



***NORTH SUBURBAN EDUCATIONAL REGION
FOR VOCATIONAL EDUCATION
COOK COUNTY, ILLINOIS***

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
North Suburban Educational Region for Vocational Education
Park Ridge, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities and each major fund of

North Suburban Educational Region for Vocational Education (NSERVE)

as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise NSERVE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of North Suburban Educational Region for Vocational Education as of June 30, 2025, and the respective changes in financial position - modified cash basis for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Suburban Educational Region for Vocational Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NSERVE's ability to continue as a going concern for one year after the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NSERVE's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2024 comparative information shown in the Schedule of Revenues, Expenditures, and Changes in Fund Balances—Modified Cash Basis—Budget and Actual—General Fund was subjected to auditing procedures by us in our report dated October 15, 2024 expressed an unmodified opinion that such information was fairly stated in all material respects in relation to the 2024 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025 on our consideration of North Suburban Educational Region for Vocational Education'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 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 North Suburban Educational Region for Vocational Education's internal control over financial reporting and compliance.



Eccezion
Strategic Business Solutions

McHenry, Illinois
October 9, 2025



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

To the Board of Education
North Suburban Educational Region for Vocational Education
Park Ridge, 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 and each major fund of

North Suburban Educational Region for Vocational Education (NSERVE)

as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise North Suburban Educational Region for Vocational Education's basic financial statements, and have issued our report thereon dated October 9, 2025. Our opinion was qualified because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the modified cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Suburban Educational Region for Vocational Education'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 Suburban Educational Region for Vocational Education's internal control. Accordingly, we do not express an opinion on the effectiveness of North Suburban Educational Region for Vocational Education'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 NSERVE'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Suburban Educational Region for Vocational Education'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 NSERVE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NSERVE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Strategic Business Solutions

McHenry, Illinois
October 9, 2025

BASIC FINANCIAL STATEMENTS

NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 JUNE 30, 2025

	6/30/2025 Activities
ASSETS	
Cash in the Custody of Township Treasurer	\$ 179,880
Total Assets	\$ 179,880
LIABILITIES	
Total Liabilities	\$ -
NET POSITION	
Restricted for:	
Program Services	\$ 45,187
Unrestricted/(Deficit)	<u>134,693</u>
Total Net Position	\$ 179,880

The Notes to Financial Statements are an integral part of this statement.

NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Expenses	
Functions/Programs				
Governmental Activities				
Instruction				
Instructional Staff	\$ 182,695	\$ 164,148	\$ (18,547)	
General Administration	45,051	53,038	7,987	
School Administration	159,119	156,887	(2,232)	
Intergovernmental Payments				
Payments to Other Districts and Governmental Units	1,737,296	1,737,296	-	
Total Governmental Activities	\$ 2,124,161	\$ 2,111,369	\$ (12,792)	
General Revenues				
Unrestricted Investment Earnings			\$ 23,703	
Miscellaneous Income			26	
Total General Revenues			\$ 23,729	
Change in Net Position			\$ 10,937	
Net Position - July 1, 2024			168,943	
Net Position - June 30, 2025			\$ 179,880	

The Notes to Financial Statements are an integral part of this statement.

NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 JUNE 30, 2025

	General Fund
ASSETS	
Cash in the Custody of Township Treasurer	\$ 179,880
Total Assets	<u>\$ 179,880</u>
LIABILITIES	
Total Liabilities	<u>\$ -</u>
FUND BALANCE	
Restricted	
Program Services	\$ 45,187
Unassigned	134,693
Total Fund Balance	<u>\$ 179,880</u>
Total Liabilities and Fund Balance	<u><u>\$ 179,880</u></u>

The Notes to Financial Statements are an integral part of this statement.

NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	General Fund
REVENUES	
Earnings on Investments	\$ 23,703
Other Local Sources	26
State Aid	1,378,239
Federal Aid	733,130
Total Revenues	\$ 2,135,098
EXPENDITURES	
Current	
Support Services	
Instructional Staff	\$ 182,695
General Administration	45,051
School Administration	159,119
Payments to Other Districts and Governmental Units	1,737,296
Total Expenditures	\$ 2,124,161
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 10,937
OTHER FINANCING SOURCES (USES)	-
NET CHANGE IN FUND BALANCES	\$ 10,937
FUND BALANCE - JULY 1, 2024	168,943
FUND BALANCE - JUNE 30, 2025	\$ 179,880

The Notes to Financial Statements are an integral part of this statement.

**NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The purpose of the North Suburban Educational Region for Vocational Education (NSERVE) shall be to foster quality career and technical education programs in an efficient and equitable manner for students who reside within a member district and to foster a systematic program of curriculum renewal and staff development in accordance with the policies of the Board of Control, the Illinois School Code, and other applicable provisions of Illinois law. NSERVE is funded almost entirely by the state Career and Technical Education Improvement Grant and the Federal Perkins Secondary Grant. The continuation of NSERVE is dependent upon the State and Federal governments continuing to fund these grants.

The accounting policies of NSERVE conform to a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant accounting policies:

A. Reporting Entity

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

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

Based upon the application criteria, no component units have been included within the reporting entity. In addition, NSERVE is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Financial Statements

NSERVE's basic financial statements include both government-wide (reporting NSERVE as a whole) and fund (reporting NSERVE's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of NSERVE as governmental activities. NSERVE does not have any business-type activities.

In the government-wide Statement of Net Position – Modified Cash Basis, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a modified cash, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. NSERVE's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. NSERVE first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of NSERVE's functions. The functions are also supported by general government revenues (unrestricted investment earnings). The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program

NOTES TO FINANCIAL STATEMENTS (Continued)

revenues must be directly associated with the function (special education programs, non-programmed services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (unrestricted investment earnings).

NSERVE does not allocate indirect costs.

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

C. Basic Financial Statements – Fund Financial Statements

Governmental fund financial statements are organized and operated on the basis of funds and are used to account for NSERVE's general governmental activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. NSERVE has one governmental fund, which is the General Fund, and this fund is reported as a major governmental fund.

The following fund type is used by NSERVE:

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

General Fund – The General Fund (Educational Fund) is the general operating fund of NSERVE. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

In the government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. There were no fixed assets as of June 30, 2025. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

E. Cash and Cash Equivalents and Investments

NSERVE has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

F. Inventories

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of NSERVE's inventories is not deemed to be material.

G. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet – Modified Cash Basis and Statement of Net Position – Modified Cash Basis will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

H. Lease and Subscription-Based Information Technology Agreements

NSERVE recognizes a right-to-use liability and asset for various lease and subscription-based IT agreements right-to-use assets (right-to-use asset) in the government-wide financial statements.

At the commencement of a lease or subscription-based IT agreement, NSERVE initially measures the right-to-use liability at the present value of payments expected to be made during the agreement term. Subsequently, the right-to-use liability is reduced by the principal portion payments made. The right-to-use asset is initially measured as the initial amount of the right-to-use liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the term of the lease or subscription-based IT agreement. Key estimates and judgments related to leases or subscription-based IT agreements include how NSERVE determines (1) the discount rate it uses to discount the expected payments to present value, (2) the term, and (3) payments.

NSERVE uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, NSERVE uses its estimated incremental borrowing rate as the discount rate for leases or subscription-based IT agreements.

The term includes the noncancelable period of the lease or subscription-based IT agreement. Payments included in the measurement of the right-to-use liability are composed of fixed payments and purchase option prices that NSERVE is reasonably certain to exercise.

NSERVE monitors changes in circumstances that would require a remeasurement of its lease or subscription-based IT agreements and will remeasure the right-to-use asset and liability if certain changes occur that are expected to significantly affect the amount of the right-to-use liability. Right-to-use assets are reported with Capital Assets and right-to-use liabilities are reported with Long Term Liabilities on the Statement of Net Position.

NSERVE currently has no material agreements that fall under this type of arrangement.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. *Government-Wide Fund Net Position*

Government-wide fund net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consists of net position that is restricted by NSERVE's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted net position – all other net position is reported in this category.

J. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of a resolution of the Board of Control. Committed amounts cannot be used for any other purpose unless the Board of Control removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by NSERVE's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Control has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. NSERVE has not delegated this authority to an appointed body or official.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of NSERVE itself.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

NSERVE permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Illinois Compiled Statutes require NSERVE to utilize the investment services of the Maine Township High School Treasurer (the Treasurer), the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts

NOTES TO FINANCIAL STATEMENTS (Continued)

in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

Cash and investments are part of a common pool for all school districts and cooperatives within NSERVE. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Income from investments is distributed monthly based upon NSERVE's percentage participation in the pool. All cash for all funds is not deemed available for purposes other than those for which these balances are intended. As of June 30, 2025, cash held by the Treasurer's Office on behalf of NSERVE was \$179,880.

The Treasurer's investment policies are established by the Maine Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer's Office operates a non-rated external investment pool. The fair value of NSERVE's investment in the Treasurer's pool is determined by NSERVE's proportionate share of the fair value of the investments held by the Treasurer's office.

The Treasurer also holds money market type investments, certificates of deposit and other deposits with financial institutions. As of June 30, 2025, the value of the Treasurer's office holdings was \$181,096,540 and the value of NSERVE's proportionate share of the pool was \$0.

Information related to the custodial risk of the Treasurer's other cash and investments can be obtained from the Maine Township School Trustees at 1671 Elk Boulevard, Des Plaines, IL 60016, which issues a financial report that includes financial statements and required supplementary information.

NOTE 3 - RELATED PARTIES

Maine Township High School District 207 (Maine) acts as the administrative district for NSERVE. NSERVE pays Maine as a federal and state grant subrecipient as well as an allocation for various administrative costs. For the year ended June 30, 2025, NSERVE disbursed \$518,308 of state and federal grants and paid \$14,906 for administrative costs to Maine.

NOTE 4 - MEMBER DISTRICTS

NSERVE's member districts are entitled to the residual net position and fund balance of NSERVE in accordance with informal operating agreements. At June 30, 2025, member districts' balances are as follows:

Evanston District 202	\$ 27,602
New Trier District 203	29,572
Maine District 207	59,844
Niles District 219	40,611
Northfield District 225	22,251
	<hr/>
	\$ 179,880

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - DEFICIT FUND BALANCE

No NSERVE fund had a deficit fund balance at June 30, 2025.

NOTE 6 - RETIREMENT FUND COMMITMENTS

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

NSERVE participates in the Teachers' Retirement System of the State of Illinois (TRS). Members of TRS consist of all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. All eligible employees of NSERVE are considered employees of Maine for purposes of participation. Accordingly, separate valuation and contribution information has not been determined for NSERVE employees. The TRS expenditures included in the financial statements are paid through the plan held by Maine Township High School District.

B. *Illinois Municipal Retirement Fund*

Plan Description

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

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). 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).

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 ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2024, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	1
Total	<u>9</u>

Contributions

As set by statute, NSERVE's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. NSERVE's annual contribution rate for calendar years 2024 and 2025 were 14.37% and 8.10%, respectively. For the fiscal year ended June 30, 2025, NSERVE contributed \$7,037 to the plan. NSERVE also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2024, with a measurement date as of that date, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 370,916
IMRF Fiduciary Net Position	349,751
NSERVE's Net Pension Liability	21,165
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	94.29%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Supplementary Information following the notes to the financial statements for additional information related to the funded status of the Plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2024 using the following actuarial methods and assumptions:

NOTES TO FINANCIAL STATEMENTS (Continued)

Assumptions	
Inflation	2.25%
Salary Increases	2.85% - 13.75% including inflation
Interest Rate	7.25%
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study for the period 2020-2022.

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021 were used. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021 were used. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021 were used.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2024:

Asset Class	Target Allocation	Projected Return
Equities	33.50%	4.35%
International Equities	18.00%	5.40%
Fixed Income	24.50%	5.20%
Real Estate	10.50%	6.40%
Alternatives	12.50%	
Private Equity		6.25%
Hedge Funds		N/A
Commodities		4.85%
Cash	1.00%	3.60%
	100.00%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2024. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects:

NOTES TO FINANCIAL STATEMENTS (Continued)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 4.08%; and resulting single discount rate is 7.25%. The prior year single discount rate was 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2024	\$ 363,023	\$ 334,439	\$ 28,584
Changes for the year:			
Service Cost	\$ 4,478	\$ -	\$ 4,478
Interest on the Total Pension Liability	25,542	-	25,542
Differences Between Expected and Actual			
Experience of the Total Pension Liability	3,785	-	3,785
Contributions - Employer	-	7,453	(7,453)
Contributions - Employee	-	2,334	(2,334)
Net Investment Income	-	34,279	(34,279)
Benefit Payments, including Refunds			
of Employee Contributions	(25,912)	(25,912)	-
Other (Net Transfer)	-	(2,842)	2,842
Net Changes	\$ 7,893	\$ 15,312	\$ (7,419)
Balances at December 31, 2025	\$ 370,916	\$ 349,751	\$ 21,165

Sensitivity of the Net Pension (Asset)/Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	Current		
	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 57,587	\$ 21,165	\$ (9,891)

Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, NSERVE's pension expense/(income) is \$9,768. At June 30, 2025, NSERVE's deferred outflows of resources and deferred inflows of resources related to pension from the following sources were as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Expense in Future Periods	<u>Outflow s of Resources</u>	<u>Inflow s of Resources</u>	<u>Net Outflow s of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 7,290	\$ -	\$ 7,290
Total deferred amounts to be recognized in pension expense in future periods	\$ 7,290	\$ -	\$ 7,290
Pension contributions made subsequent to the measurement date	2,895	-	2,895
Total deferred amounts related to pensions	<u>\$ 10,185</u>	<u>\$ -</u>	<u>\$ 10,185</u>

\$2,895 reported as deferred outflows of resources related to pensions resulting from NSERVE contributions subsequent to the measurement date will be recognized as reduction of the net pension liability for the year ended June 30, 2026. Other deferred outflows of resources and deferred inflows of resources related to pensions will be part of pension expense in future years as follows:

Year Ending December 31	Net Deferred Outflow s of Resources
2025	\$ 4,431
2026	9,814
2027	(4,811)
2028	(2,144)
	<u>\$ 7,290</u>

C. 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. NSERVE paid the total required contribution for the current fiscal year.

NOTE 7 - POST EMPLOYMENT BENEFIT OBLIGATIONS

Teacher Health Insurance Security Fund (THIS)

NSERVE participates in the Teacher Health Insurance Security Fund. Members of TRS consist of all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. All eligible employees of NSERVE are considered employees of Maine for purposes of participation. Accordingly, separate valuation and contribution information has not been determined for NSERVE employees. The THIS expenditures included in the financial statements are paid through the plan held by Maine Township High School District.

NOTE 8 - CONTINGENCIES

NSERVE is not aware of any litigation which might have a material adverse effect on NSERVE's financial position.

SUPPLEMENTARY INFORMATION

NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
 LIABILITY AND RELATED RATIOS
 JUNE 30, 2025

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
TOTAL PENSION LIABILITY										
Service Cost	\$ 4,478	\$ 4,503	\$ 4,362	\$ 4,186	\$ 6,760	\$ 6,553	\$ 6,517	\$ 6,565	\$ 5,841	\$ 7,357
Interest on the Total Pension Liability	25,542	25,923	24,110	23,302	23,572	21,931	21,123	20,714	19,653	17,524
Differences Between Expected and Actual Experience	3,785	(9,222)	20,504	3,622	(12,398)	11,208	2,476	3,288	4,124	17,775
Changes of Assumptions	-	(2,353)	1,011	-	(3,506)	-	7,840	(9,219)	-	-
Benefit Payments, Including Refunds of Member Contributions	(25,912)	(25,253)	(21,877)	(18,223)	(17,308)	(16,877)	(16,443)	(16,013)	(15,599)	(11,247)
Net Change in Total Pension Liability	\$ 7,893	\$ (6,402)	\$ 28,110	\$ 12,887	\$ (2,880)	\$ 22,815	\$ 21,513	\$ 5,335	\$ 14,019	\$ 31,409
Total Pension Liability - Beginning	363,023	369,425	341,315	328,428	331,308	308,493	286,980	281,645	267,626	236,217
Total Pension Liability - Ending	\$ 370,916	\$ 363,023	\$ 369,425	\$ 341,315	\$ 328,428	\$ 331,308	\$ 308,493	\$ 286,980	\$ 281,645	\$ 267,626
PLAN FIDUCIARY NET POSITION										
Contributions - Employer	\$ 7,453	\$ 6,828	\$ 7,106	\$ 8,294	\$ 10,074	\$ 9,748	\$ 11,408	\$ 12,454	\$ 12,735	\$ 12,146
Contributions - Member	2,334	2,781	2,143	2,085	2,587	2,909	2,787	2,917	2,734	2,597
Net Investment Income	34,279	35,266	(47,212)	52,974	40,318	45,599	(14,597)	39,578	13,905	945
Benefit Payments, Including Refunds of Member Contributions	(25,912)	(25,253)	(21,877)	(18,223)	(17,308)	(16,877)	(16,443)	(16,013)	(15,599)	(11,247)
Other (Net Transfers)	(2,842)	8,783	4,568	413	945	651	6,166	(6,115)	1,016	8,567
Net Change in Plan Fiduciary Net Position	\$ 15,312	\$ 28,405	\$ (55,272)	\$ 45,543	\$ 36,616	\$ 42,030	\$ (10,679)	\$ 32,821	\$ 14,791	\$ 13,008
Plan Net Position - Beginning	334,439	306,034	361,306	315,763	279,147	237,117	247,796	214,975	200,184	187,176
Plan Net Position - Ending	\$ 349,751	\$ 334,439	\$ 306,034	\$ 361,306	\$ 315,763	\$ 279,147	\$ 237,117	\$ 247,796	\$ 214,975	\$ 200,184
NSERVE's Net Pension Liability	\$ 21,165	\$ 28,584	\$ 63,391	\$ (19,991)	\$ 12,665	\$ 52,161	\$ 71,376	\$ 39,184	\$ 66,670	\$ 67,442
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.29%	92.13%	82.84%	105.86%	96.14%	84.26%	76.86%	86.35%	76.33%	74.80%
Covered Payroll	\$ 51,868	\$ 61,794	\$ 47,632	\$ 46,334	\$ 57,499	\$ 64,638	\$ 61,934	\$ 64,828	\$ 60,757	\$ 57,703
Employer's Net Pension Liability as a Percentage of Covered Payroll	40.81%	46.26%	133.08%	-43.15%	22.03%	80.70%	115.25%	60.44%	109.73%	116.88%

See Accompanying Independent Auditor's Report

NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2025

	6/30/2025 *	6/30/2024 *	6/30/2023 *	6/30/2022 *	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *
Actuarially-Determined Contribution	\$ 7,453	\$ 6,828	\$ 7,107	\$ 8,294	\$ 10,074	\$ 9,747	\$ 11,408	\$ 12,453	\$ 12,735	\$ 12,146
Contributions in relation to Actuarially-Determined Contribution	7,453	6,828	7,106	8,294	10,074	9,748	11,408	12,454	12,735	12,146
Contribution deficiency/(excess)	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ (1)	\$ -	\$ (1)	\$ -	\$ -
Covered Payroll	\$ 64,555	\$ 61,794	\$ 47,632	\$ 46,334	\$ 57,499	\$ 64,638	\$ 61,934	\$ 64,828	\$ 60,757	\$ 57,703
Contributions as a percentage of Covered Payroll	11.55%	11.05%	14.92%	17.90%	17.52%	15.08%	18.42%	19.21%	20.96%	21.05%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2024 Contribution Rate *

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

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 20-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 2.75%

Price Inflation: 2.25%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 2.75% to 13.75%, including inflation

Investment Rate of Return: 7.25%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2020 valuation pursuant to an experience study of the period 2017 to 2019.

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

*Based on Valuation Assumptions used in the December 31, 2021 actuarial valuation; note two year lag between valuation and rate setting.

See Accompanying Independent Auditor's Report

NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	2025			2024	
	Budgeted Amounts Original and Final	Actual Amounts	Variance	Actual Amounts	
REVENUES					
Earnings on Investments	\$ 200	\$ 23,703	\$ 23,503	\$ 14,981	
Other Local Sources	-	26	26	220	
State Aid					
Flow-Through Revenue from State Sources	-	1,142,817	1,142,817	1,014,565	
Career and Technical Education	1,127,952	235,422	(892,530)	207,846	
Federal Aid					
Flow-Through Revenue from Federal & Other Sources	-	594,479	594,479	627,634	
CTE - Perkins	721,881	138,651	(583,230)	96,118	
Total Revenues	\$ 1,850,033	\$ 2,135,098	\$ 285,065	\$ 1,961,364	
EXPENDITURES					
Support Services					
Instructional Staff					
Improvement of Instruction Services					
Salaries	\$ 43,614	\$ 43,614	\$ -	\$ 108,989	
Employee Benefits	17,170	18,918	1,748	37,185	
Purchased Services	96,324	119,548	23,224	49,984	
Supplies and Materials	600	615	15	746	
	\$ 157,708	\$ 182,695	\$ 24,987	\$ 196,904	
Total Support Services - Instructional Staff	\$ 157,708	\$ 182,695	\$ 24,987	\$ 196,904	
General Administration					
Special Area Administrative Services					
Salaries	\$ 15,324	\$ 15,324	\$ -	\$ 63,601	
Employee Benefits	6,033	6,647	614	21,075	
Purchased Services	20,725	18,414	(2,311)	18,990	
Supplies and Materials	3,099	3,707	608	1,257	
Other Objects	569	959	390	971	
	\$ 45,750	\$ 45,051	\$ (699)	\$ 105,894	
Total Support Services - General Administration	\$ 45,750	\$ 45,051	\$ (699)	\$ 105,894	
Other Support Services - School Administration					
Salaries	\$ 117,817	\$ 117,817	\$ -	\$ -	
Employee Benefits	38,305	41,302	2,997	-	
	\$ 156,122	\$ 159,119	\$ 2,997	\$ -	
Total Support Services - School Administration	\$ 156,122	\$ 159,119	\$ 2,997	\$ -	
Total Support Services	\$ 359,580	\$ 386,865	\$ 27,285	\$ 302,798	
Intergovernmental Payments					
Payments to Other Districts and Governmental Units					
Payments to Other Districts and Governmental Units (In-State)					
Payments for CTE Programs					
Other Objects	\$ 1,514,194	\$ 1,737,296	\$ 223,102	\$ 1,642,201	
	\$ 1,514,194	\$ 1,737,296	\$ 223,102	\$ 1,642,201	
Total Payments to Other Districts and Governmental Units	\$ 1,514,194	\$ 1,737,296	\$ 223,102	\$ 1,642,201	
Total Expenditures	\$ 1,873,774	\$ 2,124,161	\$ 250,387	\$ 1,944,999	
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	\$ (23,741)	\$ 10,937	\$ 34,678	\$ 16,365	
OTHER FINANCING SOURCES (USES)					
	-	-	-	-	
NET CHANGE IN FUND BALANCE	\$ (23,741)	\$ 10,937	\$ 34,678	\$ 16,365	
FUND BALANCE - JULY 1, 2024		\$ 168,943			\$ 152,578
FUND BALANCE - JUNE 30, 2025		\$ 179,880			\$ 168,943

See Accompanying Independent Auditor's Report

NORTH SUBURBAN EDUCATIONAL REGION FOR VOCATIONAL EDUCATION
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 - BUDGETARY PROCESS

NSERVE follows procedures mandated by Illinois State law and Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on May 9, 2024, and was not amended. The modified cash basis budgeted amounts in this report are the result of full compliance with the following procedures:

For each fund, total fund expenditures may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

NSERVE follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Director of Business Services submits to the Board of Control a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Control may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Control may amend the budget by the same procedures required of its original adoption.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2025, the expenditures of the following funds exceeded the budget:

Fund	Excess of Actual		
	Budget	Actual	Over Budget
General	\$ 1,873,774	\$ 2,124,161	\$ 250,387

The excess was covered by a similar excess in actual revenues compared to the current year budget as the majority of the excess was directly related to the flow-through grant amounts.