

Assurance

# NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE

Annual Financial Report

YEAR ENDED JUNE 30, 2021

LOCAL  
KNOWLEDGE,  
GLOBAL  
EXPERTISE

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2021**

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**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2021**

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of North DuPage Special Education Cooperative ("Cooperative") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Cooperative as of June 30, 2021, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note I.

## ***Basis of Accounting***

We draw attention to Note I 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 opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cooperative's basic financial statements. The combining and individual fund financial statements and schedules, schedule of expenditures, Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report, and other information (management's discussion and analysis and other information section) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, schedule of expenditures, and Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, schedule of expenditures, and Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report are fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note I.

The management's discussion and analysis and other information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on such information.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, Cooperative's modified cash basis basic financial statements for the year ended June 30, 2020, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cooperative's basic financial statements as a whole. The individual fund financial statements and schedules for the year ended June 30, 2020 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 June 30, 2020 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 and *Government Auditing Standards*. In our opinion, the June 30, 2020 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021, on our consideration of Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cooperative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cooperative's internal control over financial reporting and compliance.



Orland Park, Illinois  
October 27, 2021

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



**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the fiscal year ended June 30, 2021**

As management of the North DuPage Special Education Cooperative (the Cooperative), we offer readers of the Cooperative's Annual Financial Report this narrative and analysis of the financial activities of the Cooperative for the fiscal year ended June 30, 2021.

**Financial Highlights**

- The assets of the Cooperative exceeded its liabilities at the close of the most recent fiscal year by \$5,045,594 (net position). Of this amount, \$3,091,970 represents unrestricted net position, which may be used to meet the Cooperative's ongoing obligations.
- Net position of the Cooperative increased by \$548,277 during fiscal year 2021.
- At the close of the current fiscal year, the Cooperative's governmental funds reported combined fund balances of \$3,091,970, an increase of \$664,252 in comparison with the prior year. Fund balance increased due to the timing of federal and state funding and financial savings realized during COVID-19 related closure. Approximately 71% of this amount or \$2,188,995 is available for spending at the Cooperative's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,191,188, or approximately 14% of General Fund expenditures.

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the Cooperative's basic financial statements. The Cooperative's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also includes combining and individual fund financial statements and schedules and other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements**

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

The statement of net position - modified cash basis presents financial information on all of the Cooperative's assets, liabilities, and 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.

The statement of activities - modified cash basis presents information showing how the Cooperative's net position changed during the most recent fiscal year. All changes in net position are reported using the modified cash basis of accounting.

The modified cash basis of accounting is described in the notes to basic financial statements.

Both of the government-wide financial statements distinguish functions of the Cooperative that are supported by tuition and intergovernmental revenues (governmental activities). The governmental activities of the Cooperative include instructional support and administration.

The government-wide financial statements include only the activities of the Cooperative. The Cooperative has no component units.

The government-wide financial statements can be found on pages 1 - 2 of this report.

### **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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements of the Cooperative include governmental funds.

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

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

The Cooperative maintains two individual governmental funds. Information for each fund is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and change in fund balances - modified cash basis. The General Fund, which is the major fund of the Cooperative, consists of two subfunds - the Educational Fund and the Operations and Maintenance Fund. Individual subfund information is presented in the combining and individual fund financial statements and schedules section of this report. Data from the other governmental fund is included in the other governmental fund column in the fund financial statements.

The Cooperative adopts annual budgets for the governmental funds. Budgetary comparisons are reported in the combining and individual fund financial statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 3 - 7 of this report.

### **Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 8 - 23 of this report.

## Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Cooperative, assets exceeded liabilities by \$5,045,594 at the close of the most recent fiscal year.

The Cooperative's net investment in capital assets (e.g., land, buildings, equipment, land improvements, and leasehold improvements) represents 39% of total net position. The Cooperative uses these capital assets to provide services to its member school districts. Accordingly, these assets are not available for future spending.

The remaining balance of \$3,091,970 is unrestricted and may be used to meet the Cooperative's ongoing obligations to its member school districts and creditors.

The major components of the Cooperative's assets, liabilities, and net position as of June 30, 2021 and 2020 are as follows:

### Net Position – Modified Cash Basis as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Current assets	\$ 3,826,302	\$ 3,116,807
Capital assets	<u>1,953,624</u>	<u>2,069,599</u>
Total assets	<u>5,779,926</u>	<u>5,186,406</u>
Current liabilities	<u>734,332</u>	<u>689,089</u>
Net position:		
Net investment in capital assets	1,953,624	2,069,599
Unrestricted	<u>3,091,970</u>	<u>2,427,718</u>
Total net position	<u>\$ 5,045,594</u>	<u>\$ 4,497,317</u>

## Government-wide Activities

Total current assets increased by \$709,495 as compared to the prior year. The primary reason for the increase is related to the timing of federal and state payments compared to the prior year, specifically \$359,408 of fiscal year 2020 IDEA reimbursements received in fiscal year 2021.

Capital assets resulted in a net decrease as compared to the prior year. The depreciation of capital assets exceeded capitalized expenditures in the current period.

Current liabilities increased during the fiscal year mainly due to increased Medicaid amounts payable to member districts.

Changes in Net Position – Modified Cash Basis  
For the fiscal years ended June 30, 2021 and 2020

	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 11,343,275	\$ 10,796,026
Operating grants, contributions and personnel reimbursement	4,983,069	8,164,614
General revenues:		
Medicaid reimbursement	265,513	302,487
Investment income	17,480	31,838
Other income	96,950	91,009
Total revenues	16,706,287	19,385,974
Expenses:		
Governmental activities:		
Instructional support	14,030,625	17,374,739
Administration	2,127,385	1,693,334
Total expenses	16,158,010	19,068,073
Increase (decrease) in net position	548,277	317,901
Net position at beginning of year	4,497,317	4,179,416
Net position at end of year	\$ 5,045,594	\$ 4,497,317

**Fiscal Year 2021 Compared to 2020**

Governmental activities increased the Cooperative’s net position by \$548,277 for the year ended June 30, 2021. Key elements of the increase are as follows:

This increase is largely due to the timing of the receipt of federal and state payments and financial savings realized during COVID-19 related closure.

Expenses reported in fiscal year 2021 decreased by \$2,910,063 from fiscal year 2020. The decrease is attributed to a change in the way IDEA funds are distributed. In fiscal year 2021, IDEA funds were distributed directly to the member districts. Previous to fiscal year 2021, IDEA funds were distributed to the Cooperative and then to the member districts.

## **Financial Analysis of the Cooperative's Funds**

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

The focus of the Cooperative's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Cooperative's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Cooperative itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Cooperative's Operational Board.

At June 30, 2021, the Cooperative's governmental funds reported combined fund balances of \$3,091,970, an increase of \$664,252 in comparison with the prior year. Approximately 71% of this amount or \$2,188,995 constitutes unassigned fund balance, which is available for spending at the Cooperative's discretion. Of the fund balance which remains, \$800,000 is assigned per the direction of the Cooperative's Operational Board and \$102,975 is assigned to eliminate the fiscal year 2022 budgeted deficit in the Transportation Fund.

The General Fund is the chief operating fund of the Cooperative. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,191,188. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 14% of total General Fund expenditures.

### **General Fund Budgetary Highlights**

The original budget was not amended during the year.

General Fund revenues were \$334,888 higher than the budget. Actual revenues were higher than anticipated because of on behalf payments of \$3,551,135 that were made by the State of Illinois, a \$160,912 increase in comparison to fiscal year 2020.

General Fund expenditures were \$397,895 lower than the budget. Actual expenditures were lower than anticipated mainly because of capital outlay projects originally budgeted for fiscal year 2021 delayed to fiscal year 2022.

## Capital Assets and Debt Administration

*Capital Assets.* The Cooperative's investment in capital assets including land, buildings, land improvements, leasehold improvements and equipment is summarized as follows.

Capital Assets (net of accumulated depreciation)  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Land	\$ 125,920	\$ 125,920
Buildings	1,631,289	1,740,932
Land improvements	62,538	66,500
Leasehold improvements	56,103	61,176
Equipment	<u>77,774</u>	<u>75,071</u>
Total capital assets	<u>\$ 1,953,624</u>	<u>\$ 2,069,599</u>

Additional information on the Cooperative's capital assets can be found in the notes to basic financial statements.

## Economic Factors and Next Year's Budget

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 an effort to improve services to member districts, the Cooperative has hired additional related service staff for Cooperative programs and for member districts, thus resulting in an increase in budgeted salary and benefit expenditures. To reduce costs, the Cooperative continues to strive to hire staff as opposed to outsourcing services, 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 Cooperative's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2021**

**ASSETS**

Equity in pooled cash and investments	\$ 3,826,302
Capital assets not being depreciated:	
Land	125,920
Capital assets, net of accumulated depreciation:	
Buildings	1,631,289
Equipment	77,774
Land improvements	62,538
Leasehold improvements	<u>56,103</u>
Total assets	<u>5,779,926</u>

**LIABILITIES**

Payroll and benefits payable	657,649
Due to member districts	<u>76,683</u>
Total liabilities	<u>734,332</u>

**NET POSITION**

Net investment in capital assets	1,953,624
Unrestricted	<u>3,091,970</u>
Total net position	<u>\$ 5,045,594</u>

The accompanying notes are an integral part of the financial statements.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2021**

	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Change in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
Functions/programs:				
Governmental activities:				
Instructional support	\$ 14,030,625	\$ 11,343,275	\$ 4,983,069	\$ 2,295,719
Administration	2,127,385	-	-	(2,127,385)
Total governmental activities	<u>\$ 16,158,010</u>	<u>\$ 11,343,275</u>	<u>\$ 4,983,069</u>	<u>168,334</u>
General revenues:				
Investment income				17,480
Medicaid reimbursement				265,513
Other income				96,950
Total general revenues				<u>379,943</u>
Change in net position				548,277
Net position at beginning of year				4,497,317
Net position at end of year				<u>\$ 5,045,594</u>

The accompanying notes are an integral part of the financial statements.

**FUND FINANCIAL STATEMENTS**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
BALANCE SHEET - MODIFIED CASH BASIS -  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 3,826,302	\$ -	\$ 3,826,302
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>			
Liabilities:			
Payroll and benefits payable	\$ 655,456	\$ 2,193	\$ 657,649
Due to member districts	<u>76,683</u>	<u>-</u>	<u>76,683</u>
Total liabilities	<u>732,139</u>	<u>2,193</u>	<u>734,332</u>
Fund balances (deficit):			
Assigned	902,975	-	902,975
Unassigned	<u>2,191,188</u>	<u>(2,193)</u>	<u>2,188,995</u>
Total fund balances (deficit)	<u>3,094,163</u>	<u>(2,193)</u>	<u>3,091,970</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,826,302</u>	<u>\$ -</u>	<u>\$ 3,826,302</u>

The accompanying notes are an integral part of the financial statements.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
RECONCILIATION OF FUND BALANCES - TOTAL GOVERNMENTAL  
FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2021**

Fund balances - total governmental funds	\$ 3,091,970
Amounts reported for governmental activities in the statement of net position - modified cash basis are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>1,953,624</u>
Net position of governmental activities	<u>\$ 5,045,594</u>

The accompanying notes are an integral part of the financial statements.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND  
BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Local sources:			
Special education tuition and fees	\$ 11,343,275	\$ -	\$ 11,343,275
Investment income	17,480	-	17,480
Other income	<u>96,950</u>	<u>-</u>	<u>96,950</u>
Total local sources	11,457,705	-	11,457,705
Intermediate sources:			
Federal flow through	543,106	-	543,106
State sources:			
Grants-in-aid	818,687	70,141	888,828
Federal sources:			
Grants-in-aid	265,513	-	265,513
On behalf revenues - payment by state of Illinois	<u>3,551,135</u>	<u>-</u>	<u>3,551,135</u>
Total revenues	<u>16,636,146</u>	<u>70,141</u>	<u>16,706,287</u>
Expenditures:			
Current:			
Instruction	8,104,217	-	8,104,217
Support services	6,597,276	108,785	6,706,061
Payments to other districts and government units	<u>1,176,406</u>	<u>55,351</u>	<u>1,231,757</u>
Total expenditures	<u>15,877,899</u>	<u>164,136</u>	<u>16,042,035</u>
Excess (deficiency) of revenues over expenditures	<u>758,247</u>	<u>(93,995)</u>	<u>664,252</u>

The accompanying notes are an integral part of the financial statements.

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):			
Transfers in	-	17,542	17,542
Transfers out	<u>(17,542)</u>	<u>-</u>	<u>(17,542)</u>
Total other financing sources (uses)	<u>(17,542)</u>	<u>17,542</u>	<u>-</u>
Net change in fund balances	740,705	(76,453)	664,252
Fund balances at beginning of year	<u>2,353,458</u>	<u>74,260</u>	<u>2,427,718</u>
Fund balances (deficit) at end of year	<u>\$ 3,094,163</u>	<u>\$ (2,193)</u>	<u>\$ 3,091,970</u>

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
RECONCILIATION OF THE NET CHANGE IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION  
OF GOVERNMENTAL ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Net change in fund balances - total governmental funds	\$	664,252
<p>Amounts reported for governmental activities in the statement of activities -  modified cash basis are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities - modified cash basis, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$153,878) exceeded capitalized expenditures (\$38,033) in the current period.		(115,845)
The net effect of transactions involving the disposal of capital assets was to decrease net position.		<u>(130)</u>
Change in net position of governmental activities	\$	<u><u>548,277</u></u>

The accompanying notes are an integral part of the financial statements.



**NOTES TO BASIC FINANCIAL STATEMENTS**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all of the nonfiduciary activities of the North DuPage Special Education Cooperative ("Cooperative"). *Governmental activities* are generally supported by intergovernmental revenues and other nonexchange transactions.

**B. Reporting Entity**

The Cooperative, governed by the Operational Board, provides special education services to its nine member school districts.

These financial statements include the Cooperative and its component units, entities for which the Cooperative is considered to be financially accountable. At June 30, 2021, no entities were considered component units of the Cooperative. At June 30, 2021, the Cooperative was not considered a component unit of any other entity.

**C. Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from the governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the Cooperative's funds. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Cooperative reports the following major governmental fund:

The General Fund is the Cooperative's primary operating fund. It is comprised of two subfunds: the Educational Fund and the Operations and Maintenance Fund. These funds account for activities that are not specifically accounted for in another fund.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
NOTES TO BASIC FINANCIAL STATEMENTS  
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The Cooperative has the following nonmajor governmental fund:

*Special revenue fund*

This fund type is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The Cooperative's nonmajor special revenue fund is the Transportation Fund.

During the course of operations, the Cooperative has activity between funds for various purposes. In the fund financial statements any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out.

**E. Measurement Focus and Basis of Accounting**

*Measurement focus* is a term used to describe what transactions or events are recorded within the various financial statements. *Basis of accounting* refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

**1. Measurement Focus**

In the government-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of net (expense) revenue, change in net position, and net position. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities 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.

**2. Basis of Accounting**

The financial statements are presented 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 (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets

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cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures other than payroll costs (such as accounts payable and expenses/expenditures for goods or services received but not yet paid and other accrued expenses, expenditures and liabilities) are not recorded in these financial statements. Payroll costs incurred but unpaid as of year-end are recorded as payroll liabilities and recognized as an expense/expenditure of the current school year. In addition, certain other economic assets and liabilities that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Cooperative utilized the basis of accounting recognized as generally accepted in the United States of America, the governmental fund financial statements would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

**F. Assets, Liabilities and Net Position/Fund Balance**

***1. Cash and Investments***

The Cooperative's investments are carried at cost. The Illinois statutes authorize the Cooperative to invest in U.S. government, state of Illinois and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal Housing Finance Administration; certain short-term obligations of U.S. corporations; and Illinois School District Liquid Asset Fund Plus (ISDLAF+).

ISDLAF+ is an investment trust formed pursuant to the Illinois Municipal Code and managed by a board of trustees elected from participating members. ISDLAF+ is not registered with the Securities and Exchange Commission as an investment company.

Cash and investments of the Cooperative are pooled into a common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited into the pooled account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled account is available upon demand and is considered to be a cash equivalent when preparing these financial statements. Each fund's portion of the pool is displayed on its respective balance sheet as "equity in pooled cash and investments." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "cash" and "investments."

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**2. Capital Assets**

The Cooperative’s modified cash basis of accounting reports capital assets (land, buildings, leasehold improvements, equipment, and land improvements) resulting from cash transactions or certain events and reports depreciation, when appropriate. The accounting treatment over capital assets depends on whether they are reported in the government-wide or fund financial statements.

Capital assets reported in the government-wide financial statements are defined by the Cooperative as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. As the Cooperative constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities - modified cash basis, with accumulated depreciation reflected in the statement of net position - modified cash basis. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Buildings and land improvements	20-50
Equipment	5-20
Leasehold improvements	20

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as expenditures of the governmental fund upon acquisition.

**3. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position - modified cash basis. Long-term debt includes installment loans and capital note obligations.

In the fund financial statements, long-term debt is not reported as a liability. The face amount of debt issued is reported as an other financing source and principal repayments are reported as expenditures.

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**4. *Net Position Flow Assumption***

Sometimes the Cooperative will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Cooperative's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**5. *Fund Balance Flow Assumptions***

Sometimes the Cooperative will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Cooperative's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**6. *Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Cooperative itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Cooperative's highest level of decision-making authority. The Operational Board is the highest level of decision-making authority for the Cooperative that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Cooperative for specific purposes but do not meet the criteria to be classified as committed. The Operational Board may, by resolution, authorize an individual to assign fund balance. The Operational Board has not adopted such a resolution. The Operational Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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**G. Program Revenues**

Amounts reported as program revenues include 1) charges to entities or individuals that 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.

**H. Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses/expenditures. Actual results could differ from those estimates.

**I. Adoption of New Accounting Standard**

Effective July 1, 2020, the Cooperative implemented the provisions of GASB Statement No. 84, *Fiduciary Activities* (GASB 84). This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with custodial funds. Under this guidance, all fiduciary funds will now report a net position and a statement of change in net position. Implementation of this standard resulted in no changes in the reporting of the Cooperative's fiduciary activities.

**J. New Accounting Standard - Leases**

In June 2017, the GASB issued Statement No. 87, *Leases*. The most significant change in the new leasing guidance is the requirement for a lessee to recognize a lease liability and an intangible right-to-use asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. Statement No. 87 is effective for fiscal years beginning after June 15, 2021. The Cooperative is currently evaluating the effect the adoption of Statement No. 87 is expected to have on its financial statements and related disclosures.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. 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.

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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.

1. 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.
2. Prior to September 30, the budget is legally adopted through passage of a resolution.
3. 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.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Operational Board may amend the budget by the same procedures required of its original adoption.

**B. Excess of Expenditures over Budget**

The following fund had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2021:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General subfund:			
Educational Fund	<u>\$ 15,545,294</u>	<u>\$ 15,654,532</u>	<u>\$ (109,238)</u>

The overexpenditure in the Educational Fund was funded by greater than anticipated revenues.

**C. Deficit Fund Balance**

The Transportation Fund had a deficit fund balance of \$2,193 as of June 30, 2021. The deficit will be eliminated through transfers from other funds.



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**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

Equity in pooled cash and investments as of June 30, 2021 was comprised of the following:

Cash on hand	\$ 500
Deposits with financial institutions	1,343,773
ISDLAF+ money market accounts	985,629
Negotiable certificates of deposit	<u>1,496,400</u>
Total	<u>\$ 3,826,302</u>

***Deposits***

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Cooperative's deposits might not be recovered. The Cooperative does not have a deposit policy for custodial credit risk. At June 30, 2021, \$1,320,976 of the Cooperative's bank balances of \$1,583,172 was exposed to custodial credit risk and classified as follows:

Uninsured and collateralized by:	
Securities held by the pledging financial institutions	<u>\$ 1,320,976</u>

***Investments***

The Cooperative had the following investments as of June 30, 2021:

<u>Type of Investment</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Negotiable certificates of deposit	<u>\$ 1,496,400</u>	N/A	< 1

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable.

(2) *Interest Rate Risk* is estimated using weighted average years to maturity.

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***Investment Policies***

The Cooperative's investments are subject to the following risks:

*Concentration of credit risk* is the risk of loss attributed to the magnitude of the Cooperative's investment in a single issuer.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Cooperative will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The Cooperative does not have an investment policy for the above risks.

The investments in money market accounts held in ISDLAF+ are rated AAAM.

The negotiable certificates of deposit are covered by federal depository insurance.

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**B. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 125,920	\$ -	\$ -	\$ 125,920
Capital assets being depreciated:				
Buildings	3,073,568	13,448	-	3,087,016
Equipment	297,394	24,585	45,603	276,376
Land improvements	79,248	-	-	79,248
Leasehold improvements	91,839	-	-	91,839
Total capital assets being depreciated	<u>3,542,049</u>	<u>38,033</u>	<u>45,603</u>	<u>3,534,479</u>
Less accumulated depreciation for:				
Buildings	(1,332,636)	(123,091)	-	(1,455,727)
Equipment	(222,323)	(21,752)	(45,473)	(198,602)
Land improvements	(12,748)	(3,962)	-	(16,710)
Leasehold improvements	(30,663)	(5,073)	-	(35,736)
Total accumulated depreciation	<u>(1,598,370)</u>	<u>(153,878)</u>	<u>(45,473)</u>	<u>(1,706,775)</u>
Total capital assets being depreciated, net	<u>1,943,679</u>	<u>(115,845)</u>	<u>(130)</u>	<u>1,827,704</u>
Governmental activities capital assets, net	<u>\$ 2,069,599</u>	<u>\$ (115,845)</u>	<u>\$ (130)</u>	<u>\$ 1,953,624</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 139,444
Administration	<u>14,434</u>
Total depreciation expense - governmental activities	<u>\$ 153,878</u>

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**C. Interfund Transactions**

Transfers from/to other funds:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General subfund: Educational Fund	Nonmajor governmental fund: Transportation Fund	<u>\$ 17,542</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to transfer investment earnings from one fund to another. Transfers are also used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**D. Fund Balances**

Fund balances were comprised of the following as of June 30, 2021:

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Assigned to:			
Amount to be used to eliminate the subsequent year's budgeted deficit in the Transportation Fund:			
General subfund:			
Educational Fund	\$ 102,975	\$ -	\$ 102,975
Amount to be distributed to the original eight member districts in the event of dissolution of the Cooperative.	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Total assigned	902,975	-	902,975
Unassigned	<u>2,191,188</u>	<u>(2,193)</u>	<u>2,188,995</u>
Total fund balances	<u>\$ 3,094,163</u>	<u>\$ (2,193)</u>	<u>\$ 3,091,970</u>

In accordance with a policy adopted by the Operational Board in fiscal year 2014, the finance committee recommended \$800,000 be retained as fund balance. The retained \$800,000 will be memorialized as funds belonging to the original eight member districts only. In the event of dissolution, the first \$800,000 of liquidated assets would be distributed to the original eight member districts according to the distribution formula in the joint agreement.

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**IV. OTHER INFORMATION**

**A. Risk Management**

The Cooperative is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; employee medical coverage; and workers' compensation for which the Cooperative carries commercial insurance. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in the current year or any of the past three years.

**B. Employee Retirement and Benefit Plans**

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

*Plan description.* The Cooperative (employer) participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2020> 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% of final average salary up to a maximum of 75% with 34 years of service. Disability and death benefits are also provided.

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 from Tier 1.

Essentially all Tier 1 retirees receive an annual 3% increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of 3% of the original benefit or 1/2% 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.

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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, 2024. 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 will begin in 2019 and will be 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% of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2021 was 9% 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, 2021, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the pension expense associated with the employer, and the employer recognized revenue and expenditures of \$3,498,223 in pension contributions from the state of Illinois.

*2.2 formula contributions.* Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2021 were \$25,360.

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

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

For the year ended June 30, 2021, the employer pension contribution was 10.41% of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$15,633 were paid from federal and special trust funds that required employer contributions of \$1,627.

*Employer retirement cost contributions.* The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary.

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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, 2021, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

**2. *Illinois Municipal Retirement Fund***

*Plan description.* The Cooperative's (employer's) defined benefit pension plan for employees that are not in positions covered by the Teachers' Retirement System of the State of Illinois provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and their beneficiaries. The employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 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 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% 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
- One-half of the increase in the Consumer Price Index of the original pension amount.

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*Employees covered by benefit terms.* As of December 31, 2020 the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	76
Inactive plan members entitled to but not yet receiving benefits	159
Active employees	<u>90</u>
 Total	 <u><u>325</u></u>

*Contributions.* As set by statute, the employer's 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. The employer's annual contribution rates for calendar years 2020 and 2021 were 7.53% and 7.43%, respectively. For the fiscal year ended June 30, 2021, the employer contributed \$223,225 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by the statute.

**3. *Teacher Health Insurance Security Fund***

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

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

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

*On behalf contributions to the THIS Fund.* The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2021. State of Illinois contributions were \$52,912, and the employer recognized revenue and expenditures of this amount during the year.



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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

*Employer contributions to the THIS Fund.* The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92% during the year ended June 30, 2021. For the year ended June 30, 2021, the employer paid \$39,257 to the THIS Fund, which was 100% of the required contribution.

*Further information on the THIS Fund.* The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General (<http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>). The current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

**4. Social Security**

Employees not qualifying for coverage under the Teachers' Retirement System of the State of Illinois or the Illinois Municipal Retirement Fund are considered "nonparticipating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The Cooperative paid \$191,119, the total required contribution for the current year.

**C. Operating Leases**

The Cooperative leases property under an operating lease agreement. Rent expense for the year ended June 30, 2021 was \$61,612.

The Cooperative leased a bus under an operating lease agreement. Rent expense for the year ended June 30, 2021 was \$7,729. The Cooperative purchased this bus during the year ended June 30, 2021.

Future minimum lease payments due under these leases in years ending June 30 are as follows:

2022	\$	61,628
2023		61,628
2024		61,628
2025		<u>10,271</u>
Total	\$	<u>195,155</u>

**D. Concentration**

Substantially all of the Cooperative's nonmanagement employees are covered by a collective bargaining agreement. The Cooperative's agreement with the NDSEC Education Association expires in August, 2023.

**E. Subsequent Events**

Management has evaluated subsequent events through October 27, 2021, which is the date the financial statements were available to be issued.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

**MAJOR GOVERNMENTAL FUND**

**GENERAL FUND**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
GENERAL FUND  
COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - MODIFIED CASH BASIS  
JUNE 30, 2021  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 3,089,568	\$ 736,734	\$ 3,826,302	\$ 3,040,196
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payroll and benefits payable	\$ 655,456	\$ -	\$ 655,456	\$ 642,596
Due to member districts	<u>76,683</u>	<u>-</u>	<u>76,683</u>	<u>44,142</u>
Total liabilities	<u>732,139</u>	<u>-</u>	<u>732,139</u>	<u>686,738</u>
Fund balances:				
Assigned	902,975	-	902,975	840,590
Unassigned	<u>1,454,454</u>	<u>736,734</u>	<u>2,191,188</u>	<u>1,512,868</u>
Total fund balances	<u>2,357,429</u>	<u>736,734</u>	<u>3,094,163</u>	<u>2,353,458</u>
Total liabilities and fund balances	<u>\$ 3,089,568</u>	<u>\$ 736,734</u>	<u>\$ 3,826,302</u>	<u>\$ 3,040,196</u>

See independent auditor's report.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
Revenues:				
Local sources:				
Special education tuition and fees	\$ 10,953,994	\$ 389,281	\$ 11,343,275	\$ 10,796,026
Investment income	17,480	-	17,480	31,838
Other income	<u>96,950</u>	<u>-</u>	<u>96,950</u>	<u>91,009</u>
Total local sources	11,068,424	389,281	11,457,705	10,918,873
Intermediate sources:				
Federal flow through	543,106	-	543,106	3,865,688
State sources:				
Grants-in-aid	818,687	-	818,687	853,809
Federal sources:				
Grants-in-aid	265,513	-	265,513	302,487
On behalf revenues - payment by state of Illinois	<u>3,551,135</u>	<u>-</u>	<u>3,551,135</u>	<u>3,390,223</u>
Total revenues	<u>16,246,865</u>	<u>389,281</u>	<u>16,636,146</u>	<u>19,331,080</u>
Expenditures:				
Current:				
Instruction	<u>8,104,217</u>	<u>-</u>	<u>8,104,217</u>	<u>8,183,302</u>
Support services:				
Pupils	3,487,890	-	3,487,890	3,355,669
Instructional staff	311,134	-	311,134	304,836
General administration	1,717,359	-	1,717,359	1,357,793
School administration	131,446	-	131,446	171,702
Business	426,807	223,367	650,174	690,689
Central	<u>299,273</u>	<u>-</u>	<u>299,273</u>	<u>319,468</u>
Total support services	<u>6,373,909</u>	<u>223,367</u>	<u>6,597,276</u>	<u>6,200,157</u>

See independent auditor's report.

	<b>Operational</b>	<b>and</b>	<b>Totals</b>	
	<b><u>Educational</u></b>	<b><u>Maintenance</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Payments to other districts and government units	<u>1,176,406</u>	<u>-</u>	<u>1,176,406</u>	<u>4,512,592</u>
Total expenditures	<u>15,654,532</u>	<u>223,367</u>	<u>15,877,899</u>	<u>18,896,051</u>
Excess of revenues over expenditures	592,333	165,914	758,247	435,029
Other financing uses:				
Transfers out	<u>(17,542)</u>	<u>-</u>	<u>(17,542)</u>	<u>-</u>
Net change in fund balances	574,791	165,914	740,705	435,029
Fund balances at beginning of year	<u>1,782,638</u>	<u>570,820</u>	<u>2,353,458</u>	<u>1,918,429</u>
Fund balances at end of year	<u>\$ 2,357,429</u>	<u>\$ 736,734</u>	<u>\$ 3,094,163</u>	<u>\$ 2,353,458</u>

**EDUCATIONAL FUND**



**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
EDUCATIONAL FUND  
BALANCE SHEET - MODIFIED CASH BASIS  
JUNE 30, 2021  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2020**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
Equity in pooled cash and investments	<u>\$ 3,089,568</u>	<u>\$ 2,469,376</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Payroll and benefits payable	\$ 655,456	\$ 642,596
Due to member districts	<u>76,683</u>	<u>44,142</u>
Total liabilities	<u>732,139</u>	<u>686,738</u>
Fund balances:		
Assigned	902,975	840,590
Unassigned	<u>1,454,454</u>	<u>942,048</u>
Total fund balances	<u>2,357,429</u>	<u>1,782,638</u>
Total liabilities and fund balances	<u>\$ 3,089,568</u>	<u>\$ 2,469,376</u>

See independent auditor's report.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>			<u>2020</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Local sources:				
Special education tuition and fees	\$ 11,617,000	\$ 10,953,994	\$ (663,006)	\$ 10,466,379
Investment income	25,000	17,480	(7,520)	31,838
Other income	<u>-</u>	<u>96,950</u>	<u>96,950</u>	<u>91,009</u>
Total local sources	11,642,000	11,068,424	(573,576)	10,589,226
Intermediate sources:				
Federal flow through	359,408	543,106	183,698	3,865,688
State sources:				
Grants-in-aid	806,850	818,687	11,837	803,809
Federal sources:				
Grants-in-aid	260,000	265,513	5,513	302,487
On behalf revenues - payment by state of Illinois	<u>2,900,000</u>	<u>3,551,135</u>	<u>651,135</u>	<u>3,390,223</u>
Total revenues	<u>15,968,258</u>	<u>16,246,865</u>	<u>278,607</u>	<u>18,951,433</u>
Expenditures:				
Current:				
Instruction	<u>7,803,410</u>	<u>8,104,217</u>	<u>(300,807)</u>	<u>8,183,302</u>
Support services:				
Pupils	3,594,787	3,487,890	106,897	3,355,669
Instructional staff	320,527	311,134	9,393	304,836
General administration	1,713,215	1,717,359	(4,144)	1,357,793
School administration	178,820	131,446	47,374	171,702
Business	423,517	426,807	(3,290)	407,695
Central	<u>341,897</u>	<u>299,273</u>	<u>42,624</u>	<u>319,468</u>
Total support services	<u>6,572,763</u>	<u>6,373,909</u>	<u>198,854</u>	<u>5,917,163</u>

See independent auditor's report.

	<u>2021</u>		<u>2020</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Provision for contingencies	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Payments to other districts and government units	<u>1,139,121</u>	<u>1,176,406</u>	<u>(37,285)</u>	<u>4,512,592</u>
Total expenditures	<u>15,545,294</u>	<u>15,654,532</u>	<u>(109,238)</u>	<u>18,613,057</u>
Excess (deficiency) of revenues over expenditures	422,964	592,333	169,369	338,376
Other financing uses: Transfers out	<u>(200,000)</u>	<u>(17,542)</u>	<u>182,458</u>	<u>-</u>
Net change in fund balances	222,964	574,791	351,827	338,376
Fund balances at beginning of year	<u>1,782,638</u>	<u>1,782,638</u>	<u>-</u>	<u>1,444,262</u>
Fund balances at end of year	<u>\$ 2,005,602</u>	<u>\$ 2,357,429</u>	<u>\$ 351,827</u>	<u>\$ 1,782,638</u>

**OPERATIONS AND MAINTENANCE FUND**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
 OPERATIONS AND MAINTENANCE FUND  
 BALANCE SHEET - MODIFIED CASH BASIS  
 JUNE 30, 2021  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Equity in pooled cash and investments	<u>\$ 736,734</u>	<u>\$ 570,820</u>
<b>FUND BALANCES</b>		
Unassigned	<u>\$ 736,734</u>	<u>\$ 570,820</u>

See independent auditor's report.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
OPERATIONS AND MAINTENANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>			<u>2020</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Local sources:				
Special education tuition and fees	\$ 333,000	\$ 389,281	\$ 56,281	\$ 329,647
State sources:				
Grants-in-aid	-	-	-	50,000
Total revenues	333,000	389,281	56,281	379,647
Expenditures:				
Current:				
Support services:				
Business	730,500	223,367	507,133	282,994
Net change in fund balances	(397,500)	165,914	563,414	96,653
Fund balances at beginning of year	570,820	570,820	-	474,167
Fund balances at end of year	<u>\$ 173,320</u>	<u>\$ 736,734</u>	<u>\$ 563,414</u>	<u>\$ 570,820</u>

See independent auditor's report.

**NONMAJOR GOVERNMENTAL FUND**

**TRANSPORTATION FUND**



**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
TRANSPORTATION FUND  
BALANCE SHEET - MODIFIED CASH BASIS  
JUNE 30, 2021  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Equity in pooled cash and investments	<u>\$ -</u>	<u>\$ 76,611</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities:		
Payroll and benefits payable	<u>\$ 2,193</u>	<u>\$ 2,351</u>
Fund balance (deficit):		
Assigned	-	74,260
Unassigned	<u>(2,193)</u>	<u>-</u>
Total fund balance (deficit)	<u>(2,193)</u>	<u>74,260</u>
Total liabilities and fund balance (deficit)	<u>\$ -</u>	<u>\$ 76,611</u>

See independent auditor's report.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND  
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>		<u>2020</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
State sources:				
Grants-in-aid	\$ 60,000	\$ 70,141	\$ 10,141	\$ 54,894
Expenditures:				
Current:				
Support services:				
Business	119,501	108,785	10,716	95,348
Payments to other districts and government units	<u>55,349</u>	<u>55,351</u>	<u>(2)</u>	<u>55,768</u>
Total expenditures	<u>174,850</u>	<u>164,136</u>	<u>10,714</u>	<u>151,116</u>
Deficiency of revenues over expenditures	(114,850)	(93,995)	20,855	(96,222)
Other financing sources:				
Transfers in	<u>200,000</u>	<u>17,542</u>	<u>(182,458)</u>	<u>-</u>
Net change in fund balances	85,150	(76,453)	(161,603)	(96,222)
Fund balances at beginning of year	<u>74,260</u>	<u>74,260</u>	<u>-</u>	<u>170,482</u>
Fund balances (deficit) at end of year	<u>\$ 159,410</u>	<u>\$ (2,193)</u>	<u>\$ (161,603)</u>	<u>\$ 74,260</u>

See independent auditor's report.

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS - ACTUAL AND BUDGET**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS - ACTUAL AND BUDGET  
YEAR ENDED JUNE 30, 2021**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		
									<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Educational Fund:											
Instruction:											
Special education programs	\$ 2,896,059	\$ 4,535,252	\$ 249,431	\$ 72,357	\$ -	\$ -	\$ -	\$ -	\$ 7,753,099	\$ 7,256,388	\$ (496,711)
Special Education programs pre-K	145,519	56,064	30,000	4,634	-	-	-	-	236,217	346,647	110,430
Summer school programs	104,413	6,736	931	2,821	-	-	-	-	114,901	200,375	85,474
Total instruction	<u>3,145,991</u>	<u>4,598,052</u>	<u>280,362</u>	<u>79,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,104,217</u>	<u>7,803,410</u>	<u>(300,807)</u>
Support services:											
Pupils:											
Attendance and social work services	486,191	76,542	15,846	3,364	-	-	-	-	581,943	563,281	(18,662)
Health services	313,140	89,508	132,512	2,936	-	-	-	-	538,096	593,805	55,709
Psychological services	206,029	20,728	67,480	3,316	-	-	-	-	297,553	257,354	(40,199)
Speech pathology and audiology services	776,445	83,852	21,460	11,308	-	-	-	-	893,065	925,614	32,549
Other support services - pupils	889,372	174,058	102,956	10,847	-	-	-	-	1,177,233	1,254,733	77,500
Total pupils	<u>2,671,177</u>	<u>444,688</u>	<u>340,254</u>	<u>31,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,487,890</u>	<u>3,594,787</u>	<u>106,897</u>
Instructional staff:											
Improvement of instruction services	151,011	37,486	116,439	6,198	-	-	-	-	311,134	320,527	9,393
General administration:											
Board of Education services	-	67,569	140,326	-	-	-	-	-	207,895	223,493	15,598
Executive administration services	265,238	60,276	32,350	7,799	-	28,278	-	-	393,941	374,172	(19,769)
Special area administration services	869,191	226,309	255	19,768	-	-	-	-	1,115,523	1,115,550	27
Total general administration	<u>1,134,429</u>	<u>354,154</u>	<u>172,931</u>	<u>27,567</u>	<u>-</u>	<u>28,278</u>	<u>-</u>	<u>-</u>	<u>1,717,359</u>	<u>1,713,215</u>	<u>(4,144)</u>
School administration:											
Office of the principal services	102,104	29,342	-	-	-	-	-	-	131,446	178,820	47,374
Business:											
Fiscal services	322,737	102,101	555	1,414	-	-	-	-	426,807	423,517	(3,290)
Central:											
Data processing services	97,231	26,337	107,408	29,047	32,613	-	6,637	-	299,273	341,897	42,624
Total support services	<u>4,478,689</u>	<u>994,108</u>	<u>737,587</u>	<u>95,997</u>	<u>32,613</u>	<u>28,278</u>	<u>6,637</u>	<u>-</u>	<u>6,373,909</u>	<u>6,572,763</u>	<u>198,854</u>

(continued)

See independent auditor's report.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS - ACTUAL AND BUDGET  
YEAR ENDED JUNE 30, 2021**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		
									<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Provision for contingencies	-	-	-	-	-	-	-	-	-	30,000	30,000
Payments to other districts and government units:											
Payments for special education programs	-	-	-	-	-	1,176,406	-	-	1,176,406	1,139,121	(37,285)
Total Educational Fund	<u>\$ 7,624,680</u>	<u>\$ 5,592,160</u>	<u>\$ 1,017,949</u>	<u>\$ 175,809</u>	<u>\$ 32,613</u>	<u>\$ 1,204,684</u>	<u>\$ 6,637</u>	<u>\$ -</u>	<u>\$ 15,654,532</u>	<u>\$ 15,545,294</u>	<u>\$ (109,238)</u>
Operations and Maintenance Fund:											
Support services:											
Business:											
Facilities acquisition and construction services	\$ -	\$ -	\$ 113	\$ -	\$ 15,048	\$ -	\$ -	\$ -	\$ 15,161	\$ 450,000	\$ 434,839
Operation and maintenance of plant services	-	-	150,631	52,470	5,105	-	-	-	208,206	280,500	72,294
Total Operations and Maintenance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,744</u>	<u>\$ 52,470</u>	<u>\$ 20,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,367</u>	<u>\$ 730,500</u>	<u>\$ 507,133</u>
Transportation Fund:											
Support services:											
Business:											
Pupil transportation services	\$ 57,870	\$ 22,811	\$ 3,519	\$ -	\$ 24,585	\$ -	\$ -	\$ -	\$ 108,785	\$ 119,501	\$ 10,716
Payments to other districts and government units:											
Payments for transportation services	-	-	-	-	-	55,351	-	-	55,351	55,349	(2)
Total Transportation Fund	<u>\$ 57,870</u>	<u>\$ 22,811</u>	<u>\$ 3,519</u>	<u>\$ -</u>	<u>\$ 24,585</u>	<u>\$ 55,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,136</u>	<u>\$ 174,850</u>	<u>\$ 10,714</u>
Total expenditures	<u>\$ 7,682,550</u>	<u>\$ 5,614,971</u>	<u>\$ 1,172,212</u>	<u>\$ 228,279</u>	<u>\$ 77,351</u>	<u>\$ 1,260,035</u>	<u>\$ 6,637</u>	<u>\$ -</u>	<u>\$ 16,042,035</u>	<u>\$ 16,450,644</u>	<u>\$ 408,609</u>

(concluded)

See independent auditor's report.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY  
ACT CONSOLIDATED YEAR-END FINANCIAL REPORT**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT  
CONSOLIDATED YEAR-END FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2021**

CSFA #	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
478-00-0251	Medical Assistance Program	-	125,455		125,455
586-57-0420	Fed. - Sp. Ed. - Pre-School Flow Through	-	-		-
586-64-0417	Fed- Sp Ed - IDEA - Flow Through	-	-		-
586-43-2427	Federal Programs - Emergency Relief		11,032		11,032
	Other grant programs and activities	-	183,697	878,837	1,062,534
	All other costs not allocated	-	-	14,870,816	14,870,816
	Totals:	-	320,184	15,749,653	16,069,837

See independent auditor's report.



**OTHER INFORMATION SECTION**

**EMPLOYEE RETIREMENT AND BENEFIT PLANS**

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
JUNE 30, 2021**

**SCHEDULE OF THE COOPERATIVE'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cooperative's proportion of the net pension liability	0.00049 %	0.00053 %	0.00058 %	0.00060 %	0.00125 %	0.00139 %	0.00085 %
Cooperative's proportionate share of the net pension liability	\$ 419,366	\$ 432,177	\$ 452,119	\$ 456,233	\$ 990,258	\$ 913,688	\$ 516,834
State's proportionate share of the net pension liability associated with the Cooperative	<u>32,846,962</u>	<u>30,757,542</u>	<u>30,972,043</u>	<u>27,441,401</u>	<u>37,489,317</u>	<u>28,900,490</u>	<u>27,369,939</u>
Total net pension liability	<u>\$ 33,266,328</u>	<u>\$ 31,189,719</u>	<u>\$ 31,424,162</u>	<u>\$ 27,897,634</u>	<u>\$ 38,479,575</u>	<u>\$ 29,814,178</u>	<u>\$ 27,886,773</u>
Cooperative's covered payroll	\$ 4,090,394	\$ 4,334,368	\$ 3,981,429	\$ 4,035,236	\$ 4,394,103	\$ 4,468,401	\$ 4,712,372
Cooperative's proportionate share of the net pension liability as a percentage of its covered payroll	10.25 %	9.97 %	11.36 %	11.31 %	22.54 %	20.45 %	10.97 %
Plan fiduciary net position as a percentage of the total pension liability	37.80 %	39.60 %	40.00 %	39.30 %	36.40 %	41.50 %	43.00 %

The above information is the most current information available.

See independent auditor's report.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
ILLINOIS MUNICIPAL RETIREMENT FUND  
JUNE 30, 2021**

**SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS**

<b>Calendar Year Ended December 31,</b>	<b>Total Pension Liability (TPL)</b>	<b>Plan Fiduciary Net Position (PFNP)</b>	<b>Net Pension Liability (NPL)</b>	<b>PFNP as a Percentage of TPL</b>	<b>Covered Payroll (CP)</b>	<b>NPL as a Percentage of CP</b>
2020	\$ 10,788,920	\$ 11,892,716	\$ (1,103,796)	110.23 %	\$ 3,068,485	(35.97)%
2019	10,314,328	10,457,276	(142,948)	101.39	2,731,602	(5.23)
2018	9,674,450	8,932,019	742,431	92.33	2,523,266	29.42
2017	8,716,503	9,308,715	(592,212)	106.79	1,991,510	(29.74)
2016	8,636,198	8,100,579	535,619	93.80	1,894,690	28.27
2015	8,111,414	7,566,995	544,419	93.29	1,804,624	30.17
2014	7,621,607	7,654,972	(33,365)	100.44	1,819,848	(1.83)

**SCHEDULE OF CONTRIBUTIONS**

<b>Fiscal Year Ended June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution (AC)</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll (CP)</b>	<b>AC as a Percentage of CP</b>
2021	\$ 223,225	\$ 223,225	\$ -	\$ 2,988,164	7.47 %
2020	196,959	196,959	-	3,030,435	6.50
2019	175,095	175,095	-	2,618,433	6.69
2018	230,070	230,070	-	2,364,671	9.73
2017	198,854	198,854	-	1,940,292	10.25
2016	179,898	179,898	-	1,747,951	10.29
2015	202,552	202,552	-	1,859,869	10.89

See independent auditor's report.

**NORTH DUPAGE SPECIAL EDUCATION COOPERATIVE  
TEACHER HEALTH INSURANCE SECURITY FUND  
JUNE 30, 2021**

**SCHEDULE OF THE COOPERATIVE'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Cooperative's proportion of the net OPEB liability	0.161690 %	0.017634 %	0.016796 %	0.017542 %
Cooperative's proportionate share of the net OPEB liability	\$ 4,322,817	\$ 4,880,605	\$ 4,424,988	\$ 4,552,118
State's proportionate share of the net OPEB liability associated with the Cooperative	<u>5,856,240</u>	<u>6,608,962</u>	<u>5,941,805</u>	<u>\$ 5,978,062</u>
Net OPEB liability	<u>\$ 10,179,057</u>	<u>\$ 11,489,567</u>	<u>\$ 10,366,793</u>	<u>\$ 10,530,180</u>
Cooperative's covered payroll	\$ 4,090,394	\$ 4,334,368	\$ 3,981,429	\$ 4,035,236
Cooperative's proportionate share of the net OPEB liability as a percentage of its covered payroll	105.68 %	112.60 %	111.14 %	112.81 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.70 %	0.25 %	0.00 %	0.00 %

The above information is the most current information available.

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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, the major fund and the aggregate remaining fund information of North DuPage Special Education Cooperative as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise North DuPage Special Education Cooperative's basic financial statements and have issued our report thereon dated October 27, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North DuPage Special Education 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 North DuPage Special Education Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of North DuPage Special Education 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North DuPage Special Education 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of PKF Mueller in black ink.

Orland Park, Illinois  
October 27, 2021