

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

## **NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807**

### **Management's Discussion and Analysis**

**June 30, 2025**

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The discussion and analysis of Niles Township District for Special Education #807 (the District) financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2025. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the MD&A).

### **FINANCIAL HIGHLIGHTS**

- In total, Government-wide net position increased by \$2,850,453, due to an increase in charges for services as a result of tuition increases in the current year.
- Program specific revenues in the form of charges for services and fees and grants accounted for \$30,112,023, an increase of \$2,756,461 from FY24.
- The District had \$28,854,620 in expenses related to government activities, an increase of \$2,157,406 from FY24.
- Revenues for fiscal year 2025 (FY25), as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, were \$31,705,073, inclusive of on-behalf payments to the Teacher's Retirement System (TRS) and Teacher's Health Insurance Security Trust (THIS). Expenditures for FY25 were \$29,636,098, also inclusive of State of Illinois payments to TRS and THIS.
- TRS and THIS receive on-behalf pension and post-retirement health insurance programs from the State of Illinois for the District certified staff. In 2025, \$4,181,460 was included in the total revenues and expenditures of the District representing the State of Illinois contributions.
- Actual revenues received in FY25 for the Educational Fund, exclusive of the State of Illinois on-behalf payment to the Teachers Retirement System, was \$27,091,913. Actual expenditures exclusive of on-behalf contributions were \$24,349,362 in FY25.

### **USING THIS ANNUAL REPORT**

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

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

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

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### USING THIS ANNUAL REPORT - Continued

#### Government-Wide Financial Statements

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

#### Fund Financial Statements

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

#### Governmental Funds

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Additionally, the District maintains one nonmajor fund.

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

#### Notes to the Financial Statements

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

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### USING THIS ANNUAL REPORT - Continued

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's Post-Retirement Health Plan, Teacher's Health Insurance Security Fund, Teacher's Retirement and I.M.R.F employee pension obligations and budgetary comparison schedules for the Educational Fund.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, assets/deferred outflows exceeded liabilities/deferred inflows by \$22,943,357.

	Net Position	
	2025	2024
Current and Other Assets	\$ 14,805,458	12,530,507
Capital Assets	17,501,581	17,330,008
Total Assets	32,307,039	29,860,515
Deferred Outflows	1,579,852	2,108,196
Total Assets/Deferred Outflows	33,886,891	31,968,711
Long-Term Debt	5,515,114	5,984,400
Other Liabilities	628,040	57,936
Total Liabilities	6,143,154	6,042,336
Deferred Inflows	4,800,380	5,833,471
Total Liabilities/Deferred Inflows	10,943,534	11,875,807
Net Position		
Net Investment in Capital Assets	15,143,625	14,721,095
Restricted	7,509,872	6,922,765
Unrestricted (Deficit)	289,860	(1,550,956)
Total Net Position	22,943,357	20,092,904

A large portion of the District's net position, \$15,143,625, reflects its net investment in capital assets (for example, land, construction in progress, land improvements, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$7,509,872, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining surplus of \$289,860, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued**

	Change in Net Position	
	2025	2024
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 25,079,034	20,124,723
Operating Grants/Contrib.	5,032,989	7,230,839
General Revenues		
Evidence Based Funding	928,138	928,138
Earnings (Loss) on Investments	510,267	674,971
Other Revenues	154,645	192,301
<b>Total Revenues</b>	<b>31,705,073</b>	<b>29,150,972</b>
<b>Expenses</b>		
Instruction	15,565,288	13,463,793
Support Services	9,055,661	8,724,370
Community Services	14,996	84,847
State Retirement Contributions	4,181,460	4,375,520
Interest on Long-Term Debt	37,215	48,684
<b>Total Expenses</b>	<b>28,854,620</b>	<b>26,697,214</b>
<b>Change in Net Position</b>	<b>2,850,453</b>	<b>2,453,758</b>
Net Position - Beginning as Previously Reported	20,092,904	20,222,194
Restatement for Error Correction	—	(2,583,048)
Net Position - Beginning as Restated	<b>20,092,904</b>	<b>17,639,146</b>
<b>Net Position - Ending</b>	<b>22,943,357</b>	<b>20,092,904</b>

Net position of the District's governmental activities increased by 14.2 percent (\$20,092,904 in 2024 compared to \$22,943,357 in 2025). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$289,860 at June 30, 2025.

Revenues for governmental activities totaled \$31,705,073, while the cost of all governmental functions totaled \$28,854,620. This results in a surplus of \$2,850,453. In 2024, revenues of \$29,150,972 exceeded expenses of \$26,697,214, resulting in a surplus of \$2,453,758. The surplus in FY25 resulted from increases in charges for services.

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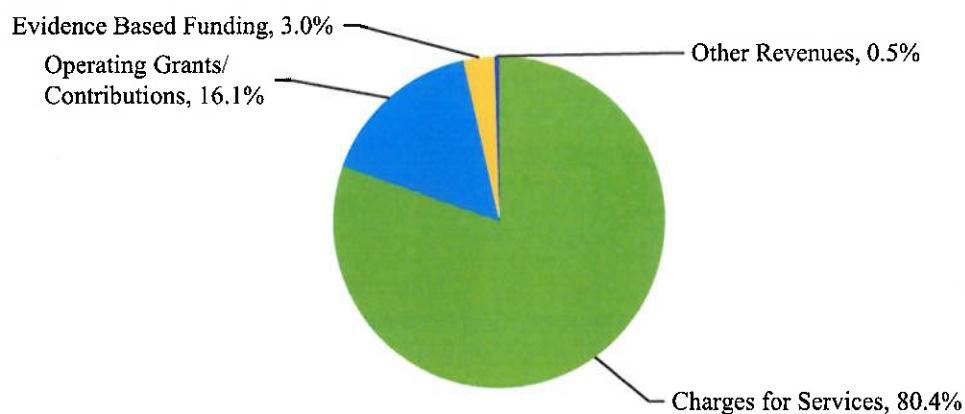
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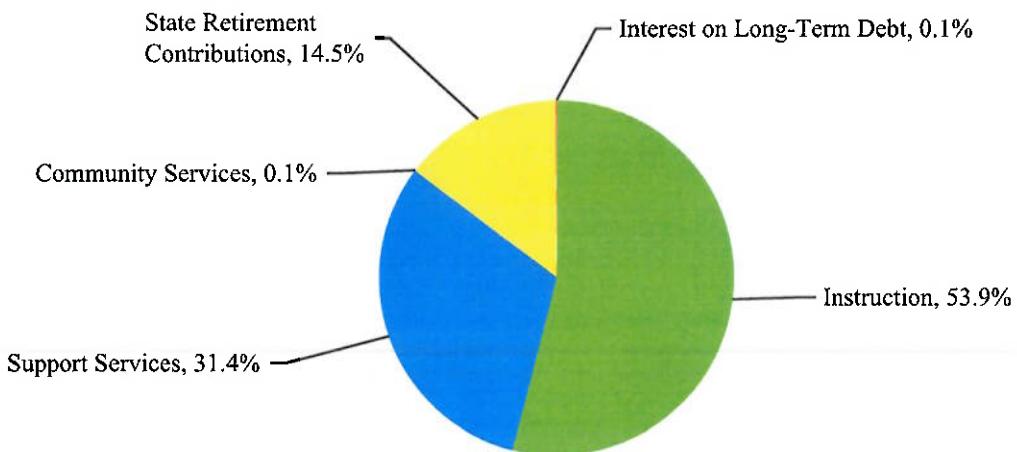
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### GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

**Revenues by Source**



**Expenses by Source**



## **NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807**

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### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

#### **Governmental Funds**

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

The District's governmental funds reported combined ending fund balances of \$14,545,159, which is \$2,068,975, or 16.6%, higher than last year's total of \$12,476,184. Of the \$14,545,159 total, \$7,035,287, or 48.4%, of the fund balance constitutes unassigned fund balance.

Actual revenues, excluding on-behalf payments, for FY25 were \$27,523,613. Actual expenditures, excluding on-behalf payments, totaled \$25,454,638. The remainder of revenues came from other local, state, and federal grant sources.

The General Fund increased \$2,420,389 for an ending fund balance of \$13,126,266. This was due to an increase in tuition over the prior year.

The Capital Projects Fund decreased \$673,576 for an ending fund balance of \$1,096,731. This was due to construction costs related to the renovation of the Julia Molloy Education Center.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund is the District's largest budgeted fund and consists of the Educational and Medicaid Accounts. The General Fund's actual revenues, exclusive of on behalf payments, of \$27,091,913 were higher than budgeted revenues, exclusive of on behalf payments, by \$1,472,739. Actual expenditures, exclusive of on behalf payments, of \$24,349,362, were lower than budgeted expenditures, exclusive of on behalf payments, of \$25,619,174 by \$1,269,812.

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### CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2025 was \$17,501,581 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, and equipment.

	Capital Assets - Net of Depreciation	
	2025	2024
Land	\$ 159,845	159,845
Construction in Progress	314,628	14,949,056
Land Improvements	892,899	815,444
Buildings	15,886,149	1,114,092
Equipment	248,060	291,571
 Total	 17,501,581	 17,330,008

This year's major additions included:

Construction in Progress	\$ 225,622
Land Improvements	185,774
 411,396	

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

### DEBT ADMINISTRATION

The District decreased total outstanding debt by \$343,985 during the fiscal year. At year end, total outstanding debt amounts to \$2,264,928.

	Long-Term Debt Outstanding	
	2025	2024
Special Education Bonds	\$ 2,020,000	2,315,000
Unamortized Premium	244,928	293,913
 2,264,928	 2,608,913	

Additional information on the District's long-term debt can be found in Note 3 of this report.

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

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

- The Evidence Based Funding (EBF) model passed in FY18 has impacted the District. Special education personnel reimbursement is now a strand within EBF and is paid at the Hold Harmless amount from FY17 even though the cooperative's salary costs have increased each year since FY18. Special education cooperatives were not included in the recent reallocation process.
- The uncertainty of state funding through Evidence Based Funding continues to affect the District's state funding levels and timing of state receipts.
- The rising cost of healthcare could impact the cost for Board-paid benefits for District employees in the future.
- The implementation of the financial model being used by the District must be closely monitored to be sure it continues to be equitable and effective.
- The District should continue to monitor the future of Medicaid funding to school districts.
- This District expended all ESSER III funds and needs to continue to seek out additional grants and sources of revenue.
- NTDSE enrollment has steadily increased over the past six years. NTDSE is working with its districts to ensure students are in their least restrictive environment. The district will continue to monitor this trend to effectively plan for space. This will include a reduction in non-member enrollments. The district will continue to closely monitor the financial impact.
- The implementation of ISBE's mandated daily rate for instructional fees in FY 27 will impact the district's financial model.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Niles Township District for Special Education #807, 8701 Menard Avenue, Morton Grove, Illinois 60053.