

TrueNorth Educational Cooperative 804 Financial Model Reference Document 4.0

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Executive Summary

The TrueNorth Educational Cooperative 804 continues to evolve to meet the changing needs of the students and districts it serves while striving for the highest quality educational services in the most fiscally responsible manner. As part of the 2018 strategic planning process, a Fiscal Responsibility and Resource Allocation goal was established to “develop a sustainable, equitable and flexible financial model that provides affordable access to a full continuum of supports and services.”

TrueNorth stakeholders engaged in a year-long process to update the district financial model. This process included many meetings, discussions, and presentations with TrueNorth staff, member district superintendents, special education directors, Chief School Business Officials, education consultants, and Leadership Council representatives about all components of the district’s finances.

Together, the stakeholders updated the cooperative’s financial planning cycle, defined the components of the financial model, and outlined the responsibilities for the future maintenance and reevaluation of the model. The final product is a simpler, more equitable, transparent financial model which will allow membership and the cooperative to manage tuition and services spending more effectively and efficiently.

This reference document will be published on the district’s website and distributed to TrueNorth staff and membership to provide full transparency and comprehensive views of the TrueNorth finances and related internal operations.

Benefits of Cooperative Membership

There are many benefits of cooperative membership.

They include:

- Purchasing as a group allows for lower pricing
- Access to Guaranteed Priority Placements-it requires cooperative resources to be prioritized for members
- Access to tailored Professional Learning
- Access to administrative support services
- Access to professional network groups and evidence-based practices
- Access to parent and community education
- Equitable ownership in property, plant, and equipment
- Access to collaboration among Member-districts
- Evidence Based Funding credits

- IDEA & Medicaid funding ownership
- Access to progressive and cutting edge programs and services

This new model promotes the benefits of membership by being transparent and equitable to all members.

Process

Stakeholder Involvement

To start the process, the Leadership Council's Finance Committee began doing research in September 2019, with a subcommittee established to work out specific details. The subcommittee began its work in January 2020 to study the existing model and develop recommendations. Members of the committees included:

Original Finance Committee Members and Related Participants

Dr. Harry Rossi, Consultant
 Dave Peterson, Consultant
 Mark Barry, Governing Board Member - District 65, TrueNorth Finance Committee Chair
 Bill Hayes, Governing Board Member - District 29
 Michael Gilmore, Governing Board Member - District 28
 Karen Hanley, Governing Board Member - District 225
 Jennifer Pearson, Director of Special Education - District 225
 Joanna Ford, Asst Supt for Student Services, District 109
 Emily Dunham, Director of Student Services, District 29
 Cathy Lauria, Asst Supt Finance and Operations/CSBO - District 31
 Kimberly Arakelian, Asst Supt Finance and Operations, District 27
 Jason Edelheit, CSBO - District 35
 Jay Kahn, CSBO - District 65
 Julie Dillon, CSBO, TrueNorth
 Andy Piper, TrueNorth Asst Supt for Human Resources
 Dr. Kurt A. Schneider, TrueNorth Superintendent

Original Finance Subcommittee Members

Dave Peterson, Consultant
 Mark Barry, Governing Board Member - District 65
 Bill Hayes, Governing Board Member - District 29
 Jennifer Pearson, Director of Special Education - District 225
 Kimberly Arakelian, Asst Supt Finance and Operations, District 27
 Jason Edelheit, CSBO - District 35
 Jay Kahn, CSBO - District 65
 Andy Piper, Asst Supt for Human Resources, TrueNorth
 Julie Dillon, CSBO, TrueNorth

Revision 2.0 Finance Committee Members and Related Participants

Mark Barry, Governing Board Member - District 65, TrueNorth Finance Committee Chair
Bruce Doughty, Governing Board Member, District 225
Melissa Copeland, Governing Board Member, District 27
Adelbert Spaan, Governing Board Member, Sunset Ridge SD 29
Cathy Lauria, Asst Superintendent Finance & Operations/CSBO - District 31
Jason Edelheit, CSBO - District 35
Jay Kahn, CSBO - District 65
Andy Piper, Asst Supt for Human Resources, TrueNorth
Dr. James Stelter, Chief Financial Officer, CSBO, TrueNorth

Revision 3.0 Finance Committee Members and Related Participants

Melissa Copeland, Governing Board Member, Northbrook District 27
Bruce Doughty, Governing Board Member, Glenbrook HS District 225
Adelbert Spaan, Governing Board Member, Sunset Ridge District 29 and TrueNorth Finance Committee Chair
Jay Kahn, CSBO, Lake Bluff District 65
Myron Spiwak, Director of Business Services, New Trier HS District 203
Alyssa Hughes, Chief Financial Officer, CSBO, TrueNorth

Revision 4.0 Finance Committee Members and Related Participants

Kelly Jakymiew, Governing Board President, Deerfield District 109, TrueNorth Finance Committee Chair
Bruce Doughty, Governing Board Member, Glenbrook HS District 225
Jim Baumstark, Governing Board Member, Glenview Elementary School District 34
Jay Kahn, Chief School Business Office, Lake Bluff District 65
Myron Spiwak, Director of Business Services, New Trier HS District 203
Dr. Kurt Schneider, Superintendent, TrueNorth
Alyssa Hughes, CFO/Chief School Business Official, TrueNorth
Andy Piper, Assistant Superintendent of Human Resources, TrueNorth
Anne Carreon, Executive Assistant to Superintendent, TrueNorth

Revision Highlights

FRED Revision 2.0

When the original FRED was created and adopted in FY21, the intention was that it would be reviewed annually and that changes would be brought forth for review and adoption.

The changes in Revision 2.0 included various cleanup items. The use of consistent language was reviewed and changes made where necessary. References to a certain fiscal year were removed to allow this document to be

relevant for more than one year. Substantial clarity was added in the areas of the annual true-up as well as guaranteed priority placement.

FRED Revision 3.0

The 2021-2022 school year was the first full year of implementation of the FRED model. Based on analysis and learning during the year, FRED 3.0 includes changes to the summer school billing date to allow for all summer school data to be collected prior to billing. Additionally, the Governing Board approved the establishment and schedule of an Operations & Maintenance Assessment effective in fiscal year 2024.

FRED Revision 4.0

Revision 4.0 included four main changes: (1) a statement prioritizing cooperative programs and services if possible, (2) processes and potential costs for changes in commitments after February 1, (3) adjustments to the Medicaid funds withheld by the cooperative, and (4) notice timeline for significant usage changes.

New Model Priorities

The Finance Committee developed values as a foundation for building a new financial model. The group agreed that the financial model must:

- Sustain the cooperative over time
- Be fair and equitable for all member districts
- Be future oriented and flexible
- Maintain guaranteed placement priority for member district students
- Be simple to understand and transparent
- Establish sound financial, fund balance and billing practices for members and non-members

Other key features include:

- TrueNorth encourages member districts to utilize programs and services offered by TrueNorth prior to other cooperatives or staffing agencies.
- Annual EBF funding of \$2.5 Million is credited back to members based upon usage.
- The use of average salaries and benefits in all tuition calculations
- The budget recovers 100% of planned costs via the revenue budget (member/non-member/other revenue sources).
- Members will be billed three times during the year, July 1, August 1 and March 1. See the billing cycle section for more details.
- Before the end of the year, a true-up of all costs will be completed. Required changes will be billed or credited to the member prior to year-end.
- Non-members will be billed monthly, with the first bill issued in August and payment made by September.

Key Funding Variables

The Finance Committee identified and discussed key variables to be addressed in the model.

Allocation of Individual with Disabilities Education Act (IDEA) dollars

IDEA funds are federal funding for the education of children with disabilities and are used only to pay the excess costs of providing FAPE (Free Appropriate Public Education) to children with disabilities, including costs for special education teachers and administrators; related services providers (speech therapists, psychologists, etc.); materials and supplies for use with children with disabilities. In the past IDEA funds were distributed directly to the cooperative but with the change in Illinois laws, IDEA funds are remitted directly to the member districts. Previous funding agreements stated that a percentage of IDEA funds would be remitted to TrueNorth. With the new funding model, member districts wished to retain all IDEA funds and utilize them to either pay TrueNorth or other related costs.

Membership fees

Member districts desire a clear understanding of what is included in the membership fee. In this finance model, membership covers the Superintendent and his office, Leadership Council costs, and 25% of district administration (See page 23). This fee is allocated based on a district's general education enrollment from the most recent Fall Enrollment Report.

Evidence Based Funding credits

Evidence Based Funding (EBF), previously known as Personnel Reimbursement, is an amount remitted to the district by the State of Illinois based upon staffing. The amount received by TrueNorth was frozen by the state in 2017. Prior finance models accounted for this funding by crediting the individual program and services therefore passing the credit back to all users. The new model allocates the credit to member districts proportionate to the dollar-value of their programs and services usage of the cooperative during the fiscal year and is trued-up at the end of the year. EBF was set at \$2.5 Million in 2017. Non-members do not receive EBF.

Program and services costs charged based upon actual costs incurred

All programs and services costs will be calculated based upon actual costs incurred with the exception of staff salaries and benefits which will be averaged to smooth out the variances in costs of experienced staff with newer staff.

Indirect costs, meaning those costs not directly associated with a specific program or service, are allocated based upon usage of programs and services. Includes costs that cannot be specifically linked to a program or service. This includes a percentage of Cabinet, Department of Operations, and related

overhead expenses, such as audit and legal fees. This cost is allocated to members and non-members based upon usage of program or service.

Average salaries to even out costs of programs and services

Certified salaries and educational professionals salaries will be averaged by type of employee group. Teacher salaries will be grouped and averaged. Educational professionals salaries will be grouped and averaged. Averages will be applied to FTE in each program or service to spread out the cost of experienced staff.

Access to professional learning

Professional learning for staff, parents, community and board members will become a stand-alone fee based on general education enrollment and defined by a representative group from membership districts. Non-members will be billed for access. In the past, professional learning was included with membership and offset by IDEA funds.

Track and charge facility costs separately

Expenses related to the operations at the Red Oak campus will be tracked separately and allocated to members based on general education enrollment in accordance with the articles of agreement. Prior finance models included the cost of the Red Oak campus with the program tuition.

Membership, Professional Learning, and Property, Plant and Equipment

From time to time, and as part of the annual budgeting process, recommendations for what items are charged to membership, professional learning, and property, plant and equipment and related technology will be reviewed and approved with the budget. Items can be added or removed from the list as part of the annual budgeting process. See Appendix 2 for more details on the current items charged to these categories.

Reconcile charges with actual usage by member district annually

Service and tuition invoices will be based largely on member commitments made in February of the preceding school year. Review and reconciliation of those member commitments with actual usage will be completed at the end of the related school year, also known as the true-up of member programs.

FTE Commitment Change after February 1

If a district wishes to reduce their commitment after February 1 in any of the positions listed below, TrueNorth administration will make every reasonable effort to reassign this FTE/cost to another requesting district. In the event that there are no other districts in need of the position, TrueNorth will bill the district who submitted the original request. These positions include:

- Adapted Physical Education
- Coaching
- Integrated Assistive Technology

- Itinerant Psychology
- Itinerant Speech-Language Therapist
- Nursing
- Occupational Therapy
- Physical Therapy

Non-member surcharge

TrueNorth includes an upcharge on all non-member invoices to cover fees that are related to operations of the district not included in tuition. This charge was reviewed and will continue with the new model. Furthermore, the Finance Committee will review and assess the adequacy of the surcharge annually at a minimum. For the FY 21/22 school year and beyond, the non-member surcharge was established at 25%.

Medicaid Fee for Service Processing

TrueNorth captures Medicaid funding for students served directly and returns the funding to the appropriate member district. 5% of funds received goes to EMBRACE for acting as the Medicaid Facilitator. TrueNorth central office staff support the training and implementation of the Medicaid reimbursement process. To offset the staffing expenses with implementing and increasing this reimbursement opportunity, TrueNorth will retain 5% of the dollars provided through Medicaid, which is billed by Embrace to provide the processing software. Additionally, TrueNorth will retain the hourly rate of the Business Department office support member who monitors the Medicaid program up to 300 hours annually.

Operations & Maintenance

TrueNorth owns four buildings on the Red Oak Campus. In order to planfully maintain buildings owned by the cooperative, an Operations & Maintenance assessment was approved by the Governing Board in March 2023. This schedule includes 11 years of planned assessments to member districts (Appendix D).

Expenditures covered by the operations and maintenance assessment will include capital improvements. If scheduled amounts are insufficient in any year to fund capital project expenditures, the Administration will work with the Governing Board through the budgeting process to assess or allocate the additional needed funds.

Significant Usage Changes

The 2023-2028 TrueNorth Strategic Plan includes an objective to establish procedures for planned significant usage changes that provide for ample financial planning time for the cooperative. To appropriately prepare for planned significant changes in TrueNorth usage, member districts will provide notice of any anticipated significant changes by February 1st that would then be effective in two fiscal years (17 month notice). The definition of planned

significant changes are as situations in which districts unilaterally determine to no longer use a service provided by TrueNorth regardless of student enrollment needs.

Examples of significant changes could include:

- Classroom or program reassignment/take back from TrueNorth support to district support
- No longer utilizing TrueNorth services for reasons other than changes in student need in any of the following positions:
 - Adapted Physical Education
 - Coaching
 - Integrated Assistive Technology
 - Itinerant Psychology
 - Itinerant Speech-Language Therapist
 - Nursing
 - Occupational Therapy
 - Physical Therapy
 - LEA/Contractual Teacher Assistant
- No longer utilizing TrueNorth programs for reasons other than student needs.

Annual Billing cycle

Members will be billed on the following basis:

- July 1: 100% of Membership, Property, Plant & Equipment, Professional Learning, with payment made by August.
- August 1: 75% of planned usage for the school year and aligned with the commitment process, with payment made by September.
- December 1: If significant changes in program and service usage occur, a member will receive a one-time interim bill, with payment by January.
- March 1: 25% billing of current usage based upon the mid-year Member Status Report, with payment made by April.
- March 1: 100% of Operations and Maintenance Assessment, with payment made by April.
- May-June 15: True-Up

Large capital projects may be pulled out of Property, Plant & Equipment and treated separately.

An exception can be made if a member tax levy payment is delayed or for other circumstances as agreed with the Business Office and/or Superintendent.

Leadership Council Policies

The Financial Model Reference Document is meant to work in tandem with the adopted policies of the TrueNorth Leadership Council. From time to time, the

review and update of the financial model will also require a review of related policies.

For reference, the key Leadership Council Operational Services Policies (Section 4) are listed below for reference:

- 4:10 Fiscal and Business Management
- 4:30 Revenue and Investments
- 4:42 Fund Balance
- 4:45 Insufficient Fund Checks and Debt Recovery
- 4:50 Payment Procedures
- 4:55 Use of Credit and Procurement Cards
- 4:80 Accounting and Audits
- 4:90 Student Activity and Fiduciary Funds

Guaranteed Priority Placement (GPP)

A key benefit of membership is the ability to place students from member districts as needs develop. Below are the mutual understandings with guaranteed priority placements.

1. It is not developed or driven as part of the commitment process.
2. It is available only to members.
3. It is budgeted annually for the cooperative but not for individual members as part of the overall commitment process.
4. It is included in the calculation of overall program tuition costs.
5. Underutilized GPP capacity will be part of the true-up process and may cause higher tuition costs.
6. For it to be reasonable, at a minimum, it is based upon prior year attendance in this category.
7. It is only created for tuition programs and not for related and itinerant services
8. Members will be informed on a regular basis about openings.
9. Before the placement of a non-member student, members will be informed of the placement and the remaining open ADE.

These key funding variables were then reconciled with current practices. The chart below provides a summary of the reconciliation and the rationale for the changes.

Reconciliation of Historic to Recommended Practices and Rationale

Recommendations and rationales will be reviewed annually by the finance committee.

Key Funding Variables	Practice Through 2020	Original Recommendation for FRED 1.0 2021	Recommendation and Rationale FRED 2.0	Recommendation and Rationale to FRED 3.0	Recommendation and Rationale to FRED 4.0
Membership Fees	Membership fees have been in place since TrueNorth was established and are allocated on general education enrollment, based upon the most recent Fall Enrollment Report.	Membership fee will continue to be assessed based on general education enrollment. It will include: 100% of the Superintendent's office, all Leadership Council expenses, and 25% of TrueNorth administrators which includes: HR, Technology, Business Office personnel, Directors of Instruction, Program Principals, Asst. Sup of Innovation and Learning, Dir of SEL,	Member districts value collective pooling of resources to maintain the cooperative. Fees ensure maintenance of infrastructure and more equitably distributes administrative costs. 25% of Admin time reflects the time that TrueNorth staff support districts and shares the costs equitably.		

<p>IDEA Allocation</p>	<p>TrueNorth retains 15% or 25% of each district's IDEA allocation based on general education enrollment and uses these monies to offset professional development and operating costs</p>	<p>All IDEA grant funds will go directly to member districts.</p>	<p>Allows for the district to have local control of their IDEA dollars and determine how those dollars are spent within the context of the school code.</p> <p>Improves transparency of actual costs and provides local control of spending.</p>		
<p>Property Plant and Equipment</p>	<p>Costs are allocated to individual program tuitions or service costs utilizing that facility or they are included in membership fees.</p>	<p>Costs to maintain and operate the buildings on the Red Oak Campus will be tracked and billed based on member district general education enrollment.</p>	<p>Member districts own the property. If the cooperative ceased operations, per the Articles of Agreement, member districts benefit from the sale of the property based upon general education enrollment.</p> <p>Therefore, care and upkeep of the property will be paid for in accordance with the Articles of Agreement.</p> <p>Large capital projects may be pulled out of Property, Plant & Equipment and treated separately.</p>		

<p>Indirect Costs</p>	<p>Indirect costs were covered partially by membership and partially through allocations to programs and services.</p>	<p>Includes costs that cannot be specifically linked to a program or service. This includes payroll for 75% of district office staff and related overhead expenses, such as audit and legal fees. This cost is allocated to members and non-members based upon usage of program or service.</p>	<p>All users of TrueNorth services benefit from these expenses.</p> <p>In an effort to be equitable, the indirect costs are shared based upon usage of programs or services by members and non-members.</p> <p>Indirect costs charged to non-members reduce overall members costs.</p>		
<p>Average vs. Actual Salaries</p>	<p>Cost for tuition and services are based on the <i>actual</i> salaries of the FTE allocated to each program or service.</p>	<p>The salaries and benefits used to calculate costs for program tuitions and services will now be averaged across all programs and services. Teacher salaries will be averaged across all TrueNorth teachers and services staff salaries will be averaged with services staff.</p> <p>The averaged salaries and benefits are applied to the respective FTE in each program or service.</p>	<p>Averaging salaries and benefits will minimize significant cost differences among programs and services that existed in the old model due to the impact of experienced or retirement track staff salaries.</p>		

		<p>Administrator and support staff salaries and benefits are excluded; their actual salaries are incorporated in the respective functions.</p> <p>For example, for Related and Itinerant Services, the salaries and benefits for all of the staff will be used in developing the average cost.</p>			
Professional Learning-Membership	<p>Professional Learning included in membership. IDEA funds were used to offset professional costs.</p>	<p>Professional learning for staff, parents, community and board members will become a stand-alone fee based on general education enrollment and defined by a representative group from membership districts. Non-members will be billed for access.</p> <p>Coaching, customized training, special speaking presentations, and materials will be provided at an additional cost.</p>	<p>Professional learning is a highly-valued benefit to member districts. This provides for a sustainable supporting infrastructure and allows TrueNorth to be more responsive to needs of the member districts.</p>		

Medicaid	TrueNorth captures Medicaid monies for students served directly and re-allocates to the district. 5% goes to EMBRACE the Medicaid Facilitator.	Status Quo	Districts feel this arrangement is equitable and therefore, the status quo will continue.		The cooperative strives to collect Medicaid reimbursement dollars to the greatest extent possible. As a result, additional TrueNorth staff time is allocated in this effort. Increasing the percentage retained by TrueNorth is meant to offset personnel related expenses to capture this additional revenue that is ultimately returned to member districts.
Non-Member Surcharge	Has fluctuated over the years. Currently at 17.2%	Surcharges will be 25% based on ISBE tuition calculation. The surcharge will be reviewed annually by the Finance Committee	Ensures member districts are not subsidizing nonmember participation. Surcharge should be competitive to ensure non-member districts will continue to utilize when additional enrollment is needed to sustain programming. This factor will be reviewed annually by the Finance Committee.		

<p>Billing Cycle Practices*</p>	<p>Great variation over the last 10 years.</p>	<p>Member districts will commit to programs and services in February for the following school year.</p> <p>Members will be billed three times during the year, July 1, August 1 and March 1. See the billing cycle section for more details.</p> <p>The 25% bill will be sent in March with payment expected by April.</p> <p>Non-members will be billed monthly, with the first bill issued in August and payment made by September.</p>	<p>Districts committing to services up front allows for better planning, staff recruitment and professional learning. Billing in July creates needed cash flow and fund balance.</p> <p>Reconciliation at the end of year ensures fairness based on actual usage (true-up).</p> <p>Non-member monthly billing contributes to cash flow and fund balance.</p>	<p>The previous billing cycle called for summer school bills to be sent by August 15th. In practice, students are still receiving services during this time. To allow for the business office to collect all summer school related information and to issue complete bills for summer usage, the summer school billing will be moved to September 30.</p>	
<p>Evidence Based Funding (EBF)</p>	<p>TrueNorth's Evidence Based Funding (EBF) was frozen in 2017 and is allocated to each program or service based on prior year's staffing.</p>	<p>TrueNorth will credit membership districts with their respective share of the Evidence Based Funding in accordance with current year programs and services usage at TrueNorth.</p> <p>Non-members will not benefit from this credit.</p>	<p>Although the EBF credit from the State is frozen as of 2017, the Finance Committee agreed that Member districts benefit as the programs and services usage of TrueNorth shifts annually driving changing staffing patterns.</p> <p>Therefore, Evidence Based Funding credits will reflect those changes.</p>		

			Credit will no longer benefit non-members.		
Operations and Maintenance Assessment	<p>Large capital improvement projects were allocated to member districts in a timeframe immediately prior to needing the funds. Collection of funds over a period of time prior to large capital improvement projects did not occur.</p>			<p>As stated in FRED, large capital projects may be pulled out of Property, Plant & Equipment and treated separately.</p> <p>To separately allocate and record funding and expenses related to operations and maintenance of cooperative owned buildings, an operations and maintenance assessment was created through reviewing inspection reports of buildings, creating a schedule of anticipated work and the cost associated with that work.</p>	

*Note that because this model is based upon usage which drives costs, the prices of programs and services will fluctuate every year.

Member Annual Planning and Billing Cycle - FY22 and Beyond

This chart defines the annual cycle from the first profile meeting through reconciliation of billing; this cycle allows districts to know what to expect at any time.

See Appendix A for the current billing Schedule

Date	What Happens
October	<p>Profile Meeting Each district meets with TrueNorth to review opportunities and initiatives and align TrueNorth membership services with district needs.</p>
December	<p>Member Status Report Each district receives a status report summarizing program and services usage through mid-year.</p> <p>Certain programs and services will be excluded such as supportive attendance, field trips, lunches, etc. that will be captured as part of the final year-end billing (true-up).</p> <p>Provides key input into the commitment meetings in January.</p> <p>The Member Status Report report will be used as the basis for the 25% billing for programs and services as of March 1st, including changes to date, up or down, or corrections as necessary.</p> <p>If significant changes in program and service usage occur, a member will receive a one-time interim bill</p>
January	<p>Commitment Meetings Each district meets with TrueNorth to identify specific needs for the next school year. TrueNorth sends a preliminary summary of the needs to each district with the understanding this is a commitment to purchase services for the next school year.</p>
February	<p>February Firm Commitment Commitment confirmed with TrueNorth for next school year programs and services. TrueNorth begins to create a budget for the next school year and related programs and services costs to member districts.</p>
January - May	<p>TrueNorth Budget Preparation Staff prepares the budget based upon February commitment usage data provided by member districts.</p>

<p>May-June</p>	<p>Commitment Document TrueNorth sends the Member District Pricing Worksheet to Districts to confirm commitment to purchase next school year programs and services made on February 1.</p> <p>At minimum districts must adhere to February 1 commitment and identify any additional needs.</p>
<p>July 1</p>	<p>July Billing Membership costs billed at 100%.</p> <p>Billing of 100% of Membership, Property, Plant & Equipment, Professional Learning and Technology, with payment made by August</p>
<p>August 1</p>	<p>August Billing Billing of 75% of planned member usage for the school year, less the proportionate EBF credit, and aligned with the commitment process, with payment made by September</p> <p>As members place new children in programs and services, a new bill is issued based upon the Member Status Report completed mid-year if the change is significant in December.</p> <p>As members reduce children in programs and services, bill credits are issued but a refund is not issued until the end of the fiscal year. Therefore, usage will be adjusted throughout the year.</p>
<p>September 30</p>	<p>Extended School Year (ESY) costs billed.</p>
<p>March</p>	<p>March Billing Programs and Services remaining 25% billed with payment by April.</p> <p>Billing of 25% billing of current usage based upon the mid-year Member Status Report, with payment made by April</p>
<p>May to June 15</p>	<p>True-Up (May-June 15) Final bill adjusted for actual program usage (true-up).</p> <p>True-up is only completed once per fiscal year and by end of year.</p> <p>At least 10 months of actual costs and 1 month of forecasted costs are used for the True-Up rate calculation.</p> <p>There will be member check-ins in late May based upon actual usage results.</p> <p>Forecasted program rates are presented for review at the June Finance Committee.</p> <p>By mid June, release a revised pricing sheet to stakeholders that supports the True-Up process.</p>

Maintenance of Effort Considerations (MOE)	Many members have a modified-accrual financial structure. But, some are still modified-cash basis. TrueNorth will complete the final bill (true-up) between May and June to allow members to process the payment due or credit back as they see fit.
Summer School Billing - September	Any summer services required or requested will be billed by September 30. This applies to both members and non-members. Summer School billing will not be included in the true-up process for members since it is billed separately in September.

Important Contacts:

Help needed with?	Contact Person & Title	Phone Number & Email
Coaching, Professional Learning	Lindsay Kiraly <i>Director of Professional Learning & Coaching</i>	(847) 831-5100 ext. 2415 lkiraky@truenorth804.org
OT/PT, AT, APE, Nursing, Integrated Technology	Carol Michels <i>Director of District Services</i>	(847) 831-5100 ext. 2254 cmichels@truenorth804.org
TrueNorth Schools and Programs	Lynn Clarke <i>Executive Director</i>	(847) 831-5100 ext. 2128 lclarke@truenorth804.org
North Shore Academy	Lynn Clarke <i>Principal</i>	(847) 831-5100 ext. 2128 lclarke@truenorth804.org
North Shore Academy - Elementary	Jennifer Cooper-Wells <i>Principal</i>	(847) 831-5100 ext. 3150 jwells@truenorth804.org
Arbor Academy	Lynn Clarke <i>Principal</i>	(847) 831-5100 ext. 2128 lclarke@truenorth804.org
Employment Opportunities, LEA Contracts through TrueNorth	Andy Piper <i>Assistant Superintendent of Human Resources</i>	(847) 831-5100 ext. 2234 apiper@truenorth804.org
Transportation	Leslie Reynolds <i>Transportation Specialist</i>	(847) 831-5100 ext. 1213 lreynolds@truenorth804.org
Billing, Invoices, Accounts Payable/Receivable	Alyssa Hughes <i>Chief Financial Officer</i>	(847) 831-5100 ext. 2288 ahughes@truenorth804.org
Board Governance, General Information	Anne Carreon <i>Executive Assistant to the Superintendent</i>	(847) 831-5100 ext. 2279 acarreon@truenorth804.org

TrueNorth Cabinet

Kurt A. Schneider, Ph.D.
Superintendent
(847) 831-5100 ext. 2279
kschneider@truenorth804.org

Alyssa Hughes
Chief Financial Officer/CSBO
(847) 831-5100 ext. 2288
ahughes@truenorth804.org

Kristen Ninni, Ph.D.
Assistant Superintendent of Instructional Design and Innovation
(847) 831-5100 ext. 2341
kninni@truenorth804.org

Andy Piper
Assistant Superintendent of Human Resources
(847) 831-5100 ext. 2234
apiper@truenorth804.org

Conclusion

This Finance Model provides a fluid process/procedure to track TrueNorth costs and equitably distribute the costs to the member districts. It is a plan the TrueNorth Finance Committee will review annually and modify to meet the needs of the membership and cooperative. This document serves as evidence that TrueNorth continues to evolve to meet the changing needs of the students and districts it serves, while striving for the highest quality educational services in a fiscally responsible manner.

Furthermore, the model addresses the 2018-2021 strategic plan goal in the area of Fiscal Responsibility and Resource Allocation. We look forward to a simplified, transparent, and equitable process to facilitate the distribution of cooperative expenses to our member and non-member customers, while we continue to benefit from all of the important programs and services the cooperative provides.

Appendix A

Annual Billing Schedule

Date	Invoice Includes
July 1	100% Membership, Technology, Plant, Property & Equipment, and Professional Learning costs
August 1	Billing of 75% of planned usage for the school year and aligned with the commitment process, with payment made by September, less EBF credit at 75%
September 30	Member and Non-Member Summer Tuition
August	Non-member monthly billing commences
December	If significant changes in program and service usage occur, a member will receive a one-time interim bill
March 1	<p>Programs and Services remaining 25% billed with payment by April</p> <p>Billing of 25% billing of current usage based upon the mid-year Member Status Report, with payment made by April</p> <p>Operations & Maintenance Assessment billed to member districts</p>
May-June 15	<p>True - Up / Adjustments</p> <p>Remaining member EBF applied to final bill</p>

Billing will be based on member commitments made by February 1st. The actual usage will be reconciled with amounts billed at the end of the fiscal year.

Appendix B

District Pricing Worksheet

What your District can expect to see at the annual Commitment Meeting for your input.

Invoices will be simplified with consistent language and format utilizing that same form from Commitment Meetings through billing and reconciliation. See below for definition of each item on the example pricing worksheet.

Member District Pricing Worksheet						
	GEN ED ENROLLMENT					Projected
District #	27					Total Cost
Membership Assessment			\$ -			\$ -
Professional Learning			\$ -			\$ -
Property Plant and Equipment			\$ -			\$ -
					Subtotal	\$ -
Services	FTE (except Vision)	Unit Cost	Extended cost	Indirect Cost		
Assistive Tech		\$ -	\$ -	\$ -		\$ -
OT/PT		\$ -	\$ -	\$ -		\$ -
APE		\$ -	\$ -	\$ -		\$ -
Vision (Hours per year)		\$ -	\$ -	\$ -		\$ -
Professional Learning and Coaching		\$ -	\$ -	\$ -		\$ -
Speech Language Pathology		\$ -	\$ -	\$ -		\$ -
Transportation		\$ -	\$ -	\$ -		\$ -
1:1 Aids		\$ -	\$ -	\$ -		\$ -
LEA Contractual		\$ -	\$ -	\$ -		\$ -
Nursing		\$ -	\$ -	\$ -		\$ -
					Subtotal	\$ -
Programs	ADE					
NSA		\$ -	\$ -	\$ -		\$ -
NSAE		\$ -	\$ -	\$ -		\$ -
EC		\$ -	\$ -	\$ -		\$ -
Arbor/SAIL		\$ -	\$ -	\$ -		\$ -
Transition		\$ -	\$ -	\$ -		\$ -
ELS		\$ -	\$ -	\$ -		\$ -
					Subtotal	\$ -
				Total Costs		\$ -
				Less: EBF Credit		\$ -
				Less: Non-member Surcharge Credit		\$ -
				Net Amount Due		\$ -
ESY Expected Enrollment						

District Pricing Worksheet-Definitions

Following are definitions of each component on the District Pricing Worksheet and how it is applied. Please note, tuition rates at TrueNorth will change with the end of year true-up process.

Membership Assessment:

Membership consists of 100% of the costs of the Superintendent's office including the executive assistant, travel related expenses, periodicals, memberships, professional associations and related dues, public relations, strategic planning, and professional learning expenses. Membership costs include Leadership Council related expenses. Also included in membership is 25% of the salaries for:

- Assistant Superintendent of Instructional Design and Innovation
- Assistant Superintendent of Human Resources
- Chief Financial Officer/Chief School Business Official
- Executive Director
- Director of Instruction and Communications
- Director of District Services
- Principal of NSAE
- Principal of NSA

The rationale for including 25% of the administrative salaries was to be fair and equitable, all districts should cover these costs. TrueNorth research revealed that under the previous financial model, districts with greater program enrollment subsidized the cost of administrators who assisted districts with lower program enrollment.

Membership is assessed based on general education enrollment of each district as of the most recent Fall Enrollment Report.

Professional Learning

Due to the high value placed on professional learning by member districts, it was agreed members would have access to all professional learning created and offered by TrueNorth. In this case, professional learning includes all staff, students, board members, and parents of each member district. Continued support for professional learning helps sustain the cooperative while fostering a future oriented view of education for members of the cooperative.

Costs associated in Professional Learning include salaries for the Director of Professional Learning, staff members, and their related expenses.

The courses available will be determined by a professional learning committee composed of representatives from member districts and offered via the

TrueNorth catalog of course offerings on the professional learning registration system.

To properly budget for these costs, each member district will be asked for their projected usage of this service on February 1st prior to the start of each fiscal year.

Professional Learning costs will be allocated to each member district based on the general education enrollment of each member district. Due to the nature of coaching, customized training, special speaking presentations, and materials, these services and materials will be provided at an extra cost.

Non-member districts will have access to professional learning when spaces are available and will be charged for their participation at non-member rates.

Property Plant and Equipment Charges

Costs to maintain and operate the Red Oak Campus will be billed as a separate component of membership. These costs include custodial staff salaries, property insurance, buildings and related equipment repair and maintenance, utilities, and general building and grounds expenses.

These costs will be allocated to members based on general education enrollment in accordance with the Articles of Agreement. The rationale for this separate charge is member districts own the property and, should the cooperative cease to exist, would benefit from the sale of the property in relation to their general education enrollment; therefore, costs to maintain the property should be similarly assessed.

Furthermore, TrueNorth will prepare a five-year facility plan for annual review by the Finance Committee to review and determine timing and method of payment for larger maintenance and repair projects.

Operations and Maintenance Assessment

The Governing Board will include in its approved annual budget for the Cooperative an Operations & Maintenance Assessment (“OM Assessment”) commencing with the budget for the 2023-2024 fiscal year. The OM Assessment shall be in addition to the Property, Plant, and Equipment Assessment and will fund capital project expenditures not provided for under the Property, Plant, and Equipment Assessment. The OM Assessment may be expended for current capital project expenditures in a given fiscal year or allocated as reserves for future capital project expenditures. Reserves generated through the OM Assessment shall be held as assets of the Cooperative.

The schedule for the initial 11 years of the OM Assessment is listed in Appendix D. If scheduled amounts are insufficient in any year to fund capital

project expenditures, the Administration will work with the Governing Board through the budgeting process to assess or allocate the additional needed funds. The amount shown represents the total assessment that would be spread amongst all 18 member districts. Each member district would be assessed based on their proportionate share of total general education enrollment, in the same manner as the Property, Plant, and Equipment Assessment set forth within the Financial Model Reference Document.

Direct Costs

Looking at the Member Pricing Worksheet, there are four columns to calculate pricing: FTE/ADE (which are projected by the member districts), Direct Cost, Indirect Cost, and Total Cost (the sum of Direct and Indirect cost). To maintain clarity and transparency, each of these columns will be defined prior to delving into the actual services and programs.

The column labeled Direct Costs represents the true, actual costs to run each program or service, respectively. These types of costs include staff wages and benefits and services and supplies required to operate the program or service.

Direct costs are allocated based upon the variable; either FTE or ADE. A simple example is the total cost to operate NSA is charged to each member based upon their usage or ADE. The direct cost to operate NSA is divided by the number of students in the program to obtain cost per student. The resulting cost per student is then used to multiply by the number of students or ARE estimated on the Member Pricing Worksheet to obtain the Direct Cost for that program.

Indirect Costs

The column labeled Indirect Costs reflects overhead costs or costs that cannot be directly correlated with a specific program or service. Costs that are included in this category include District Office staff wages, technology-related expenses, software licenses, legal services, audit fees, and miscellaneous other costs. In the past, these costs were covered as part of membership and allocated to programs and services. In the new financial model, Indirect Costs are budgeted and allocated based on usage of the cooperative; the more a district uses, the more indirect costs are paid by that district. This method will also apply to non-members.

Evidence Based Funding (EBF) Credit:

This is formerly known as Personnel Reimbursement and was calculated based upon the type and number of personnel used in each program or service. In 2017, the State of Illinois designed a new method to distribute the Personnel Reimbursement funds. It is still based on personnel but now includes other factors. Additionally, unlike other districts, the amount distributed to TrueNorth and other cooperatives was frozen in 2017. TrueNorth has received the same amount of Evidence Based Funding each year since 2017. Using the

former financial model, Evidence Based Funding credit was allocated to each program or service based on FTE and passed on via a reduction in tuition to ALL users. The new model takes a different approach which benefits members only. The Evidence Based Funding credit will be allocated to each member district based on their programs and services usage each year. This credit can be found at the bottom of the Membership Pricing Worksheet.

Non-member Surcharge

TrueNorth charges non-members an additional “upcharge” for the opportunity to use our services. This upcharge is applied to all services and programs utilized, and is intended to cover the costs associated with operating the cooperative. To determine the surcharge, the Finance sub-committee utilized the ISBE pricing sheet to determine what costs should be included to calculate the total cost of operations. Costs included were cost of operations as well as book related costs, like depreciation. Results of the calculation allowed TrueNorth to charge as much as 30% for an upcharge. After much debate, the Finance Subcommittee determined in order to be competitive, the surcharge should be no more than 25% with the opportunity to review and adjust annually.

Appendix C

How Costs Are Allocated

	Programs	Services	Indirect-A	Membership	Professional Learning	Property, Plant and Equipment
Salaries and Benefits						
Certified Salaries	Averaged	Averaged	-	-	Averaged	-
Educational Professionals	Averaged	Averaged	-	-	-	-
Superintendent	-	-	-	100%	-	-
Assistant Superintendent of Instructional Design and Innovation*	-	-	75%	25%	-	-
Assistant Superintendent of Human Resources*	-	-	75%	25%	-	-
Assistant Superintendent of Technology, Communications, and Data Services*	-	-	75%	25%	-	-
Chief Financial Officer/Chief School Business Official *	-	-	75%	25%	-	-
* District Administration Support Staff	-	-	90%	10%	-	-
Director of Professional Learning and Coaching	-	-	-	25%	75%	-
Directors of Instruction	75%	-	-	25%	-	-
Principal of NSAE	75%	-	NA	25%	-	-
Principal of NSA / Director of Social Emotional Learning	75%	-	NA	25%	-	-
Director of District Services	-	75%	NA	25%	-	-
Program Support Staff	X	X	-	X	x	x
Purchased Services	X	X	X	X	x	x
Supplies	X	X	X	X	x	x
Capital Expense	-	-	-	-	-	x
Capital Expense-Technology	-	-	-	-	-	x
Other	X	X	X	X	x	x
Non Capital	X	X	X	X	x	x
Indirect-A	Shared	Shared	NA	-	-	-

Tuition Rate
Rate
Indirect %
Based on Gen Ed Enrollment
Based on Gen Ed Enrollment
Based on Gen Ed Enrollment

Notes:

1. Indirect cost rate is calculated annually for budget.
2. District Administration Support Staff includes, Administrative Support, Human Resource, Technology and Business office
3. Program Support Staff included, Administrative Support, Custodial that is 100% assigned to program

Appendix D

Operations and Maintenance Assessment

The schedule for the initial 11 years of the OM Assessment is listed below. If scheduled amounts are insufficient in any year to fund capital project expenditures, the Administration will work with the Governing Board through the budgeting process to assess or allocate the additional needed funds. The amount shown represents the total assessment that would be spread amongst all 18 member districts. Each member district would be assessed based on their proportionate share of total general education enrollment, in the same manner as the Property, Plant, and Equipment Assessment set forth within the Financial Model Reference Document.

Fiscal Year	Total Assessment
2023-24	\$525,000
2024-25	\$800,000
2025-26	\$800,000
2026-27	\$800,000
2027-28	\$800,000
2028-29	\$800,000
2029-30	\$531,000
2030-31	\$531,000
2031-32	\$531,000
2032-33	\$531,000
2033-34	\$300,000