805           | 36,273           | (1,468)                       |
| Purchased Services                      | 99,339             | 99,339           | 66,059           | 33,280                        |
| Supplies and Materials                  | 4,000              | 4,000            | 2,027            | 1,973                         |
|   | <u>377,527</u>     | <u>377,527</u>   | <u>392,693</u>   | <u>(15,166)</u>               |
| Speech Pathology and Audiology Services |                    |                  |                  |                               |
| Salaries                                | 803,062            | 803,062          | 751,112          | 51,950                        |
| Employee Benefits                       | 107,047            | 107,047          | 90,693           | 16,354                        |
| Purchased Services                      | 30,000             | 30,000           | 12,761           | 17,239                        |
| Supplies and Materials                  | 8,500              | 8,500            | 5,335            | 3,165                         |
|   | <u>948,609</u>     | <u>948,609</u>   | <u>859,901</u>   | <u>88,708</u>                 |
| Other Support Services - Pupils         |                    |                  |                  |                               |
| Salaries                                | 1,002,539          | 1,002,539        | 904,735          | 97,804                        |
| Employee Benefits                       | 198,959            | 198,959          | 178,555          | 20,404                        |
| Purchased Services                      | 100,750            | 100,750          | 154,612          | (53,862)                      |
| Supplies and Materials                  | 14,000             | 14,000           | 9,734            | 4,266                         |
|   | <u>1,316,248</u>   | <u>1,316,248</u> | <u>1,247,636</u> | <u>68,612</u>                 |
| Total Pupils                            | <u>3,939,694</u>   | <u>3,939,694</u> | <u>3,866,641</u> | <u>73,053</u>                 |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Educational Account - General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis - Continued**

**For the Fiscal Year Ended June 30, 2023**

|                                       | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget |
|---------------------------------------|--------------------|------------------|------------------|-------------------------------|
| Expenditures - Continued              |                    |                  |                  |                               |
| Support Services - Continued          |                    |                  |                  |                               |
| Instructional Staff                   |                    |                  |                  |                               |
| Improvement of Instructional Services |                    |                  |                  |                               |
| Salaries                              | \$ 316,625         | 316,625          | 319,471          | (2,846)                       |
| Employee Benefits                     | 70,880             | 70,880           | 74,844           | (3,964)                       |
| Purchased Services                    | 100,000            | 100,000          | 177,796          | (77,796)                      |
| Supplies and Materials                | 10,000             | 10,000           | 8,814            | 1,186                         |
| <b>Total Instructional Staff</b>      | <b>497,505</b>     | <b>497,505</b>   | <b>580,925</b>   | <b>(83,420)</b>               |
| General Administration                |                    |                  |                  |                               |
| Board of Education Services           |                    |                  |                  |                               |
| Employee Benefits                     | 99,493             | 99,493           | 74,602           | 24,891                        |
| Purchased Services                    | 148,907            | 148,907          | 182,454          | (33,547)                      |
|                                       | <b>248,400</b>     | <b>248,400</b>   | <b>257,056</b>   | <b>(8,656)</b>                |
| Executive Administration Services     |                    |                  |                  |                               |
| Salaries                              | 263,101            | 263,101          | 299,743          | (36,642)                      |
| Employee Benefits                     | 79,656             | 79,656           | 74,393           | 5,263                         |
| Purchased Services                    | 33,000             | 33,000           | 33,162           | (162)                         |
| Supplies and Materials                | 5,000              | 5,000            | 14,274           | (9,274)                       |
| Other Objects                         | —                  | —                | 35,282           | (35,282)                      |
|                                       | <b>380,757</b>     | <b>380,757</b>   | <b>456,854</b>   | <b>(76,097)</b>               |
| Special Area Administration Services  |                    |                  |                  |                               |
| Salaries                              | 845,535            | 845,535          | 888,787          | (43,252)                      |
| Employee Benefits                     | 257,798            | 257,798          | 217,812          | 39,986                        |
| Purchased Services                    | 4,500              | 4,500            | 1,311            | 3,189                         |
| Supplies and Materials                | 10,000             | 10,000           | 4,011            | 5,989                         |
|                                       | <b>1,117,833</b>   | <b>1,117,833</b> | <b>1,111,921</b> | <b>5,912</b>                  |
| <b>Total General Administration</b>   | <b>1,746,990</b>   | <b>1,746,990</b> | <b>1,825,831</b> | <b>(78,841)</b>               |



**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Educational Account - General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis - Continued**

**For the Fiscal Year Ended June 30, 2023**

|                                  | Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget |
|----------------------------------|--------------------|-----------------|-----------|-------------------------------|
| Expenditures - Continued         |                    |                 |           |                               |
| Support Services - Continued     |                    |                 |           |                               |
| School Administration            |                    |                 |           |                               |
| Office of the Principal Services |                    |                 |           |                               |
| Salaries                         | \$ 131,293         | 131,293         | 132,194   | (901)                         |
| Employee Benefits                | 41,550             | 41,550          | 38,441    | 3,109                         |
| Total School Administration      | 172,843            | 172,843         | 170,635   | 2,208                         |
| Business                         |                    |                 |           |                               |
| Fiscal Services                  |                    |                 |           |                               |
| Salaries                         | 331,639            | 331,639         | 315,553   | 16,086                        |
| Employee Benefits                | 98,388             | 98,388          | 92,225    | 6,163                         |
| Purchased Services               | 1,000              | 1,000           | 59        | 941                           |
| Supplies and Materials           | 2,500              | 2,500           | 2,206     | 294                           |
| Total Business                   | 433,527            | 433,527         | 410,043   | 23,484                        |
| Central                          |                    |                 |           |                               |
| Data Processing Services         |                    |                 |           |                               |
| Salaries                         | 103,541            | 103,541         | 104,073   | (532)                         |
| Employee Benefits                | 28,353             | 28,353          | 26,005    | 2,348                         |
| Purchased Services               | 123,819            | 123,819         | 115,596   | 8,223                         |
| Supplies and Materials           | 46,556             | 46,556          | 21,379    | 25,177                        |
| Capital Outlay                   | 14,300             | 14,300          | 18,883    | (4,583)                       |
| Total Central                    | 316,569            | 316,569         | 285,936   | 30,633                        |
| Total Support Services           | 7,107,128          | 7,107,128       | 7,140,011 | (32,883)                      |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Educational Account - General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis - Continued**

**For the Fiscal Year Ended June 30, 2023**

|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget |
|--|--------------------|------------------|------------------|-------------------------------|
| Expenditures - Continued                           |                    |                  |                  |                               |
| Payments to Other Districts and Governmental Units |                    |                  |                  |                               |
| Other Payments to In-State Governmental Units      |                    |                  |                  |                               |
| Other Objects                                      | \$ —               | —                | 882,291          | (882,291)                     |
| Total Direct Expenditures                          | 12,321,230         | 12,321,230       | 13,252,454       | (931,224)                     |
| On Behalf Payments                                 | —                  | —                | 2,497,705        | (2,497,705)                   |
| Total Expenditures                                 | 12,321,230         | 12,321,230       | 15,750,159       | (3,428,929)                   |
| Excess (Deficiency) of Revenues                    |                    |                  |                  |                               |
| Over (Under) Expenditures                          | 1,198,029          | 1,198,029        | (571,901)        | (1,769,930)                   |
| Other Financing (Uses)                             |                    |                  |                  |                               |
| Transfers Out                                      | —                  | —                | (300,000)        | (300,000)                     |
| Net Change in Fund Balance                         | <u>1,198,029</u>   | <u>1,198,029</u> | (871,901)        | <u>(2,069,930)</u>            |
| Fund Balance - Beginning                           |                    |                  | <u>3,620,338</u> |                               |
| Fund Balance - Ending                              |                    |                  | <u>2,748,437</u> |                               |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Operations and Maintenance Account - General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis**

**For the Fiscal Year Ended June 30, 2023**

|  | Original<br>Budget | Final<br>Budget | Actual         | Variance with<br>Final Budget |
|--|--------------------|-----------------|----------------|-------------------------------|
| Revenues   |                    |                 |                |                               |
| Local Sources  |                    |                 |                |                               |
| Other Revenue from Local Sources                     | \$ 333,000         | 333,000         | 383,261        | 50,261                        |
| State Sources  |                    |                 |                |                               |
| Other Revenue from State Sources                     | —                  | —               | 21,917         | 21,917                        |
| Total Revenues                                       | <u>333,000</u>     | <u>333,000</u>  | <u>405,178</u> | <u>72,178</u>                 |
| Expenditures   |                    |                 |                |                               |
| Support Services                                     |                    |                 |                |                               |
| Business   |                    |                 |                |                               |
| Facilities and Acquisition and Construction Services |                    |                 |                |                               |
| Capital Outlay                                       | 56,800             | 56,800          | 190,994        | (134,194)                     |
| Non-Capitalized Equipment                            | —                  | —               | 62,923         | (62,923)                      |
| Total Expenditures                                   | <u>56,800</u>      | <u>56,800</u>   | <u>253,917</u> | <u>(197,117)</u>              |
| Operation and Maintenance of Plant Services          |                    |                 |                |                               |
| Purchased Services                                   | 204,420            | 204,420         | 171,277        | 33,143                        |
| Supplies and Materials                               | 60,500             | 60,500          | 53,683         | 6,817                         |
| Total Expenditures                                   | <u>264,920</u>     | <u>264,920</u>  | <u>224,960</u> | <u>39,960</u>                 |
| Total Expenditures                                   | <u>321,720</u>     | <u>321,720</u>  | <u>478,877</u> | <u>(157,157)</u>              |
| Net Change in Fund Balance                           | <u>11,280</u>      | <u>11,280</u>   | (73,699)       | <u>(84,979)</u>               |
| Fund Balance - Beginning                             |                    |                 | <u>380,840</u> |                               |
| Fund Balance - Ending                                |                    |                 | <u>307,141</u> |                               |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Transportation - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis**

**For the Fiscal Year Ended June 30, 2023**

|  | Original<br>Budget | Final<br>Budget  | Actual               | Variance with<br>Final Budget |
|--|--------------------|------------------|----------------------|-------------------------------|
| Revenues   |                    |                  |                      |                               |
| State Sources                                      |                    |                  |                      |                               |
| Transportation - Special Education                 | \$ 60,000          | 60,000           | 61,121               | 1,121                         |
| Expenditures                                       |                    |                  |                      |                               |
| Support Services                                   |                    |                  |                      |                               |
| Pupils   |                    |                  |                      |                               |
| Pupil Transport Services                           |                    |                  |                      |                               |
| Salaries   | 60,661             | 60,661           | 59,308               | 1,353                         |
| Employee Benefits                                  | 23,042             | 23,042           | 19,148               | 3,894                         |
| Purchased Services                                 | 11,500             | 11,500           | 22,617               | (11,117)                      |
| Supplies and Materials                             | 2,000              | 2,000            | 2,398                | (398)                         |
|  | <u>97,203</u>      | <u>97,203</u>    | <u>103,471</u>       | <u>(6,268)</u>                |
| Payments to Other Districts and Governmental Units |                    |                  |                      |                               |
| Other Payments to In-State Governmental Units      |                    |                  |                      |                               |
| Other Objects                                      | 75,027             | 75,027           | 74,087               | 940                           |
|  |                    |                  |                      |                               |
| Total Expenditures                                 | 172,230            | 172,230          | 177,558              | (5,328)                       |
| Other Financing Sources                            |                    |                  |                      |                               |
| Transfers In                                       | —                  | —                | 300,000              | 300,000                       |
| Net Change in Fund Balance                         | <u>(112,230)</u>   | <u>(112,230)</u> | 183,563              | <u>295,793</u>                |
| Fund Balance - Beginning                           |                    |                  | <u>(86,138)</u>      |                               |
| Fund Balance - Ending                              |                    |                  | <u><u>97,425</u></u> |                               |

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE**

**Consolidated Year-End Financial Report  
June 30, 2023**

| CSFA #      | Program Name                        | State  | Federal | Other      | Total      |
|-------------|-------------------------------------|--------|---------|------------|------------|
| 586-44-2532 | Federal Programs - Emergency Relief | \$ —   | 114,425 | —          | 114,425    |
| 478-00-0251 | Medicaid Matching - Admin           | —      | 231,676 | —          | 231,676    |
| 586-00-1723 | School Maintenance Grant            | 21,917 | —       | —          | 21,917     |
|             | All Other Costs Not Allocated       | —      | —       | 16,009,969 | 16,009,969 |
|             | Totals                              | 21,917 | 346,101 | 16,009,969 | 16,377,987 |



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

November 27, 2023

Executive Director and Operational Board  
North DuPage Special Education Cooperative  
Roselle, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North DuPage Special Education Cooperative, Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated November 27, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lauterbach & Amen, LLP*  
LAUTERBACH & AMEN, LLP