

**Exceptional Children Have Opportunities,
A Joint Agreement (ECHO)
Annual Financial Report
For the Year Ended June 30, 2011**

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
 Table of Contents
 For the Year Ended June 30, 2011**

| | Page(s) |
|---|---------|
| INDEPENDENT AUDITORS' REPORT | 1 - 2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 - 7 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Assets (Modified Cash Basis) | 8 |
| Statement of Activities (Modified Cash Basis) | 9 |
| FUND FINANCIAL STATEMENTS | |
| Governmental Funds | |
| Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions | 10 |
| Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances | 11 |
| Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 12 |
| Notes to the Financial Statements | 13 - 28 |
| MAJOR FUNDS | |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Educational Fund | |
| Budgetary Comparison Schedule | 29 |
| Operations and Maintenance Fund | |
| Budgetary Comparison Schedule | 30 |
| SUPPLEMENTARY SCHEDULES | |
| Educational Fund | |
| Schedule of Expenditures Disbursed Budget and Actual | 31 - 35 |
| FEDERAL COMPLIANCE REPORT | |
| Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Audit Standards | 36 - 37 |



INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
South Holland, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ECHO as of and for the year ended June 30, 2011, which collectively comprise ECHO's financial statements, as listed in the table of contents. These financial statements are the responsibility of ECHO's management. Our responsibility is to express an opinion 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 standards applicable to financial audits contained in Governmental 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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, ECHO prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effect on the financial statements of the item described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of ECHO as of June 30, 2011, and the revenues it received and the expenditures it paid for the year then ended on the basis of accounting described in Note 1.

The management's discussion and analysis is a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The major fund budgetary comparison schedules listed on the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The Required Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2011 and, in our opinion, is fairly stated in all material respects in relation to basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2011 on our consideration of ECHO's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and does not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise ECHO's basic financial statements. The supplementary schedules for the year ended June 30, 2011 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2011 and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Knuttle & Associates, P.C.

EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Exceptional Children have Opportunities Joint Agreement (ECHO) financial performance provides an overview of ECHO's activities for the year ended June 30, 2011. Please read it in conjunction with ECHO's financial statements.

The intent of this discussion and analysis is to look at ECHO's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of ECHO's financial performance .

The Management Discussion and Analysis (MD&A) is an element of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999.

Financial Highlights

At the end of the fiscal year ECHO continued to maintain its solid financial position :

- ECHO experienced a decrease in assets of approximately \$10.4 million due to the loss of ARRA IDEA stimulus funding, ending the fiscal year at a net of \$8.9 million in assets.
- Over \$4 million in ARRA Stimulus funds were disbursed to member districts for claims processed through June 30, 2011 for reimbursement .
- Over \$2.8 million in program refunds from the prior year fund balance was returned to the 17 member school districts.
- Total *Local* and *State* revenues received were 2.5% (< \$1 million) less than anticipated .
- Total expenditures were 4.6% (\$2.3 million) under budget overall.

Overview of the Structure of the Financial Statements

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

The first two statements are Joint Agreement -wide financial statements that provide both short-term and long-term information about the Joint Agreement's overall financial status.

The second group of financial statements reports financial activities by major funds, reporting the Joint Agreement's operations in more detail than the Joint Agreement -

wide statements. The funds are either Governmental Funds or Fiduciary Funds. The Governmental Funds show how basic services of special education were financed during the year and the balances remaining for future spending. Fiduciary Fund statements provide information about financial relationships where ECHO acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

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

Financial Analysis – Statement of Net Assets

A summary of key asset line items on the Statement of Net Assets show ECHO’s financial stability (in millions).

Figure A-1 Condensed Statement of Assets

| | 2011 | 2010 | Increase (Decrease) |
|------------------|-------|-------|------------------------|
| Current Assets | 2.9 | 13.7 | (10.8) |
| Capital Assets | 9.5 | 9.4 | .1 |
| Less Liabilities | (3.5) | (3.7) | (.2) |
| Net Assets | 8.9 | 19.4 | (10.5) |

The decrease in current assets are due mainly to timing differences in the release of ARRA/IDEA Flow Through funds and the receipt of reimbursement in the current fiscal year.

Financial Analysis – Statement of Activities

The Statement of Activities itemizes revenues and expenses by function (in millions). This is useful to obtain an overview of the major programs within ECHO. Instruction and support services comprise the two areas where virtually all tuition programs, services, and administration costs are coded. Community services are comprised entirely of ECHO’s state funded Family Enrichment Program, while Non-programmed charges are largely flow thru payments to other local school districts that ECHO serves. State on behalf payments are not received directly by ECHO, rather they are payments that are supposed to be made by the State of Illinois towards the Teacher’s Retirement Service (TRS) on behalf of ECHO’s certified personnel.

Figure A-2 Condensed Statement of Activities

| | Revenue | Expense | Net |
|-------------------------------|-------------|-------------|---------------|
| Instruction | 34.7 | 14.9 | 19.8 |
| Support Services | - | 18.2 | (18.2) |
| Community Services | - | .7 | (0.7) |
| Nonprogrammed Charges | - | 16.0 | (16.0) |
| State On Behalf Contributions | 3.6 | 3.6 | - |
| Interest on Long-Term Debt | - | .2 | (0.2) |
| Total | 38.3 | 53.6 | (15.3) |
| Interest Income & Other Rev. | - | - | 4.8 |
| Net Change in Net Assets | - | - | (10.5) |

ECHO provides instructional, support, and community programming to over 1,000 special education students from over 40 school districts. Tuition billings for these programs and services generate about 65% of these revenues, with the remaining 35% derived from earmarked state and federal grants.

The majority of ECHO's state and federal grant awards are paid directly to ECHO's 17 member districts. These grants include ARRA IDEA Flow Thru, ARRA IDEA Preschool, IDEA Flow Thru, IDEA Preschool, Medicaid Fee for Service, Medicaid Outreach, & Personnel Reimbursements.

Regarding expenditures, approximately 66% of ECHO's total expenses go towards the salary and benefits of teachers, assistants, administrators and other support staff necessary to meet the instructional needs of the children we serve. The remaining 34% of expenditures are for the aforementioned direct payments to districts, purchased services, supplies and equipment needs.

Capital Assets

Detailed information on the changes in capital assets can be found in the Notes to the Financial Statements. The valuation of the assets is based upon purchase cost.

General Fund – Comparison to Budget

ECHO did not amend its budget during the fiscal year. Significant variance between the budget and actual results of operations are as follows:

Figure A-3 Revenues Actual to Budget

| | Budget | Actual | Over (Under) |
|-----------------|------------|------------|--------------|
| Local Sources | 31,753,706 | 29,861,360 | (1,892,346) |
| State Sources | 4,038,230 | 4,145,675 | 107,445 |
| Federal Sources | 18,895,417 | 5,523,096 | (13,372,321) |

Note: State sources above do not include "On Behalf" payments, which are not actually received by ECHO.

ECHO received less local revenue than budgeted, due to fewer students being enrolled in ECHO programs than what was originally projected. State revenues were slightly up compared to the budget. Several State categorical payments received in fiscal year 2011 were actually late payments due in fiscal year 2010. Federal revenues were significantly less than projected, primarily due to timing differences between when ARRA/IDEA flow thru revenue was expected versus when it was actually received.

Figure A-4 Expenditures Actual to Budget

| | Budget | Actual | Over (Under) |
|-------------------------------|------------|------------|--------------|
| Instruction | 13,621,702 | 15,115,305 | 1,493,603 |
| Support Services | 18,397,554 | 18,222,457 | (175,097) |
| Community Services | 826,740 | 655,610 | (171,130) |
| Non-programmed Charges | 16,754,863 | 16,019,814 | (735,049) |
| Debt Service | | | |
| Principal | 320,000 | 319,147 | (853) |
| State On Behalf Contributions | 3,587,094 | 3,587,094 | - |

Combined expenditures for instruction, support services, and community services, which make up the majority of ECHO's expenditures, were nominally over budget. Non-programmed charges, which include all pass thru payments between ECHO and its member districts were under budget due to timing differences between when pass thru funds were received versus when ECHO district's requested them. State "On Behalf" contributions are amounts paid directly from the State to TRS on behalf of each local school district and not actually received by ECHO. These amounts are reported for information only to comply with State statutes.

General Fund – Comparison to Prior Year

Figure A-5 Revenues Prior to Current

| | 2011 | 2010 | Increase (Decrease) |
|-----------------|------------|------------|------------------------|
| Local Sources | 29,861,360 | 31,845,428 | (1,984,068) |
| State Sources | 4,145,675 | 4,940,618 | (794,943) |
| Federal Sources | 5,523,096 | 17,371,137 | (11,848,041) |

Local and *State* revenue decreased in comparison to the prior fiscal year due to continued delayed categorical payments and reduced tuition received versus anticipated. Federal revenues decreased due to ARRA stimulus funds depletion, as well as timing of ARRA/IDEA flow through claim processing and reimbursement.

Figure A-6 Expenditures Prior to Current

| | 2011 | 2010 | Increase (Decrease) |
|----------------------------------|------------|------------|------------------------|
| Instruction | 15,115,305 | 15,706,005 | (590,700) |
| Support Services | 17,118,529 | 17,624,136 | (505,607) |
| Community Services | 655,610 | 830,437 | (174,827) |
| Non-programmed Charges | 16,019,814 | 12,009,579 | 4,010,235 |
| Debt Service | | | |
| Principal | 319,147 | 319,147 | - |
| Interest | | | |
| State On Behalf Contributions | 3,587,094 | 3,639,563 | (52,469) |

Expenses in instruction and support services decreased mainly due to decreased staffing. Increased use of ARRA pass thru funds received in fiscal year 2011 contributed to an increase in Non-programmed Charges. State “On Behalf” contributions, which are mandated payments made by the state of Illinois directly to TRS, decreased from the prior fiscal year.

Factors Bearing on the Joint Agreement’s Future

ECHO continues to be a financially sound and fiscally responsible agency. The most significant factors affecting ECHO’s future are the continued delay in payments of all State categorical funds, the ability of member districts to pay tuition, and the impact of the discontinuation of ARRA stimulus funds on the fiscal years ahead. Paired with the complexity of disabilities in the population of students that ECHO serves and the increased demands from Federal and State initiatives creates a challenge to ECHO to stabilize costs while maintaining an appropriate level of service for children with disabilities. ECHO’s Board of Directors and its Administration continue to take measure of these factors and to plan accordingly.

Contacting the Cooperative’s Financial Management

This financial report is designed to provide our members with a general overview of ECHO’s finances and to show ECHO’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nicole Terrell-Smith, Assistant Director at 708-333-7880, ext. 4405.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Statement of Net Assets (Modified Cash Basis)
June 30, 2011**

| | GOVERNMENTAL ACTIVITIES |
|---|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ 2,900,265 |
| Total Current Assets | <u>2,900,265</u> |
| Non-Current Assets | |
| Capital Assets Not Being Depreciated | 92,277 |
| Other Capital Assets, Net of Depreciation | <u>9,480,665</u> |
| Total Non-Current Assets | <u>9,572,942</u> |
| TOTAL ASSETS | <u>12,473,207</u> |
| LIABILITIES | |
| Current Liabilities | |
| Debt Certificates Payable | <u>139,857</u> |
| Total Current Liabilities | <u>139,857</u> |
| Non-Current Liabilities | |
| Debt Certificates Payable | <u>3,393,402</u> |
| Total Non-Current Liabilities | <u>3,393,402</u> |
| TOTAL LIABILITIES | <u>3,533,259</u> |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 6,039,683 |
| Unrestricted | <u>2,900,265</u> |
| TOTAL NET ASSETS | <u><u>\$ 8,939,948</u></u> |

See Accompanying Notes To The Financial Statements

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Statement of Activities (Modified Cash Basis)
For the Year Ended June 30, 2011**

| | Expenses | PROGRAM REVENUES | | NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS |
|----------------------------------|----------------------|-------------------------|---------------------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| FUNCTIONS/PROGRAMS | | | | |
| Governmental Activities | | | | |
| Instruction | \$ 14,900,543 | \$ 25,070,130 | \$ 9,668,772 | \$ 19,838,359 |
| Support Services | 18,222,457 | 0 | 0 | (18,222,457) |
| Community Services | 655,610 | 0 | 0 | (655,610) |
| Nonprogrammed Charges | 16,019,814 | 0 | 0 | (16,019,814) |
| State on behalf Contributions | 3,587,094 | 0 | 3,587,094 | 0 |
| Interest on Long-Term Debt | 186,267 | 0 | 0 | (186,267) |
| TOTAL | \$ 53,571,785 | \$ 25,070,130 | \$ 13,255,866 | (15,245,789) |
| GENERAL REVENUES | | | | |
| Investment Earnings | | | | 82,784 |
| Other Revenue from Local Sources | | | | 4,708,447 |
| TOTAL GENERAL REVENUES | | | | 4,791,231 |
| CHANGE IN NET ASSETS | | | | |
| | | | | |
| NET ASSETS, | | | | |
| BEGINNING OF YEAR | | | | |
| | | | | |
| END OF YEAR | | | | |
| | | | | |

See Accompanying Notes To The Financial Statements

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
 Governmental Funds
 Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions
 June 30, 2011**

| | Educational | Operations and Maintenance | Total |
|--|---------------------|----------------------------------|------------------|
| ASSETS | | | |
| Cash | \$ 2,304,253 | \$ 596,012 | \$ 2,900,265 |
| TOTAL ASSETS | <u>2,304,253</u> | <u>596,012</u> | <u>2,900,265</u> |
| TOTAL LIABILITIES | <u>0</u> | <u>0</u> | <u>0</u> |
| FUND BALANCES | | | |
| Assigned | 0 | 596,012 | 596,012 |
| Unassigned | 2,304,253 | 0 | 2,304,253 |
| TOTAL FUND BALANCES | <u>2,304,253</u> | <u>596,012</u> | <u>2,900,265</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 2,304,253</u> | <u>\$ 596,012</u> | 2,900,265 |

Amounts reported for governmental activities in the statement of net assets are different because:

| | |
|--|---------------------|
| Capital Assets used in governmental funds are not financial resources and therefore are not reported in the fund financial statements. | 9,572,942 |
| Bonds Payable are not reported as liabilities in the fund financial statements. | <u>(3,533,259)</u> |
| NET ASSETS OF GOVERNMENTAL FUNDS | <u>\$ 8,939,948</u> |

Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Governmental Funds
Statement of Revenues Received, Expenditures Disbursed and Changes in
Fund Balances
For the Year Ended June 30, 2011

| | Educational | Operations and Maintenance | Total |
|---|---------------------|---|---------------------|
| REVENUES RECEIVED | | | |
| Local Sources | \$ 28,739,293 | \$ 1,122,067 | \$ 29,861,360 |
| State Sources | 4,145,675 | 0 | 4,145,675 |
| Federal Sources | 5,523,096 | 0 | 5,523,096 |
| State on Behalf Contributions | 3,587,094 | 0 | 3,587,094 |
| TOTAL REVENUES RECEIVED | 41,995,158 | 1,122,067 | 43,117,225 |
| EXPENDITURES DISBURSED | | | |
| Current | | | |
| Instruction | 15,115,305 | 0 | 15,115,305 |
| Support Services | 17,118,529 | 1,103,928 | 18,222,457 |
| Community Services | 655,610 | 0 | 655,610 |
| Nonprogrammed Charges | 16,019,814 | 0 | 16,019,814 |
| Debt Service | | | |
| Principal | 132,880 | 0 | 132,880 |
| Interest | 186,267 | 0 | 186,267 |
| State on Behalf Contributions | 3,587,094 | 0 | 3,587,094 |
| TOTAL EXPENDITURES DISBURSED | 52,815,499 | 1,103,928 | 53,919,427 |
| NET CHANGE IN FUND BALANCES | (10,820,341) | 18,139 | (10,802,202) |
| FUND BALANCES, BEGINNING OF YEAR | 13,124,594 | 577,873 | 13,702,467 |
| END OF YEAR | \$ 2,304,253 | \$ 596,012 | \$ 2,900,265 |

See Accompanying Notes To The Financial Statements

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
 Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2011**

| | |
|---|-------------------------------|
| Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances) | \$ (10,802,202) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Depreciation of Capital Assets is not considered an expenditure in the fund financial statements but is considered an expense in the government-wide statements. | (514,104) |
| Purchase of Capital Assets is considered an expenditure in the fund financial statements but is not considered an expense in the government-wide statements. | 728,868 |
| Principal debt payments are considered an expenditure in the fund financial statements but are not considered an expense in the government-wide statements. | <u>132,880</u> |
| Change in Net Assets of Governmental Activities (Statement of Activities) | <u><u>\$ (10,454,558)</u></u> |

See Accompanying Notes To The Financial Statements

**Exceptional Children Have Opportunitites, A Joint Agreement (ECHO)
Notes To The Financial Statements
For The Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ECHO is a joint agreement special education cooperative formed by 17 school districts in Cook County. It was organized to provide special education for children residing in these districts.

The accounting and reporting policies of the Joint Agreement included in the accompanying basic financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local governments. The General Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

The Joint Agreement follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Joint Agreement has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the Joint Agreement is not required to be included as a component unit of any other entity.

B. Changes in Accounting Methods

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). The Joint Agreement has implemented GASB 34 effective July 1, 2002. As a result, an entirely new financial presentation format has been implemented.

The implementation of GASB 34 adds two "Government-Wide" financial statements as basic financial statements required for all governmental units. They are the Statement of Net Assets, which presents the financial condition of the governmental and business-type activities of the Joint Agreement at fiscal year end, and the Statement of Activities, which presents a comparison between direct expenses and program revenues for each program or function of the Joint Agreement's governmental activities.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Changes in Accounting Methods (Continued)

The reporting model for GASB 34 classifies funds as either governmental activities, business-type activities, or fiduciary funds. Further, all non-fiduciary funds are classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Both new statements are prepared on the modified cash basis of accounting. Previously, the Joint Agreement used the cash basis of accounting, which did not include capital assets or long-term debt. The cash basis of accounting is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP).

C. Basis of Presentation

GOVERNMENT -WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. The Joint Agreement does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include tuition charges to member districts, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Other income items that are not specifically related to a function are reported as general revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures. 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.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type and
- Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Governmental Activities)

Governmental fund types are those through which most governmental functions of the Joint Agreement are financed. The Joint Agreement's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination. A brief explanation of the Joint Agreement's governmental funds follows:

General Funds

The Educational Fund is the general operating fund of the Joint Agreement. It is used to account for and report all financial resources not accounted for or reported in another fund.

Special Revenue

Operations and Maintenance Fund – This fund accounts for the revenues of taxes collected for maintenance supplies and staff for the general upkeep of all facilities within the Joint Agreement.

MAJOR FUNDS

The Joint Agreement reports the following major funds:

- Education Fund
- Operations and Maintenance Fund

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied. The government-wide Statement of Net Assets and Statement of Activities were both prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The fund financial statements were prepared on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when collected and expenditures are recognized when paid. Furthermore, only assets, liabilities, and fund balances arising from cash transactions are recognized.

Accordingly, recognition of receivables, payables, and other accrued or deferred items is not applicable. The difference between the modified cash basis of accounting and the cash basis of accounting is that the former includes capital assets and long-term debt, which the latter does not.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Standards established by Generally Accepted Auditing Standards (GAAS) require GAAP for governmental units. Conformance with GAAP would require the financial statements to be prepared on the accrual or modified accrual basis of accounting. Accordingly, these financial statements are not intended to present the financial position and results of operations in conformity with GAAP.

E. Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the flow of economic resources measurement focus, which means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the operating statements present increases and decreases in net total assets.

In the fund financial statements, all governmental funds utilize a "current financial resources" measurement focus. 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.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Budget and Budgetary Accounting

The Board of Directors followed these procedures in establishing the budgetary data reflected in the financial statements. The Joint Agreement submits to the Board of Directors a proposed operating budget for the upcoming fiscal year commencing July 1. The operating budget includes proposed expenditures and the means for financing. The Joint Agreement's budgetary operations are governed by the appropriation law detailed in the Illinois School District Code and administered by Business Manager. Notice is given, and public meetings are conducted, to obtain taxpayer comments. The Board may add to, subtract from, or change appropriations, but may not change the form of the budget. Prior to September 15, the budget is legally enacted through the passage of a resolution.

H. Cash and Cash Equivalents

The Joint Agreement considers all highly liquid investments with an initial maturity date within three months of the date acquired by the Joint Agreement and investment pools to be cash equivalents.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the Joint Agreement has adopted a capitalization threshold of \$2,500 for capital asset additions. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Prior to July 1, 2002, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide financial statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is currently encouraged, but not required.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. 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:

| | |
|-------------------------|----------------|
| Buildings | 20 to 50 years |
| Improvements | 10 to 20 years |
| Machinery and Equipment | 5 to 20 years |

FUND FINANCIAL STATEMENTS

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made. Public domain (infrastructure) assets consisting of roads, curbs and gutters, sidewalks, drainage systems, and lighting systems are not capitalized in the fund financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

J. Fund Balances

Governmental fund equity is classified as fund balance. The components of fund balance are:

- Non-spendable – consists of resources that cannot be spent because of their form.
- Restricted – consists of resources which have limitations imposed by enabling legislation and limitations imposed by creditors, grantors, or contributors.
- Committed – consists of resources which have limitations imposed by the governing board through formal action.
- Assigned – consists of resources which have limitations resulting from intended use.
- Unassigned – consists of the residual net resources of a fund.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balances (Continued)

The Joint Agreement's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. If different levels of unrestricted funds are available for spending, the Joint Agreement considers committed funds to be expended first followed by assigned and, lastly, unassigned funds.

| Fund | Education | Operations & Maintenance | Total |
|-------------------------------|---------------------|-----------------------------|---------------------|
| Assigned | | | |
| Operations and Maintenance | \$ 0 | \$ 596,012 | \$ 596,012 |
| Unassigned | 2,304,253 | 0 | 2,304,253 |
| | <u>\$ 2,304,253</u> | <u>\$ 596,012</u> | <u>\$ 2,900,265</u> |

NOTE 2 – CASH AND INVESTMENTS

A. Cash

Local education agencies may invest public funds according to Chapter 30, Section 235 of the Illinois Compiled Statutes. Allowable investments include the following:

- Securities guaranteed both as to principal and interest by the full faith and credit of the United States;
- Bonds, notes, debentures, or other similar obligations of the United States or its agencies;
- Interest bearing savings accounts, certificates of deposit or time deposits in a federally insured bank (or savings and loan association under certain restrictions);
- In limited circumstances, in short-term corporate obligations of corporations having assets exceeding 500 million dollars;
- Money market mutual funds that are both registered under the Investment Company Act of 1940 and the holdings of which are limited to securities guaranteed both as to principal and interest by the full faith and credit of the United States;
- Public Treasurers' Investment Pools created under Section 17 of the Illinois State Treasurer Act

| | |
|--|---------------------|
| | Carrying Amount |
| Thornton Township Treasurer's cash and investment pool | <u>\$ 2,900,265</u> |
| Book balance of accounts in Joint Agreement's name | <u>\$ 2,900,265</u> |

B. Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Joint Agreement's deposits may not be returned of the Joint Agreement will not be able to recover collateral securities in the possession of an outside party. Neither the State nor the Joint Agreement has a deposit policy for custodial credit risk.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Investments

The Joint Agreement's investing activities are managed under the custody of the Thornton Township School Treasurer which is a non-rated, external investment pool. Investing is performed in accordance with investment policies adopted by the Thornton Township Trustees of Schools complying with the Illinois Compiled Statutes. The Joint Agreement's portion of this pool is included in the Statement of Assets and Liabilities Arising for Cash Transactions as cash and investments.

Overall credit ratings are not applicable for the cash and investment pool as a whole. Financial information and investment risk disclosures regarding the cash and investment pool's underlying investments may be obtained directly from the Treasurer at 16106 South Park Avenue, South Holland, IL 60473. At June 30, 2011, the fair value of all investments held by the Treasurer was \$184,131,815 and the amount of cash and investments allocated the Joint Agreement on a cost basis was \$2,900,265.

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2011 is as follows. Total depreciation expense for the year ended June 30, 2011 was \$514,104 and was charged to instruction.

| | Balance July 1, 2010 | Additions | Dispositions | Balance June 30, 2011 |
|------------------------------------|-------------------------|-------------------|------------------|--------------------------|
| Assets Not Subject to Depreciation | | | | |
| Land | \$ 92,777 | \$ 0 | \$ 0 | \$ 92,277 |
| Construction in Progress | 75,210 | 0 | 75,210 | 0 |
| | <u>167,987</u> | <u>0</u> | <u>75,210</u> | <u>92,277</u> |
| Assets Subject to Depreciation | | | | |
| Land Improvements | 981,967 | 300,276 | 0 | 1,282,243 |
| Buildings | 9,466,674 | 0 | 0 | 9,466,674 |
| Equipment | 1,771,649 | 503,802 | 0 | 2,275,451 |
| | <u>12,220,290</u> | <u>804,078</u> | <u>0</u> | <u>13,024,368</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (326,992) | (91,760) | 0 | (418,752) |
| Buildings | (1,682,760) | (189,333) | 0 | (1,872,093) |
| Equipment | (1,019,847) | (233,011) | 0 | (1,252,858) |
| Total Accumulated Depreciation | <u>(3,029,599)</u> | <u>(514,104)</u> | <u>0</u> | <u>(3,543,703)</u> |
| Subtotal | <u>9,190,691</u> | <u>289,974</u> | <u>0</u> | <u>9,480,665</u> |
| Net Capital Assets | <u>\$ 9,358,678</u> | <u>\$ 289,974</u> | <u>\$ 75,210</u> | <u>\$ 9,572,942</u> |

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 4 - LONG TERM DEBT

| | Balance June 30, 2010 | New Issues | Principal Paid | Balance June 30, 2011 | Due within One Year |
|---------------------------------|-----------------------------|------------|-------------------|-----------------------------|------------------------|
| Debt Certificate Series 2007 | \$ 3,666,139 | \$ 0 | \$ 132,880 | \$ 3,533,259 | \$ 139,857 |
| Total Governmental Activities | \$ 3,666,139 | \$ 0 | \$ 132,880 | \$ 3,533,259 | \$ 139,857 |

\$4,000,000 Debt Certificate, Series 2007: Dated January 24, 2009, original balance of \$4,000,000. Interest is payable quarterly at a rate of 5.15%. The final principal payment is due on December 01, 2027.

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------|--------------|--------------|
| 2012 | \$ 139,857 | \$ 179,289 | \$ 319,146 |
| 2013 | 147,200 | 171,948 | 319,148 |
| 2014 | 154,928 | 164,219 | 319,147 |
| 2015 | 163,062 | 156,085 | 319,147 |
| 2016 | 171,624 | 147,524 | 319,148 |
| 2017 - 2021 | 1,003,122 | 592,615 | 1,595,737 |
| 2022 - 2026 | 1,295,599 | 300,137 | 1,595,736 |
| 2027 - 2028 | 457,867 | 20,853 | 478,720 |
| Total | \$ 3,533,259 | \$ 1,732,670 | \$ 5,265,929 |

NOTE 5 - RISK MANAGEMENT

The Joint Agreement is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Joint Agreement participates in the School Employees Loss Fund (SELF) for its worker's compensation coverages, the Collective Liability Insurance Cooperative (CLIC) for its general liability and property and the Educational Benefits Cooperative (EBC) for employee health coverage. SELF, CLIC, and EBC are organizations of school districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs.

| Coverage | Limit of Liability | Expiration Date | Insurance Company | Policy # |
|---|--|--------------------|--|------------------|
| Package Premium (includes Property, General Liability, Auto Liability and Physical Damage and Crime) | PROP -Replacement Cost \$1,000,000 Limit-Per Statement of Values- \$2,500 district deductible per occurrence GL - \$1,000,000 per occurrence/\$3,000,000 aggregate per District Auto - \$1,000,000 CSL \$2,500 Ded/Comp & Coll | July 1, 2011 | Selective Insurance Company of the Southeast | S1324488 |
| Loss Fund - Package | | July 1, 2011 | N/A | N/A |
| Excess Property | \$1,000,000,000 | July 1, 2011 | Travelers Insurance Company | KTKXSP545D521110 |
| Excess Property | \$100,000,000 xs \$1,000,000,000 | July 1, 2011 | Chubb Group | 0661-37-99 ILL |

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 5 - RISK MANAGEMENT (CONTINUED)

| Coverage | Limit of Liability | Expiration | | |
|--|--|--------------|--|---------------------------------------|
| | | Date | Insurance Company | Policy # |
| Boiler and Machinery | \$100,000,000 per occurrence | July 1, 2010 | Federal Insurance Co. | 76401709 |
| Excess Liability | \$35,000,000 xs \$1,000,000 | July 1, 2011 | Genesis Ins. Co., Ace/Westchester Lexington Ins. Co. | YUB301054D, G220352160050-13136546 |
| School Board Legal Liability | \$1,000,000 per claim/\$1,000,000 aggregate per District | July 1, 2011 | Illinois National Ins. Co | 01-43-80-44 |
| Loss Fund - School Board Legal Liability | | July 1, 2011 | N/A | N/A |
| Pollution Liability | \$1,000,000 per occurrence, \$2,000,000 agg per location, \$75,000,000 pool aggregate | July 1, 2011 | Lexington Ins. Co. | PLC 1952393 |
| Student Accident - Mandatory | \$25,000 per claim | July 1, 2011 | QBE Speciality | DHH851000-4 |
| Student Accident - Catastrophic | \$5,000,000 per claim | July 1, 2011 | Markel Insurance | 4102AH340888-0 |
| Identity Theft | \$1,000,000 Security/Privacy Liability, \$100,000 Event Management, \$25,000/\$10,000 Deductible | July 1, 2011 | Lexington Ins. Co. | 01-951-38-70 |
| Arthur Gallagher Brokerage | N/A | July 1, 2011 | N/A | N/A |
| Gallagher Bassett Services, Inc. | N/A | July 1, 2011 | N/A | N/A |
| Gallagher Bassett Services, Inc. | N/A | July 1, 2011 | N/A | N/A |
| Total Contribution | | | | |

NOTE 6 – CONTINGENCIES

The Joint Agreement received financial awards from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Joint Agreement. However, in the opinion of management, any such disallowed claims would not have a material adverse effect on the overall financial position of the Joint Agreement at June 30, 2011.

NOTE 7 – LEASE COMMITMENTS

The Joint Agreement leases classroom and office space at various locations within the member districts. Most leases are for the school year and expire at June 30, 2011. Four of the leases expire on dates from August 2009 to June 2014. Rent expense associated with these leases totaled \$490,000 for the year ended June 30, 2011.

The Joint Agreement also leases copiers under operating leases that expire on dates from July 2009 to July 2011. Total lease costs under these operating leases were \$306,364 for the year ended June 30, 2011.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 7 – LEASE COMMITMENTS (CONTNUED)

Future minimum lease payments under all leases are as follows:

| <u>Year Ending June 30:</u> | |
|-----------------------------|-------------------|
| 2012 | \$ 217,821 |
| 2013 | 62,545 |
| 2014 | 64,421 |
| | <u>\$ 344,787</u> |

NOTE 8 – FUND BALANCE

At June 30, 2011, none of the funds had deficit fund balances.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

Membership in the plan consisted of the following as of:

| | <u>June 30, 2011</u> | <u>June 30, 2010</u> |
|--|----------------------|----------------------|
| Retirees and beneficiaries receiving benefits | 9 | 9 |
| Terminated plan members entitled to but not yet receiving benefits | 0 | 0 |
| Active vested plan members | 84 | 84 |
| Active nonvested plan members | <u>116</u> | <u>116</u> |
| Total | <u>209</u> | <u>209</u> |
| Number of participating employers | 1 | 1 |

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) -Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) |
|--------------------------|-------------------------------|--|---------------------------|--------------------|
| 6/30/2009 | 0 | \$ 431,955 | \$ 431,955 | 0.00% |
| 6/30/2010 | 0 | 431,955 | 431,955 | 0.00% |
| 6/30/2011 | 0 | 431,955 | 431,955 | 0.00% |

ANNUAL OPEB COST AND NET OPEB OBLIGATION

| | <u>June 30, 2011</u> | <u>June 30, 2010</u> |
|--|----------------------|----------------------|
| Annual required contribution | 30,547 | 31,870 |
| Interest on net OPEB obligation | (24) | 0 |
| Adjustment to annual required contribution | 16 | 0 |
| Annual OPEB cost | <u>30,540</u> | <u>31,870</u> |
| Contributions made | <u>32,346</u> | <u>32,346</u> |
| Increase (decrease) in net OPEB obligation | (1,806) | (476) |
| Net OPEB obligation beginning of year | <u>(476)</u> | <u>0</u> |
| Net OPEB obligation end of year | <u>(2,282)</u> | <u>(476)</u> |

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

THREE-YEAR TREND INFORMATION

| Fiscal Year Ending | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------------|---------------------|--|------------------------|
| 6/30/09 | 31,870 | 101.5% | (476) |
| 6/30/10 | 31,870 | 101.5% | (476) |
| 6/30/11 | 30,540 | 105.9% | (2,282) |

ANNUAL REQUIRED CONTRIBUTION

| | <u>June 30, 2012</u> | <u>June 30, 2011</u> |
|------------------------------|----------------------|----------------------|
| Service Cost | 14,694 | 14,694 |
| Amortization | 14,399 | 14,399 |
| Interest | 1,455 | 1,455 |
| Annual required contribution | <u>30,548</u> | <u>30,548</u> |

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

Contribution rates:

| | |
|--------------|-------|
| District | |
| Plan Members | 0.00% |

Actuarial valuation date 6/30/2011

Actuarial cost method Entry age

Amortization period Level percentage of pay, open

Remaining amortization period 30 years

Asset valuation method Market

Actuarial assumptions:

Investment rate of return* 5.00%

Projected salary increases 5.00%

Healthcare inflation rate 8.00% initial
6.00% ultimate

Mortality, Turnover, Disability,
Retirement Ages Same rates utilized for IMRF

Percentage of Active Employees
Assumed to Elect Benefit Admin: 100%, Non Certified 10%

Employer Provided Benefit Explicit (Admin only): \$175/mo-\$578/mo to age 65
Implicit (All): 20% of premium to age 65
(50% of \$578/mo + 50% of \$1,161/mo)

*Includes inflation at 3.00%

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

**ECHO
GASB 45 Summary of June 30, 2009**

| Division | Service Cost | Active Liability | Retired Liability | Total Liability | Annual Required Contribution | Expected Payments | Actives | Retirees | Total |
|-----------------|---------------------|-------------------------|--------------------------|------------------------|-------------------------------------|--------------------------|----------------|-----------------|--------------|
| Admin | 10,488 | 210,728 | 181,746 | 392,474 | 24,750 | 26,798 | 15 | 5 | 20 |
| Non Certified | 4,206 | 32,444 | 7,037 | 39,481 | 5,798 | 5,548 | 185 | 4 | 189 |
| Total | 14,694 | 243,172 | 188,783 | 431,955 | 30,548 | 32,346 | 200 | 9 | 209 |

Discount Rate: 5.0%

Medical Inflation Rate: 8.0% initial, 6.0% ultimate

Future Payroll Increases: 5.0%

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 10 – RETIREMENT PLAN COMMITMENT

Teachers' Retirement System

The Joint Agreement 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.

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 State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2011 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the Joint Agreement's TRS-covered employees.

- **On-behalf contributions**

The State of Illinois makes employer pension contributions on behalf of the Joint Agreement. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Joint Agreement recognized revenue and expenditures of \$3,455,457 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and 2009, the State of Illinois contribution rates as percentages of creditable earnings were 23.38 percent (\$3,513,335) and 17.08 percent (\$2,440,125), respectively.

The Joint Agreement makes other types of employer contributions directly to TRS.

- **2.2 formula contributions**

Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$86,760. Contributions for the years ending June 30, 2010 and June 30, 2009, were \$87,157 and \$82,861, respectively.

- **Federal and trust fund contributions**

When TRS members are paid from federal and trust funds administered by the Joint Agreement, there is a statutory requirement for the Joint Agreement to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 10 – RETIREMENT PLAN COMMITMENT (CONTINUED)

- **Federal and trust fund contributions (Continued)**

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2010 and June 30, 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from those funds. For the year ended June 30, 2011, salaries totaling \$0 were paid from federal and trust funds that required employer contributions of \$0. For the years ended June 30, 2010 and June 30, 2009, required joint agreement contributions were \$0 and \$87,157, respectively.

- **Early Retirement Option**

The Joint Agreement is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2011, the Joint Agreement paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the Joint Agreement paid \$0, respectively.

- **Salary increases over 6 percent and excess sick leave**

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2011, the joint agreement paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2010 and June 30, 2009, the Joint Agreement paid \$0 in employer contributions due on salary increases in excess in 6 percent, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, the joint agreement paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2010 and 2009, the Joint Agreement paid \$0 in employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 10 – RETIREMENT PLAN COMMITMENT (CONTINUED)

- **Salary increases over 6 percent and excess sick leave (continued)**

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

NOTE 11 – HEALTHCARE PLAN COMMITMENT

The Joint Agreement 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 Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year. The Joint Agreement makes other types of employer contributions directly to TRS.

- **On behalf contributions to THIS Fund**

The state of Illinois makes employer retiree health insurance contributions on behalf of the joint agreement. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$131,637, and the joint agreement recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2010 and June 30, 2009 were also 0.84 percent of pay. State contributions on behalf of joint agreement employees were \$126,228 and \$120,006, respectively.

- **Employer contributions to THIS Fund**

The employer (district) also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and .63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the district paid \$98,727 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the district paid \$94,671 and \$90,005 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2011**

NOTE 11 – HEALTHCARE PLAN COMMITMENT (CONTINUED)

- **Employer contributions to THIS Fund (Continued)**

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

NOTE 12 – DEFINED BENEFIT PENSION PLAN

The Joint Agreement participates in the Illinois Municipal Retirement Fund through Thorton School District 205 as of December 31, 2010.

The Joint Agreement's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information.

That report may be obtained at www.imrf.org/pubs/pubs-homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. ECHO is required to contribute at an actuarially determined rate. The employer rate for the calendar year 2010 is 11.12 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

The require contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses) (b) projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The Actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short term volatility in the market value of investments over a five year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Trend Information: Historical trend information gives an indication of the progress in accumulating sufficient assets to pay benefits when due. This information is presented on the audit report of the South Holland School District 151.

NOTE 13 – EXPENDITURES IN EXCESS OF BUDGET

ECHO's Educational fund had an excess of actual expenditures over the legally enacted budget amounts for the year ended June 30, 2011 in the amount of \$1,866,295.

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Educational Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011**

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|-------------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES RECEIVED | | | | |
| Local Sources | | | | |
| Tuition | \$ 24,327,119 | \$ 24,327,119 | \$ 25,054,807 | \$ 727,688 |
| Earnings on Investments | 137,000 | 137,000 | 78,251 | (58,749) |
| Food Services | 9,892 | 9,892 | 12,733 | 2,841 |
| Textbooks | 1,000 | 1,000 | 2,590 | 1,590 |
| Other Revenue from Local Sources | 3,817,695 | 3,817,695 | 3,590,912 | (226,783) |
| State Sources | | | | |
| Restricted State Aid | 3,471,991 | 3,471,991 | 4,145,675 | 673,684 |
| State On Behalf Contributions | 2,174,000 | 2,174,000 | 3,587,094 | 1,413,094 |
| Federal Sources | | | | |
| Restricted Federal Aid | 17,010,537 | 17,010,537 | 5,523,096 | (11,487,441) |
| TOTAL REVENUES RECEIVED | 50,949,234 | 50,949,234 | 41,995,158 | (8,954,076) |
| EXPENDITURES DISBURSED | | | | |
| Current | | | | |
| Instruction | 13,621,702 | 13,621,702 | 15,115,305 | (1,493,603) |
| Support Services | 17,251,899 | 17,251,899 | 17,118,529 | 133,370 |
| Community Services | 826,740 | 826,740 | 655,610 | 171,130 |
| Nonprogrammed Charges | 16,754,863 | 16,754,863 | 16,019,814 | 735,049 |
| Debt Service | | | | |
| Principal | 320,000 | 320,000 | 132,880 | 187,120 |
| Interest | 0 | 0 | 186,267 | (186,267) |
| State On Behalf Contributions | 2,174,000 | 2,174,000 | 3,587,094 | (1,413,094) |
| TOTAL EXPENDITURES DISBURSED | 50,949,204 | 50,949,204 | 52,815,499 | (1,866,295) |
| NET CHANGE IN FUND BALANCES | \$ 30 | \$ 30 | (10,820,341) | \$(10,820,371) |
| FUND BALANCES, BEGINNING OF YEAR | | | 13,124,594 | |
| END OF YEAR | | | \$ 2,304,253 | |

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Operations and Maintenance Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|-------------------------------------|-------------------------|------------------|-------------------|------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>With Final Budget</u> |
| REVENUES RECEIVED | | | | |
| Local Sources | | | | |
| Earnings on Investments | \$ 9,000 | \$ 9,000 | \$ 4,532 | \$ (4,468) |
| Other Revenue from Local Sources | 1,103,054 | 1,103,054 | 1,117,535 | 14,481 |
| Special Education - Personnel | 33,600 | 33,600 | 0 | (33,600) |
| TOTAL REVENUES RECEIVED | <u>1,145,654</u> | <u>1,145,654</u> | <u>1,122,067</u> | <u>(23,587)</u> |
| EXPENDITURES DISBURSED | | | | |
| Current | | | | |
| Support Services | 1,145,655 | 1,145,655 | 1,103,928 | 41,727 |
| TOTAL EXPENDITURES DISBURSED | <u>1,145,655</u> | <u>1,145,655</u> | <u>1,103,928</u> | <u>41,727</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (1)</u> | <u>\$ (1)</u> | 18,139 | <u>\$ 18,140</u> |
| FUND BALANCES, | | | | |
| BEGINNING OF YEAR | | | <u>577,873</u> | |
| END OF YEAR | | | <u>\$ 596,012</u> | |

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Educational Fund
Schedule of Expenditures Disbursed
Budget and Actual
For the Year Ended June 30, 2011**

| | Budgeted Amounts | | Actual | Variance |
|---|----------------------|----------------------|----------------------|-----------------------|
| | Original | Final | | With Final Budget |
| EXPENDITURES DISBURSED | | | | |
| INSTRUCTION | | | | |
| Special Education Programs | | | | |
| Salaries | 11,886,940 | 11,886,940 | 12,391,574 | (504,634) |
| Employee Benefits | 0 | 0 | 957,622 | (957,622) |
| Purchased Services | 264,562 | 264,562 | 53,455 | 211,107 |
| Supplies and Materials | 324,394 | 324,394 | 526,103 | (201,709) |
| Capital Outlay | 228,000 | 228,000 | 189,994 | 38,006 |
| Total Special Education Programs | <u>12,703,896</u> | <u>12,703,896</u> | <u>14,118,748</u> | <u>(1,414,852)</u> |
| Vocational Programs | | | | |
| Salaries | 245,814 | 245,814 | 291,057 | (45,243) |
| Employee Benefits | 0 | 0 | 24,174 | (24,174) |
| Purchased Services | 119,020 | 119,020 | 139,371 | (20,351) |
| Supplies and Materials | 1,067 | 1,067 | 8,469 | (7,402) |
| Capital Outlay | 0 | 0 | 1,827 | (1,827) |
| Total Vocational Programs | <u>365,901</u> | <u>365,901</u> | <u>464,898</u> | <u>(98,997)</u> |
| Interscholastic Programs | | | | |
| Purchased Services | 1,450 | 1,450 | 1,372 | 78 |
| Supplies and Materials | 950 | 950 | 727 | 223 |
| Capital Outlay | 2,700 | 2,700 | 2,594 | 106 |
| Other Objects | 500 | 500 | 500 | 0 |
| Total Interscholastic Programs | <u>5,600</u> | <u>5,600</u> | <u>5,193</u> | <u>407</u> |
| Summer School Programs | | | | |
| Salaries | 303,426 | 303,426 | 299,651 | 3,775 |
| Employee Benefits | 23,812 | 23,812 | 34,499 | (10,687) |
| Purchased Services | 21,871 | 21,871 | 16,734 | 5,137 |
| Supplies and Materials | 15,218 | 15,218 | 10,370 | 4,848 |
| Other Objects | 4,703 | 4,703 | 0 | 4,703 |
| Total Summer School Programs | <u>369,030</u> | <u>369,030</u> | <u>361,254</u> | <u>7,776</u> |
| Alternative Programs | | | | |
| Salaries | 140,075 | 140,075 | 128,432 | 11,643 |
| Employee Benefits | 32,900 | 32,900 | 36,192 | (3,292) |
| Supplies and Materials | 1,500 | 1,500 | 588 | 912 |
| Capital Outlay | 500 | 500 | 0 | 500 |
| Other Objects | 2,300 | 2,300 | 0 | 2,300 |
| Total Alternative Programs | <u>177,275</u> | <u>177,275</u> | <u>165,212</u> | <u>12,063</u> |
| TOTAL INSTRUCTION | <u>\$ 13,621,702</u> | <u>\$ 13,621,702</u> | <u>\$ 15,115,305</u> | <u>\$ (1,493,603)</u> |

**Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2011**

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------------|------------------|------------------|------------------------------|
| | Original | Final | | With Final Budget |
| SUPPORT SERVICES | | | | |
| Social Work Services | | | | |
| Salaries | 1,723,200 | 1,723,200 | 1,654,675 | 68,525 |
| Employee Benefits | 0 | 0 | 52,254 | (52,254) |
| Purchased Services | 3,650 | 3,650 | 4,838 | (1,188) |
| Supplies and Materials | 3,408 | 3,408 | 4,025 | (617) |
| Total Social Work Services | 1,730,258 | 1,730,258 | 1,715,792 | 14,466 |
| Health Services | | | | |
| Salaries | 1,557,828 | 1,557,828 | 1,621,927 | (64,099) |
| Employee Benefits | 0 | 0 | 223,027 | (223,027) |
| Purchased Services | 509,950 | 509,950 | 586,630 | (76,680) |
| Supplies and Materials | 19,450 | 19,450 | 16,129 | 3,321 |
| Capital Outlay | 500 | 500 | 4,362 | (3,862) |
| Total Health Services | 2,087,728 | 2,087,728 | 2,452,075 | (364,347) |
| Psychological Services | | | | |
| Salaries | 358,943 | 358,943 | 293,534 | 65,409 |
| Employee Benefits | 0 | 0 | 5,990 | (5,990) |
| Purchased Services | 10,350 | 10,350 | 29,898 | (19,548) |
| Supplies and Materials | 1,500 | 1,500 | 984 | 516 |
| Capital Outlay | 1,750 | 1,750 | 547 | 1,203 |
| Total Psychological Services | 372,543 | 372,543 | 330,953 | 41,590 |
| Speech Pathology & Audiology | | | | |
| Salaries | 2,514,800 | 2,514,800 | 2,353,193 | 161,607 |
| Employee Benefits | 0 | 0 | 60,948 | (60,948) |
| Purchased Services | 63,200 | 63,200 | 223,110 | (159,910) |
| Supplies and Materials | 9,067 | 9,067 | 12,158 | (3,091) |
| Capital Outlay | 2,000 | 2,000 | 15,078 | (13,078) |
| Total Speech Pathology & Audiology | 2,589,067 | 2,589,067 | 2,664,487 | (75,420) |
| Pupil | | | | |
| Salaries | 257,479 | 257,479 | 244,879 | 12,600 |
| Employee Benefits | 0 | 0 | 11,880 | (11,880) |
| Purchased Services | 37,768 | 37,768 | 36,859 | 909 |
| Supplies and Materials | 2,500 | 2,500 | 1,184 | 1,316 |
| Total Pupil | 297,747 | 297,747 | 294,802 | 2,945 |

Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2011

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|------------------|------------------|------------------------------|
| | Original | Final | | With Final Budget |
| Improvement of Instruction Services | | | | |
| Salaries | 0 | 0 | 33,970 | (33,970) |
| Employee Benefits | 0 | 0 | 950 | (950) |
| Purchased Services | 192,000 | 192,000 | 660,313 | (468,313) |
| Supplies and Materials | 25,000 | 25,000 | 4,131 | 20,869 |
| Total Improvement of Instruction Services | 217,000 | 217,000 | 699,364 | (482,364) |
| Assessment and Testing | | | | |
| Capital Outlay | 40,000 | 40,000 | 0 | 40,000 |
| Total Assesment and Testing | 40,000 | 40,000 | 0 | 40,000 |
| Executive Administration Services | | | | |
| Salaries | 893,823 | 893,823 | 919,333 | (25,510) |
| Employee Benefits | 5,208,450 | 5,208,450 | 3,776,265 | 1,432,185 |
| Purchased Services | 214,000 | 214,000 | 238,888 | (24,888) |
| Supplies and Materials | 21,000 | 21,000 | 82,652 | (61,652) |
| Capital Outlay | 11,000 | 11,000 | 69,221 | (58,221) |
| Other Objects | 393,300 | 393,300 | 329,711 | 63,589 |
| Total Executive Administration Services | 6,741,573 | 6,741,573 | 5,416,070 | 1,325,503 |
| Office of the Principal Services | | | | |
| Salaries | 1,155,800 | 1,155,800 | 1,171,130 | (15,330) |
| Employee Benefits | 0 | 0 | 27,686 | (27,686) |
| Purchased Services | 61,150 | 61,150 | 24,534 | 36,616 |
| Supplies and Materials | 30,883 | 30,883 | 28,959 | 1,924 |
| Capital Outlay | 30,000 | 30,000 | 46,517 | (16,517) |
| Total Office of the Principal Services | 1,277,833 | 1,277,833 | 1,298,826 | (20,993) |
| Direction of Business Support | | | | |
| Salaries | 124,700 | 124,700 | 124,673 | 27 |
| Employee Benefits | 0 | 0 | 3,354 | (3,354) |
| Total Direction of Business Support | 124,700 | 124,700 | 128,027 | (3,327) |
| Facilities Acquisition | | | | |
| Purchased Services | 0 | 0 | 157,553 | (157,553) |
| Other Objects | 0 | 0 | 5,797 | (5,797) |
| Total Facilities Acquisition | 0 | 0 | 163,350 | (163,350) |
| Operation & Maintenance of Plant Services | | | | |
| Purchased Services | 1,180,529 | 1,180,529 | 1,044,092 | 136,437 |
| Supplies and Materials | 0 | 0 | 586 | (586) |
| Total Operation & Maintenance of Plant Services | 1,180,529 | 1,180,529 | 1,044,678 | 135,851 |

Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|-------------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Pupil Transportation Service | | | | |
| Purchased Services | 100,000 | 100,000 | 79,856 | 20,144 |
| Supplies and Materials | 2,000 | 2,000 | 0 | 2,000 |
| Total Pupil Transportation Service | <u>102,000</u> | <u>102,000</u> | <u>79,856</u> | <u>22,144</u> |
| Food Services | | | | |
| Salaries | 32,300 | 32,300 | 35,150 | (2,850) |
| Employee Benefits | 0 | 0 | 5,910 | (5,910) |
| Purchased Services | 0 | 0 | 0 | 0 |
| Supplies and Materials | 280,887 | 280,887 | 358,650 | (77,763) |
| Total Food Services | <u>313,187</u> | <u>313,187</u> | <u>399,710</u> | <u>(86,523)</u> |
| Internal Services | | | | |
| Supplies and Materials | 0 | 0 | 16,617 | (16,617) |
| Total Internal Services | <u>0</u> | <u>0</u> | <u>16,617</u> | <u>(16,617)</u> |
| Other Support Services | | | | |
| Salaries | 85,734 | 85,734 | 214,394 | (128,660) |
| Employee Benefits | 0 | 0 | 51,888 | (51,888) |
| Purchased Services | 0 | 0 | 51,953 | (51,953) |
| Other Objects | 92,000 | 92,000 | 95,687 | (3,687) |
| Total Other Support Services | <u>177,734</u> | <u>177,734</u> | <u>413,922</u> | <u>(236,188)</u> |
| TOTAL SUPPORT SERVICES | <u>\$ 17,251,899</u> | <u>\$ 17,251,899</u> | <u>\$ 17,118,529</u> | <u>\$ 133,370</u> |
| COMMUNITY SERVICES | | | | |
| Regular Services | | | | |
| Salaries | 574,900 | 574,900 | 440,303 | 134,597 |
| Employee Benefits | 134,700 | 134,700 | 105,399 | 29,301 |
| Purchased Services | 37,000 | 37,000 | 90,468 | (53,468) |
| Supplies and Materials | 70,540 | 70,540 | 13,288 | 57,252 |
| Other Objects | 9,600 | 9,600 | 6,152 | 3,448 |
| TOTAL COMMUNITY SERVICES | <u>826,740</u> | <u>826,740</u> | <u>655,610</u> | <u>171,130</u> |
| NONPROGRAMMED CHARGES | | | | |
| Payment to Other Governmental Units | | | | |
| Special Education Programs | 0 | 0 | 1,478,889 | (1,478,889) |
| Other Payment to In State Government Units | 16,754,863 | 16,754,863 | 14,540,925 | 2,213,938 |
| TOTAL NONPROGRAMMED CHARGES | <u>\$ 16,754,863</u> | <u>\$ 16,754,863</u> | <u>\$ 16,019,814</u> | <u>\$ 735,049</u> |

Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|----------------------|----------------------|----------------------|----------------------------------|
| | Original | Final | | |
| DEBT SERVICE | | | | |
| Principal and Interest | \$ 320,000 | \$ 320,000 | \$ 319,147 | \$ 853 |
| TOTAL DEBT SERVICE | <u>\$ 320,000</u> | <u>\$ 320,000</u> | <u>\$ 319,147</u> | <u>\$ 853</u> |
| TOTAL STATE ON BEHALF CONTRIBUTIONS | <u>\$ 2,174,000</u> | <u>\$ 2,174,000</u> | <u>\$ 3,587,094</u> | <u>\$ (1,413,094)</u> |
| TOTAL EXPENDITURES DISBURSED | <u>\$ 50,949,204</u> | <u>\$ 50,949,204</u> | <u>\$ 52,815,499</u> | <u>\$ (1,866,295)</u> |



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

To The Board of Directors
Exceptional Children Have Opportunities, A Joint Agreement (ECHO)
South Holland, Illinois

We have audited the financial statements of ECHO as of and for the year ended June 30, 2011, and have issued our report thereon dated the same date as this report. 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 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. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ECHO's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ECHO's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ECHO's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the school district's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ECHO's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. 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.

In accordance with SAS No. 115 *Communication of Internal Control Related Matters Identified in an Audit* we have issued a separate letter dated December 15, 2011 to the Board of Directors addressing those required communications.

This report is intended solely for the information of the Board of Directors, management, the Illinois State Board of Education and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kuntze & Associates, P.C.

EXCEPTIONAL CHILDREN HAVE
OPPORTUNITIES (ECHO)
(A JOINT AGREEMENT)

REPORTS REQUIRED BY OMB CIRCULAR A-133 AND
GOVERNMENT AUDITING STANDARDS

FOR FISCAL YEAR ENDING
JUNE 30, 2011

KNUTTE & ASSOCIATES P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

| | |
|---|--------|
| Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 1 - 2 |
| Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 | 3 - 4 |
| Schedule of Expenditures of Federal Awards | 5 |
| Schedule of Findings and Questioned Costs | 6 - 7 |
| Summary Schedule of Prior Audit Findings | 8 |
| Notes to the Schedule of Expenditures of Federal Awards | 9 - 10 |
| Corrective Action Plan | 11 |



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

To the Board of Directors
Exceptional Children have Opportunities, A Joint Agreement (ECHO)
South Holland, Illinois

We have audited the financial statements of ECHO as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. Our opinion was qualified because ECHO prepared its financial statements using the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ECHO's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ECHO's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ECHO's internal control over financial reporting.

A deficiency in internal controls 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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ECHO's financial statements are free of material misstatements, 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 determination of financial statement amounts. 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*.

In accordance with SAS No. 115 *Communication of Internal Control Related Matters Identified in an Audit*, we have issued a separate letter dated December 15, 2011 to the Board of Directors addressing those required communications.

Illinois State Board of Education and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kuntle & Associates, P.C.



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Exceptional Children have Opportunities, A Joint Agreement (ECHO)
South Holland, Illinois

Compliance

We have audited the compliance of ECHO with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. ECHO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of ECHO's management. Our responsibility is to express an opinion on ECHO's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ECHO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ECHO's compliance with those requirements.

In our opinion, ECHO complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of ECHO is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered ECHO's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ECHO's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ECHO as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise ECHO's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the Board of Directors, management, the Illinois State Board of Education and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Knuttle & Associates, P.C.

EXCEPTIONAL CHILDREN HAVE OPPORTUNITES, (A JOINT AGREEMENT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

| Federal Agency/ Pass-through Grantor/ Program Name | Fund and Account Number (A) | CFDA Number (B) | ISBE Project Number (C) | Receipts | | Disbursements | | Obligations/ Encumbrance (H) | Final Status (I) | Budget (J) |
|---|--------------------------------------|-----------------------|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------------|------------------------|---------------|
| | | | | 7/1/09 - 6/30/10 (D) | 7/1/10 - 6/30/11 (E) | 7/1/09 - 6/30/10 (F) | 7/1/10 - 6/30/11 (G) | | | |
| U.S. Department of Education: Passed through Illinois State Board of Education | | | | | | | | | | |
| | | | 2009-4600-00-14-205-1510-61 | - | - | 12,864 | - | - | 158,000 | 192,262 |
| | | | 2010-4600-00-14-205-1510-61 | 61,274 | 60,809 | 123,824 | 13,715 | - | 137,539 | 208,244 |
| I.D.E.A. Preschool Flow Through | 1-4600 | 84.173A | 2011-4600-00-14-205-1510-61 | - | 53,200 | - | 109,365 | 73,184 | 182,549 | 234,487 |
| | | | 2009-4620-00-14-205-1510-61 | 1,887,871 | - | 572,802 | - | - | 7,607,850 | 8,191,577 |
| | | | 2010-4620-00-14-205-1510-61 | 8,265,680 | 485,910 | 5,894,397 | 1,003,569 | - | 6,897,966 | 8,751,590 |
| I.D.E.A. Flow Through (M) | 1-4620 | 84.027A | 2011-4620-00-14-205-1510-61 | - | 1,088,516 | - | 6,608,400 | 1,157,861 | 7,766,261 | 9,470,494 |
| | | | 2010-4856-00-14-205-1510-61 | 131,372 | - | 41,723 | 44,301 | - | 86,024 | 293,403 |
| ARRA I.D.E.A. Preschool Flow Through (M) | 1-4856 | 84.392 | 2011-4856-00-14-205-1510-61 | - | - | - | 67,265 | 100,023 | 167,288 | 293,403 |
| | | | 2010-4857-00-14-205-1510-61 | 4,672,012 | - | 2,154,735 | 2,505,407 | - | 4,660,142 | 7,433,136 |
| ARRA I.D.E.A. Flow Through (M) | 1-4857 | 84.391 | 2011-4857-00-14-205-1510-61 | - | 772,743 | - | 1,870,718 | 2,058,399 | 3,929,117 | 4,054,537 |
| TOTAL DEPARTMENT OF EDUCATION | | | | 15,018,209 | 2,461,178 | 8,800,345 | 12,222,740 | 3,389,467 | 31,592,736 | |
| U.S. Department of Agriculture: Passed through Illinois State Board of Education | | | | | | | | | | |
| | | | 2010-4211-00-14-016-1510-61 | 4,247 | - | 4,247 | - | - | 4,247 | N/A |
| Commodity Food Program | 1-4211 | 10.565 | 2011-4211-00-14-016-1510-61 | - | 9,899 | - | 9,899 | - | 9,899 | N/A |
| | | | 2009-4210-00-14-016-1510-61 | 45,743 | - | 45,743 | - | - | 131,862 | N/A |
| | | | 2010-4210-00-14-016-1510-61 | 171,448 | 57,577 | 171,448 | 57,577 | - | 229,025 | N/A |
| National School Lunch Program | 1-4210 | 10.555 | 2011-4210-00-14-016-1510-61 | - | 166,231 | - | 166,231 | - | 166,231 | N/A |
| Fresh Fruits and Vegetables Program | 1-4240 | 10.582 | 2011-4240-00-14-016-1510-61 | - | 10,080 | - | 10,080 | - | 10,080 | N/A |
| | | | 2009-4220-00-14-016-1510-61 | 37,639 | - | 37,639 | - | - | 93,550 | N/A |
| | | | 2010-4220-00-14-016-1510-61 | 105,085 | 42,727 | 105,085 | 42,727 | - | 147,812 | N/A |
| School Breakfast Program | 1-4220 | 10.553 | 2011-4220-00-14-016-1510-61 | - | 98,500 | - | 98,500 | - | 98,500 | N/A |
| TOTAL DEPARTMENT OF AGRICULTURE | | | | 364,162 | 385,014 | 364,162 | 385,014 | - | 891,206 | |
| U.S. Department of Rehabilitative Services Passed through Illinois Department of Rehabilitative Services | | | | | | | | | | |
| | | | 2010-4951-00-14-016-1510-61 | 65,214 | - | 65,214 | - | - | 65,214 | 65,214 |
| STEP Grant | 1-4951 | 84.126 | 2011-4951-00-14-016-1510-61 | - | 62,541 | - | 62,541 | - | 62,541 | 62,541 |
| TOTAL DEPARTMENT OF REHABILITATIVE SERVICES | | | | 65,214 | 62,541 | 65,214 | 62,541 | - | 127,755 | |
| U.S. Department of Health and Human Services: Passed through the Illinois Department of Healthcare and Family Services | | | | | | | | | | |
| | | | 2009-4991-00-14-016-1510-61 | 287,942 | - | 287,942 | - | - | 671,715 | N/A |
| | | | 2010-4991-00-14-016-1510-61 | 4,992 | - | 4,992 | - | - | 4,992 | N/A |
| Medicaid Outreach | 1-4991 | 93.778 | 2011-4991-00-14-016-1510-61 | - | 951,749 | - | 951,749 | - | 951,749 | N/A |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | 292,934 | 951,749 | 292,934 | 951,749 | - | 1,628,456 | |
| TOTAL FEDERAL AWARDS | | | | 15,740,519 | 3,860,482 | 9,522,655 | 13,622,044 | 3,389,467 | 34,240,153 | |

• (M) Program was audited as a major program as defined by OMB Circular A-133.

**EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES, (A JOINT AGREEMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes x No

Significant deficiencies not considered to be material weaknesses? _____ Yes x None Reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal Control over major programs:

Material weaknesses identified? _____ Yes x No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes x None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with A-133, Section 510(a)? _____ Yes x No

Identification of major programs:

| <u>CFDA Number</u> | <u>Federal Program</u> |
|--------------------|--------------------------------------|
| 84.027 | I.D.E.A. Flow Through |
| 84.391 | ARRA I.D.E.A. Flow Through |
| 84.392 | ARRA I.D.E.A. Preschool Flow Through |

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES, (A JOINT AGREEMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

None

**EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES, (A JOINT AGREEMENT)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

Finding 10-01 - ARRA grant funds were committed prior to the submission of the grant application.

1. The Joint Agreement made journal entries for \$203,923 of costs that were incurred prior to August 22, 2009, the date of the grant application.
2. Prior to the submission of the final grant costs, all the questioned costs were removed from the grant.

**EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES, (A JOINT AGREEMENT)
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

NOTE 5 - SUBRECIPIENTS (CONTINUED)

| <u>Program Title/Subrecipient Name</u> | <u>Federal CFDA Number</u> | <u>Amount Provided to Subrecipients</u> |
|---|--------------------------------|---|
| ARRA - I.D.E.A. Flow Through: | 84.391 | |
| West Harvey - Dixmoor School District #147 | | \$ 104,617 |
| Dolton-Riverdale School District #148 | | 583,794 |
| Dolton School District #149 | | 34,064 |
| South Holland School District #150 | | 171,583 |
| South Holland School District #151 | | 164,145 |
| Harvey School District #152 | | 174,288 |
| Hazel Crest School District #152.5 | | 164,417 |
| Calumet City School District #155 | | 292,944 |
| Lincoln Elementary School District #156 | | 67,821 |
| Hoover-Schrum Memorial School District #157 | | 67,417 |
| Lansing School District #158 | | 365,494 |
| Sunnybrook School District #171 | | 92,627 |
| Thornton Township School District #205 | | 889,259 |
| Thornton Fractional High School District #215 | | 3,422 |
| TOTAL | | <u>\$ 3,175,892</u> |
| | | |
| ARRA - I.D.E.A. Preschool Flow Through: | 84.392 | |
| General George Patton School District #133 | | \$ 870 |
| West Harvey - Dixmoor School District #147 | | 8,562 |
| Dolton-Riverdale School District #148 | | 1,336 |
| South Holland School District #150 | | 7,341 |
| Hazel Crest School District #152.5 | | 4,538 |
| Calumet City School District #155 | | 16,437 |
| Lincoln Elementary School District #156 | | 1,516 |
| Hoover-Schrum Memorial School District #157 | | 12 |
| Lansing School District #158 | | 28,205 |
| Sunnybrook School District #171 | | 10,479 |
| TOTAL | | <u>\$ 79,296</u> |

E C H O

EXCEPTIONAL CHILDREN HAVE
OPPORTUNITIES

JOINT AGREEMENT OFFICE
350 WEST 154TH STREET
SOUTH HOLLAND, IL 60473
Telephone: 708/333-7880
Fax: 708/333-9561

Audit Firm: Knutte & Associates, P.C.
Audit Period: July 1, 2011 – June 30, 2012

A. Comments on Findings and Recommendations:

There were no findings in the current period.

B. Actions Taken or Planned:

There were no findings in the current period.

C. Status of Corrective Actions on Prior Year Findings:

10-01: ARRA grant funds were committed prior to the submission of the grant application.

ECHO Joint Agreement had addressed the finding by submitting journal entries for \$203,923 of costs that were incurred prior to the August 22, 2009 submission date of the grant application.

All questioned costs had been removed from final expenditure claim submission.



Exceptional Children Have Opportunities,
A Joint Agreement

===== ECHO MEMBER PUBLIC SCHOOL DISTRICTS: COOK COUNTY =====

DISTRICT 133 — DISTRICT 147 — DISTRICT 148 — DISTRICT 149 — DISTRICT 150 — DISTRICT 151 — DISTRICT 152 — DISTRICT 152.5 — DISTRICT 154
DISTRICT 154.5 — DISTRICT 155 — DISTRICT 156 — DISTRICT 157 — DISTRICT 158 — DISTRICT 171 — DISTRICT 205 — DISTRICT 215