



Northbrook School District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

Northbrook School District 27

Northbrook, Illinois

Northbrook School District 27

1250 Sanders Road • Northbrook, Illinois 60062 • (847) 498-2610 • www.nb27.org

Northbrook School District 27
Northbrook, Illinois

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

Official Issuing Report

Dr. Kimberly Arakelian

Assistant Superintendent for
Finance and Operations

Department Issuing Report

Finance and Operations

Northbrook School District 27
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended June 30, 2019

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INTRODUCTORY SECTION



NORTHBROOK SCHOOL DISTRICT 27

Assistant Superintendent for Finance & Operations
Dr. Kimberly S. Arakelian, CSBO

BOARD OF EDUCATION
Mrs. Helen Melnick, President
Mr. Alex Frum, Vice President
Mr. Frank Andreou
Mrs. Melissa Copeland
Mr. Ed Feld
Mrs. Laurie Garber-Amram
Mr. Brian Paich

October 22, 2019

Members of the Board of Education
Citizens of Northbrook School District 27
1250 Sanders Road
Northbrook, Illinois 60062

Dear Members of the Board of Education and Citizens of Northbrook School District 27:

The Comprehensive Annual Financial Report (CAFR) for Northbrook School District 27, for the fiscal year ended June 30, 2019, is submitted herewith.

Each school district is required, as of June 30 of each fiscal year, to have an independent audit completed per Illinois School Code 105 ILCS 5/3-7. This CAFR is published to fulfill that requirement for fiscal year ended June 30, 2019.

The CAFR is a report that tells the financial story of the District through narrative, financial statements, and statistics. The CAFR includes summary and detailed information for the school year being reported, but also includes statistical information for the previous ten years. This CAFR will provide the District 27 stakeholders with a comprehensive presentation of the District's financial position and operating activities. The District 27 management assumes full responsibility for the completeness and reliability of the information contained in the CAFR. The information provided in the CAFR is based on an established comprehensive internal control framework. The objective of the internal control framework is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Miller, Cooper & Co., Ltd. completed the audit for Northbrook School District 27 for the year ended June 30, 2019. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. District 27 management assumes full responsibility for the information provided in the MD&A.

Northbrook School District 27, located 20 miles northwest of Chicago, is a small North Shore suburban school district of approximately five square miles, in a middle to upper-middle class socio-economic community, with average ethnic diversity. The District is one of four elementary school districts in the Village of Northbrook, serving the northwest segment.

ORGANIZATION PROFILE

Northbrook School District 27 is a public K-8 district, serving a student population of 1,260, for school year 2018-19. The District anticipates stable enrollment over the next five years, projecting overall enrollment range to be between 1,300 and 1,341. The District is configured into three school buildings. Hickory Point School serves grades K-2, Shabonee School serves grades 3-5, and Wood Oaks Junior High School serves grades 6-8. District 27 is a feeder district to Glenbrook High School District 225. There are no charter schools in the District or surrounding community. The District currently holds a 72% reserve level and is in a financially solvent position. The policy and goal of the Board of Education is to target a 65% cumulative fund balance reserve level in order to mitigate any current or future financial risk while maintaining excellence in programs and services provided to the students and families. The District currently has no long-term debt, and in 2011 completed a 13-year cycle of building renovations, additions and site improvements in order to have state of the art facilities. For the next 20 years, the District will concentrate on maintaining its capital investment into the buildings by continuing to implement the strong facilities preventative maintenance program currently in place.

Northbrook School District 27 has a history of high academic performance and has been recognized for its excellence. District 27 offers comprehensive regular and support programs for students, as well as many opportunities for students to be involved in extracurricular activities.

Northbrook School District 27's mission is *to educate students to succeed in a changing world*. The core values for all students, staff, and our community partners, are to:

- Pursue learning that develops individual growth, potential, and leadership to the fullest of our capacity;
- Commit to performance excellence as a learning community;
- Use performance results to honor accomplishments, determine needs, and improve learning experiences and achievements;
- Share the responsibility to learn and work in a collaborative environment;
- Adhere to the highest standards of ethical behavior (both personal and organizational); and
- Treat others with respect and value differences.

Stakeholders have identified five key requirements of District 27, which have become the District's key success factors, as follows: 1) Outstanding Student Performance; 2) Coherent and Rigorous Programs and Services; 3) Highly Qualified Staff; 4) Safe, Caring, and Supportive Learning Environment; and 5) Healthy Financial Position.

The governing body consists of a seven-member Board of Education, each member elected for a four-year term, with the election conducted every other year on the odd year. The chief functions of the Board of Education are to set policy, ensure fiscal responsibility, hire and evaluate the Superintendent, and protect stakeholder interests. The District is not a component unit or a part of a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

The Board of Education operates three key working committees: Support Services, Policy, and Technology. It also has key liaison chairpersons to oversee Finance, Facilities, and Curriculum, with the senior leaders. The Board receives initiative updates and gives input into the District's Strategic Planning Process. The Board of Education meets twice each month. Typically, one meeting is a Board Working Session focusing on strategic initiatives and goal accomplishment, and the second meeting is a formal business meeting.

An organizational chart and schedule of officers and officials follows this transmittal letter.

LOCAL ECONOMY

Northbrook School District 27 is located within Northfield Township in Cook County, Illinois. Northfield Township is comprised of the Villages of Northbrook and Glenview and unincorporated parts of Cook County. In addition to its residential real estate, the Township houses numerous national and international businesses, such as Allstate Insurance Company, Walgreen Company, Underwriters Laboratories, ABT Electronics, Crate and Barrel, and Kraft Foods, Inc.

In reviewing an 18-year history of the equalized assessed valuation (EAV) of property within the attendance boundaries of District 27, we have seen large scale increases going from \$524 million in 2000 to \$1.1 billion in 2009. The property values in District 27 have provided a strong stable tax base. For four consecutive years the District saw a decline in the equalized assessed valuation, going from \$1.1 billion in 2009 to \$716 million in 2013. These decreases were directly related to the depressed housing market and decline in property values. The District has had slight increases in EAV from 2014 to 2017, going from \$722 million to \$872 million. The District will hopefully maintain stability in total property values or EAV going forward. The District has remained committed to pursuing additional cost containment measures in an effort to maintain a balanced budget and a healthy financial position.

In addition, as a Cook County School District, the District is bound by the Property Tax Extension Limitation Law (PTELL). This legislation limits the District's ability to generate property tax revenues.

For additional information regarding the District's financial position, please read the Management's Discussion and Analysis included in the CAFR.

LONG-TERM FINANCIAL PLANNING

One of the District's key success factors is to maintain a healthy financial position. In terms of strategic planning, the objective is to ensure the financial solvency of the District by proactively managing in an environment of changing funding patterns. The related goals to this key success factor are to maintain a responsible approach to fiscal operations and advocate for federal, state, and local revenue to support District funding. Planning forward, the District will closely monitor the current economic landscape for any potential changes in legislation that would impact school funding; i.e. the financial stability of the State of Illinois, cost shift to employers for pension obligations, school funding reform and, at the federal level, the further implementation of the Patient Protection & Affordable Care Act.

The District aggressively implements cost containment measures in the areas of telecommunications, energy, insurance, transportation, inventory control, and staffing pattern alignment. With these cost containment measures, the District has been able to reduce its operating expenditures in order to maintain a strong financial position for the future and reflect a more cost-effective operation.

The District is committed to long-term strategic planning for all operations, long-term financial planning, and long-term cost containment efforts. We have taken this approach in managing the District's financial operations in order to be both fiscally responsible and reasonable.

The District ensures that adequate budgetary and financial resources are available to support the organization by appropriate financial planning. In accordance with the budget process, to ensure that the budget is balanced, the District conducts regular updates of its long-range projections in order to project all aspects of the budget in terms of staffing and support services.

The financial projection model is updated continually to forecast revenues and expenditures and plan for any new initiatives which may require additional funding. The projections allow for assessment of any current or future risk in terms of revenue generation and its impact on expenditures for meeting a projected annual balanced budget, as well as maintaining financial solvency.

For the past 19 years, the Board of Education has maintained a level of reserve between 49%-79%. Due to strategic financial planning, the Board has budgeted for operating expenses, mandated health life safety improvements, and building renovations, while maintaining at least a 5-6-month cash reserve.

The District currently has no long-term debt.

The District's financial statements are reviewed and approved by the Board on a monthly basis. Twice a year, the Board of Education reviews the District's long-range financial projections in order to ensure the fiscal solvency of the District. This review is conducted to maintain a stable financial position so that the District can continue providing excellence in programming for our students. Throughout the year, the Board of Education also reviews key legislative issues and other pending events that may have a financial impact upon the District.

RELEVANT FINANCIAL POLICIES/PROCEDURES

The District's financial calendar includes three key components: the annual budget process, the annual tax levy process, and the independent audit completion, along with subsequent financial publications.

The Board of Education currently has budget and fiscal management policies in place that require the District to maintain a reasonable fund balance reserve sufficient to mitigate current and future financial risks. The policy requires the District to target a 65% cumulative fund balance reserve, defined as fiscal year end cumulative fund balance divided by next year's Board approved projected operating expense budget, in order to ensure the District can meet its cash flow requirements. The budget policies also outline parameters for the identification and distribution of resources to support all programs and services, the upkeep of school facilities, compliance with all applicable regulatory agencies, and the continuous monitoring of compliance measures and internal controls. The District has a detailed budget calendar and process time line. The District legally adopts a budget for all funds. The budget planning process begins in December with the updating of the budget calendar. The proposed tentative budget is available for public inspection and comment at least 30 days before the budget hearing. Prior to the end of the first quarter, after final budget adoption by the Board of Education, the budget is filed with the Cook County Clerk's office and filed electronically with the Illinois State Board of Education (ISBE). The adopted budget is also posted on the District's website.

The Board of Education reviews and approves a tentative tax levy during the month of November. During the month of December, the public hearing for the tax levy is held, and it is formally adopted, by the Board, with a vote.

The independent audit is conducted during the months of June through August. The District also publishes an Annual Statement of Affairs regarding its financial position by December 1 of each year.

The Township Treasurer serves as the Chief Investment Officer. The Township Treasurer invests funds not required for current operations, in accordance with Board policy and state law. The Board of Education has established an investment policy to ensure safety of principal, liquidity of principal, return on investments, and maintenance of the public's trust. See the Notes to the Financial Statements for additional information on cash and investments.

MAJOR INITIATIVES

The major initiatives that District 27 is embarking upon are structured around the five key success factors for the District; 1) Outstanding Student Performance; 2) Coherent and Rigorous Programs and Services; 3) Highly Qualified Staff; 4) Safe, Caring, and Supportive Learning Environment; and 5) Healthy Financial Position.

One component of the strategic planning process for the District is to build and map out a Five-Year Program and Service Implementation Plan. The Plan details the major initiatives to accomplish within the various work systems. The District has three main work systems: Academic Programs and Services, Business Services, and Personnel and Student Services. The current Five-Year Program and Service Implementation Plan covers the fiscal years of 2020 to 2025. The following information will detail the current District 27 initiatives within the 2020-2025 Five-Year Plan related to the various work systems and overall strategic planning process.

Major Initiatives - Academic Programs and Services Work System

Curriculum & Program Revisions

Over the next few years, the District will monitor the adoption of new standards by the State in art, music, and physical education. In addition, the District will monitor the development of social studies standards.

At Wood Oaks Junior High, the District continues to offer updated technology classes and “STEAM” (Science, Technology, Engineering, Arts and Math elective courses). These courses are designed to develop students’ critical thinking and problem-solving skills, innovation, creativity, and global competence.

Over the next five years, the District will begin to structure accountability measures to meet the requirements of the new Balanced Accountability System, including a system of performance indicators by 2020.

English Language Learners (EL)

The District implemented revisions to the English Language Learners (EL) program. Within the Five-Year Plan, the District has also mapped out time for program refinement and will monitor the changing dynamics of the EL population and respond to emerging needs.

Instructional Technology

The District reviews and updates its multiyear technology plan annually with implementation and appropriate professional development planning phases mapped out. Examples of major technology initiatives include the smart panel replacement project and continued improvement to the network structure and bandwidth services. The District continues to provide the 1:1 student netbook program in grades 3-8, and iPads at our primary center for grades K-2.

Social and Emotional Development

The District continues to implement the Positive Behavior Interventions and Supports (PBIS) system for student social and emotional development. Within the Five-Year Plan, this program will continue to be implemented with on-going professional development for staff.

Conduct Satisfaction Surveys

The District conducts biennial satisfaction surveys to determine staff, student, and parent perceptions of our schools. The District conducts these surveys on the even years.

Research and Development of Futures Concept – Global Competence

The District continues to research and develop ideas to build students’ competencies to succeed in the global era. Adjustments will be made to the District’s curriculum and programs, including incorporating futures studies.

Major Initiatives – Business Services Work System

Long-Term Financial Planning

The key action plan with this major initiative is to proactively manage in an environment of changing funding patterns and increased financial mandates from the State and Federal governments. The goal is to maintain a reasonable approach to fiscal operations ensuring cost efficiencies while maintaining programs and services.

Master Facilities Plan

During fiscal year 2011-12 the District updated the Ten-Year Health Life Safety Study. As a result of this study the District will continue to implement the recommendations for future preventive maintenance of building infrastructures and systems. The updated Ten-Year Health Life Safety Study will be a valid working document through the 2021-22 school year. Currently, the District has mapped out a multi-year roof replacement project and the development of a state-of-the-art STEAM lab for the students at Wood Oaks Junior High, grades 6-8.

Emergency Preparedness Planning

The District continues to implement and refine the Northbrook School District 27 Emergency Preparedness Plan (EPP). The District has implemented the EPP township-wide at all Northfield Township schools. The goal, to partner with the schools in the township to have one protocol for emergency response. The EPP is designed around the National Incident Management System (NIMS) framework.

Major Initiatives – Personnel and Student Services Work System

Long-Term Staffing Projections

The key action plan with this major initiative is to create long-term staffing projections and implement annual staffing plans that address essential and highly-valued District programs and services. The creation of long-term staffing projections will allow the District to meet the challenge of providing cost effective staffing patterns in an effort to proactively manage in an environment of changing funding patterns.

AWARDS AND ACHIEVEMENTS

Exemplary Student Academic Performance

The District continues exemplary student academic performance in all state and national testing. Currently the District's performance places it as one of the highest performing districts in the state and nation.

Blue Ribbon Award

Wood Oaks Junior High School was awarded the 2011 National Blue-Ribbon School Award. This award is presented by the U.S. Department of Education and recognizes high student academic achievement. Wood Oaks Junior High School was one of 3 junior high schools in Illinois to receive this award. In Illinois, only 11 schools received this award and 255 public schools across the country were recognized for this award.

Gallup High Hope School

Wood Oaks Junior High School and Shabonee School were named Gallup High Hope Schools. Of the 1,700 schools across the nation that participated in the Gallup Student Poll, Wood Oaks and Shabonee were two of only 192 to have high hope student bodies.

School Search Bright Red Apple Award

The District received the School Search Bright Red Apple Award each year from 2010 to 2013. The District is one of only 83 Illinois School Districts (out of 868 school districts) to be honored with this award. The award honors strength in academic performance, pupil/teacher ratio, expenditure per pupil, education level of teachers, and average teacher salary. 2013 was the last year School Search offered this award.

School Search Bright A+ Award

The District received the School Search Bright A+ Award each year from 2011 to 2013. The District is one of only 59 Illinois School Districts (out of 868 school districts) to be honored with this award. The award honors academic excellence in student testing. 2013 was the last year School Search offered this award.

Academic Award of Excellence

Wood Oaks Junior High School received an Academic Award of Excellence in 2012, from the Illinois State Board of Education for having 90 percent of the student body meet or exceeds standards as measured by the ISAT for seven consecutive years. The Illinois State Board of Education recognized 438 schools across the state.

Facilities Master Award

The District was awarded the 2008 Facilities Master Award through the Association of School Business Officials (ASBO). This award honors districts that achieve best practice in school facility management operations. This was the second consecutive year that the District received this honor. 2008 was the last year ASBO offered this award.

Schools of Illinois Purchasing Cooperative Stewardship Award

The District received the 2008 SIPC Stewardship Award through the Schools of Illinois Purchasing Cooperative (SIPC). This award recognizes the District's achievement in reaching SIPC Green Cleaning Gold Status and the District's commitment to Green Cleaning, resulting in a healthier environment for the students, staff, and visitors.

Certificate of Financial Recognition

The District continues to receive the Certificate of Financial Recognition through the Illinois State Board of Education for financial achievement with financial statements and the School District Financial Profile. This recognition has been received each year for the past 18 years.

Certificate of Achievement for Excellence in Financial Reporting

The District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, for fiscal year ended June 30, 2018. For ten consecutive years the District has achieved this award for its processes, financial controls and results delineated in the Comprehensive Financial Reports for Fiscal Years 2009 through 2018.

Certificate of Excellence in Financial Reporting

The District received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International, for fiscal year ended June 30, 2018. This is the tenth consecutive year that the District received this award. This award recognizes school systems for best practice in financial reporting and commitment to fiscal integrity, transparency, and best practice in management of public tax dollars.

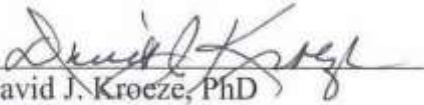
Excellence in Communications

The District received the Award of Excellence for 2010 and 2011 from the Illinois Chapter of the National School Public Relations Association for excellence in communication pertaining to the District's Annual Report and website. The District was also recognized with an Award of Merit for a financial publication written on understanding property tax bills and for producing an educational video on the subject of teacher partnerships.

ACKNOWLEDGEMENTS

We wish to express our deepest appreciation to the members of the Board of Education for their steadfast commitment to maintain the highest level of standards of integrity and professionalism in the management of all operations for Northbrook School District 27.

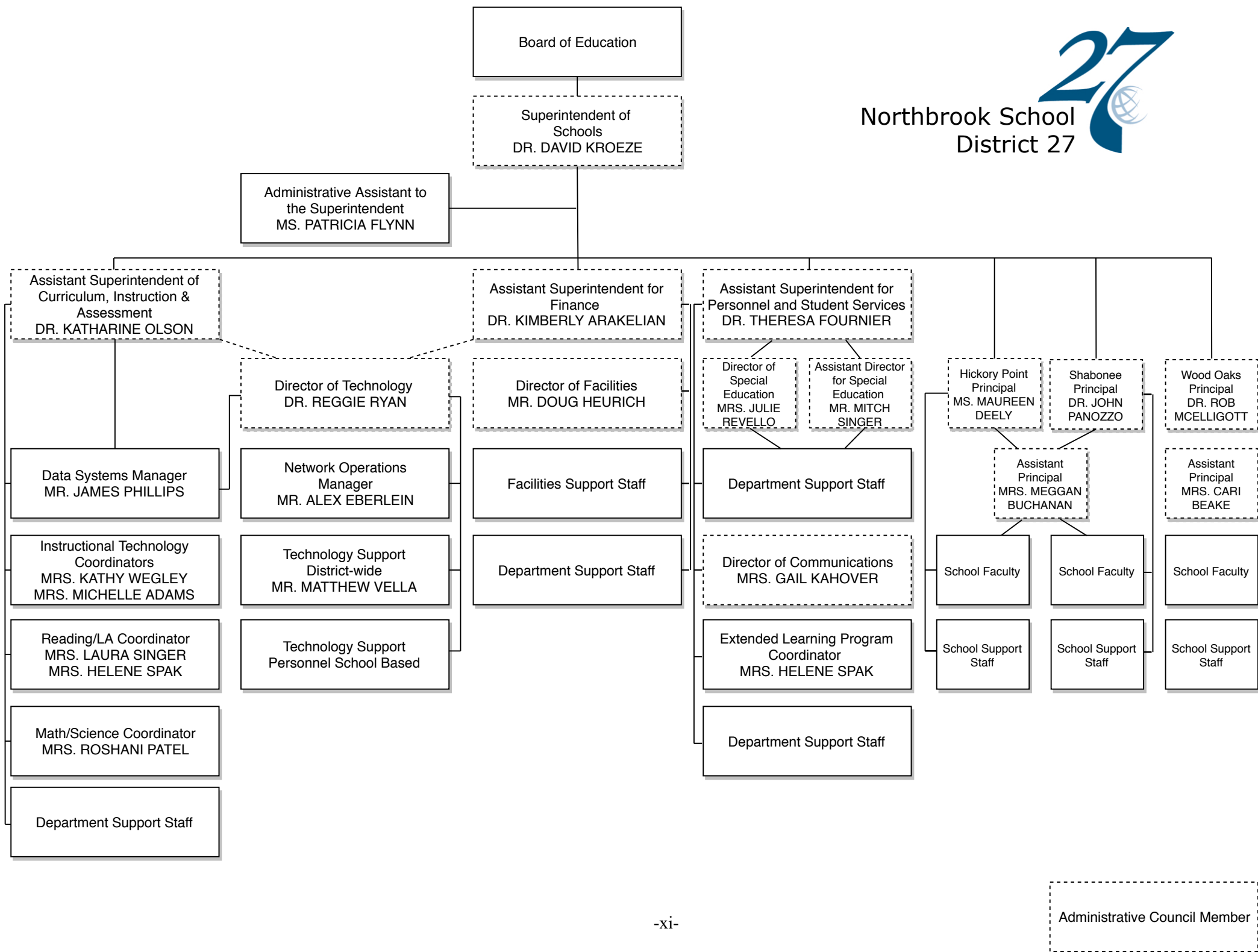
Respectfully,



David J. Kroeze, PhD
Superintendent of Schools



Kimberly Arakelian
Assistant Superintendent for Finance & Operations



Northbrook School District 27
1250 Sanders Road
Northbrook, Illinois 60062

Comprehensive Annual Financial Report

Officers and Officials

Fiscal Year Ended June 30, 2019

Board of Education

		<u>Term Expires</u>
Helen Melnick	President	2021
Alex Frum	Vice-President	2023
Frank Andreou	Member	2023
Melissa Copeland	Member	2021
Ed Feld	Member	2021
Laurie Garber-Amram	Member	2021
Brian Paich	Member	2023

Township School Treasurer

Dr. Craig Schilling

District Administration

Dr. David Kroeze	Superintendent
Dr. Theresa Fournier	Assistant Superintendent for Personnel and Student Services
Dr. Katharine Olson	Assistant Superintendent for Curriculum, Instruction and Assessment
Dr. Kimberly Arakelian	Assistant Superintendent for Finance and Operations
Gail Kahover	Director of Communications
Doug Heurich	Director of Facilities
Julie Revello	Director of Special Education
Dr. Reggie Ryan	Director of Technology
Sheila Streets	Principal, Hickory Point School
John Panozzo	Principal, Shabonee School
Rob McElligott	Principal, Wood Oaks Jr. High School
Cari Beake	Asst. Principal, Wood Oaks Jr. High School
Meggan Buchanan	Asst. Principal, Shabonee & Hickory Point schoo

Official Issuing Report

Dr. Kimberly Arakelian

Assistant Superintendent for Finance and Operations

Department Issuing Report

Business Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Northbrook School District 27

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Northbrook School District 27
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
Northbrook School District 27
Northbrook, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northbrook School District 27 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois pension data on pages 73 through 76, the other postemployment benefits data on page 77 through 79, budgetary comparison schedules and notes to the required supplementary information on pages 80 through 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended June 30, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules listed in the table of contents, the introductory section, the supplementary financial information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information for the year ended June 30, 2019 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2019 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial information for the year ended June 30, 2019 is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
October 22, 2019



Northbrook School District 27

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2019

The discussion and analysis of Northbrook School District 27's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2019. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The District continues to maintain a healthy financial position with a 72% cumulative fund balance reserve; this percentage of reserve is derived from taking the ending cumulative fund balance at year end against the projected budgeted expenditures for the next fiscal year. The District has targeted, as written in Board Policy, to reach a 65% level of fund balance reserve in order to remain financially solvent. The reason for a targeted 65% reserve level is to make sure the District has the appropriate level of funding available to pay for regular operations in between property tax distributions. The District will need to continue to build this reserve in order to meet current and future financial obligations.
- In reviewing a 18-year history of the equalized assessed valuation (EAV) of property within the attendance boundaries of District 27, we have seen large scale increases going from \$524 million in 2000 to \$1.1 billion in 2009. The property values in District 27 have provided a strong stable tax base. For four consecutive years the District saw a decline in the equalized assessed valuation, going from \$1.1 billion in 2009 to \$716 million in 2013. These decreases were directly related to the depressed housing market and decline in property values. The District has had slight increases in EAV from 2014 to 2017, going from \$722 million to \$872 million. The District will hopefully maintain stability in total property values or EAV going forward. The District has remained committed to pursuing additional cost containment measures in an effort to maintain a balanced budget and a healthy financial position.
- The District also continues to be impacted by the property tax appeals process in which successful appeals are directly negated from overall property tax distributions. Over the past 18 fiscal years the cumulative total for property tax refunds has totaled over \$10.8 million. In regards to State sources of revenue, the District deals with the instability of the State's financial position which translates into late distributions of payments to the District for State obligations owed.
- Interest income has increased slightly over the last two years.
- General revenues accounted for \$27,808,409 in revenue, or 70.89% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,417,173 or 29.11% of total revenues of \$39,225,582.



Northbrook School District 27

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2019

Financial Highlights (Continued)

- The District had \$40,750,643 in expenses related to governmental activities. However, only \$11,417,173 of these expenses was offset by program-specific charges for services and grants and contributions. General revenues of \$27,808,409 were adequate to provide for regular operating costs. However, the negative change in net position is mostly due to reported pension and other postemployment liabilities.
- The General Fund had \$30,561,237 in fiscal 2019 revenues, which primarily consisted of property taxes and state aid, and \$30,456,699 in expenditures.
- The General Fund had a net change in fund balance of \$104,538 from a total of \$15,459,609 (previous year as of June 30, 2018) to a total of \$15,564,147 as of June 30, 2019. The majority of the net change in fund balance is due to budgeted contingencies not spent during the fiscal year.
- The enrollment for the 2018-19 school year was 1,260, which reflects a relatively stable enrollment. The good news is that this is the eighth consecutive year we have maintained our numbers and not experienced a noticeable decrease. Based on the District's current student enrollment projections, it is anticipated that enrollment should remain stable over the next five years.

Overview of the Basic Financial Statements

Management's discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

The statement of net position presents information on all of the District's assets, liabilities and deferred outflows and inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.



Northbrook School District 27

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2019

Government-wide financial statements (Continued)

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education, and other), supporting services, operations and maintenance of facilities, and transportation services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



Northbrook School District 27

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2019

Fund financial statements (Continued)

The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The General Fund includes the Educational and Working Cash Accounts. The Educational Account is the District's primary operating account, accounting for all financial resources of the general government, except for those accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements to the Education, Operations and Maintenance or Transportation Funds. Money loaned by the Working Cash Account to other funds must be repaid within one year. The Operations and Maintenance Fund, Transportation Fund, and Municipal Retirement/Social Security Fund are all special revenue funds. These funds are used to account for and report the proceeds of specific revenue sources (other than those accounted for in Debt Service, Capital Projects, or Fiduciary Funds) that are legally restricted to expenditures for specified purposes. All District funds are considered to be major funds. More detailed information on the government-wide and fund financial statements are provided in Note A-3 to the basic financial statements.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with this budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements.

Notes to the basic financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its certified and noncertified employees, as well as other postemployment benefit data, and budgetary comparison schedules. Other sections of the CAFR include supplemental and statistical data.



Northbrook School District 27

**Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019**

Government-Wide Financial Analysis

TABLE 1: Condensed Statement of Net Position		
	<u>2018</u>	<u>2019</u>
<u>Assets:</u>		
Current and other assets	\$33,343,640	\$33,117,950
Capital assets	<u>24,157,729</u>	<u>23,907,447</u>
TOTAL ASSETS	57,501,369	57,025,397
<u>Deferred Outflow of Resources:</u>		
Deferred Outflows Related to Pensions	830,576	2,141,536
Deferred Outflows Related to Other Post-Employment Benefits	<u>644,363</u>	<u>804,395</u>
TOTAL DEFERRED OUTFLOW	1,474,939	2,945,931
<u>Liabilities:</u>		
Current liabilities	637,787	523,584
Long-term liabilities	<u>20,976,616</u>	<u>22,595,104</u>
TOTAL LIABILITIES	21,614,403	23,118,688
<u>Deferred Inflows of Resources:</u>		
Deferred Inflows Related to Pensions	1,563,544	1,720,733
Deferred Inflows Related to Other Post-Employment Benefits	1,895,729	2,419,250
Property Taxes Levied for Future Period	<u>11,953,492</u>	<u>12,288,578</u>
TOTAL DEFERRED INFLOW OF RESOURCES	15,412,765	16,428,561
<u>Net Position:</u>		
Investment in capital assets	24,157,729	23,907,447
Restricted	5,292,752	4,991,483
Unrestricted	<u>(7,501,341)</u>	<u>(8,474,851)</u>
TOTAL NET POSITION	<u>\$21,949,140</u>	<u>\$20,424,079</u>

The District's total net position decreased compared to June 30, 2018, by \$1,525,061. The decrease is primarily due to reporting for pension and other postemployment benefits.



Northbrook School District 27

**Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019**

Government-Wide Financial Analysis (Continued)

TABLE 2: <i>Condensed Statement of Changes in Net Position</i>		
	<u>2018</u>	<u>2019</u>
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 222,194	\$130,848
Operating grants and contributions	12,041,760	11,286,325
<i>General Revenues:</i>		
Taxes	25,571,492	26,455,271
General state aid	786,016	787,401
Other	<u>398,499</u>	<u>565,737</u>
Total Revenues	<u>39,019,961</u>	<u>39,225,582</u>
Expenses:		
Instruction	30,995,781	29,774,399
Pupil and instructional staff services	3,877,518	4,005,878
Administration and business	2,231,799	2,316,545
Transportation	775,768	999,930
Operations and maintenance	2,559,145	3,366,057
Other	<u>206,036</u>	<u>287,834</u>
Total Expenses	<u>40,646,047</u>	<u>40,750,643</u>
Change in net position	(1,626,086)	(1,525,061)
Net position, beginning of year	<u>23,575,226</u>	<u>21,949,140</u>
Net position, end year	<u>\$21,949,140</u>	<u>20,424,079</u>

Revenues by Source:

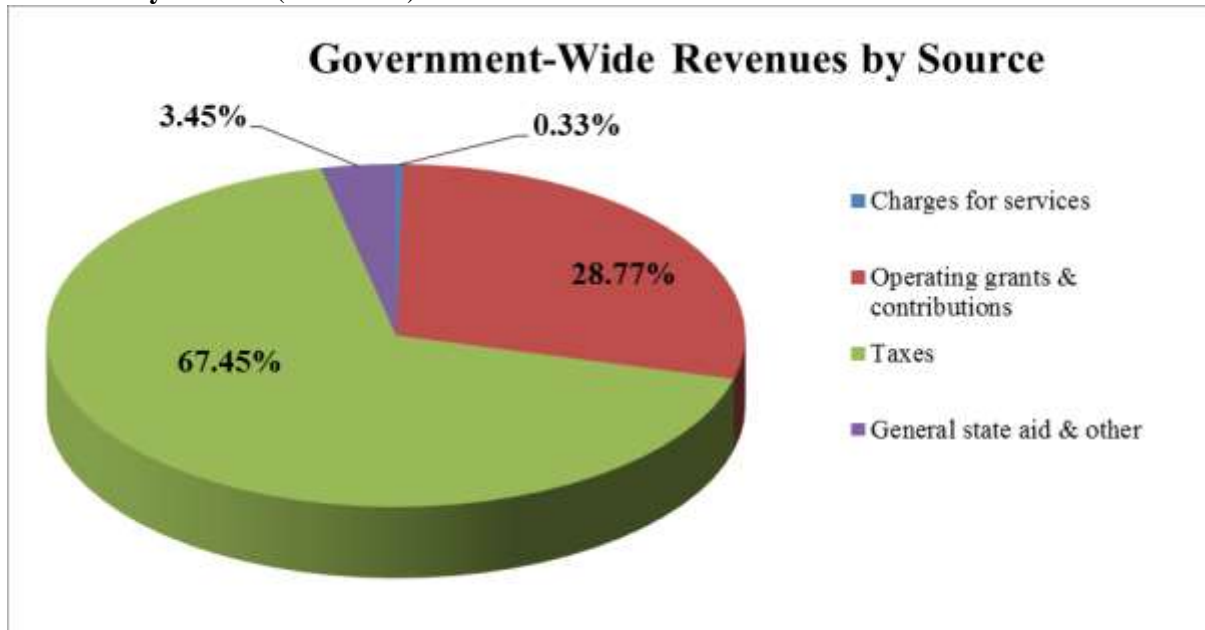
Revenues totaled \$39,225,582 for the fiscal year ended June 30, 2019. Property and replacement taxes in the amount of \$26,455,271 accounted for 67.45% of total revenues and continue to be the primary source of revenue for the District. In addition, operating grants and contributions of \$11,286,325 accounted for 28.77% of total revenues, and charges for services of \$130,848 accounted for 0.33% of total revenue. General state aid, interest, and other miscellaneous sources of revenue of \$1,353,138 accounted for 3.45% of total revenue.



Northbrook School District 27

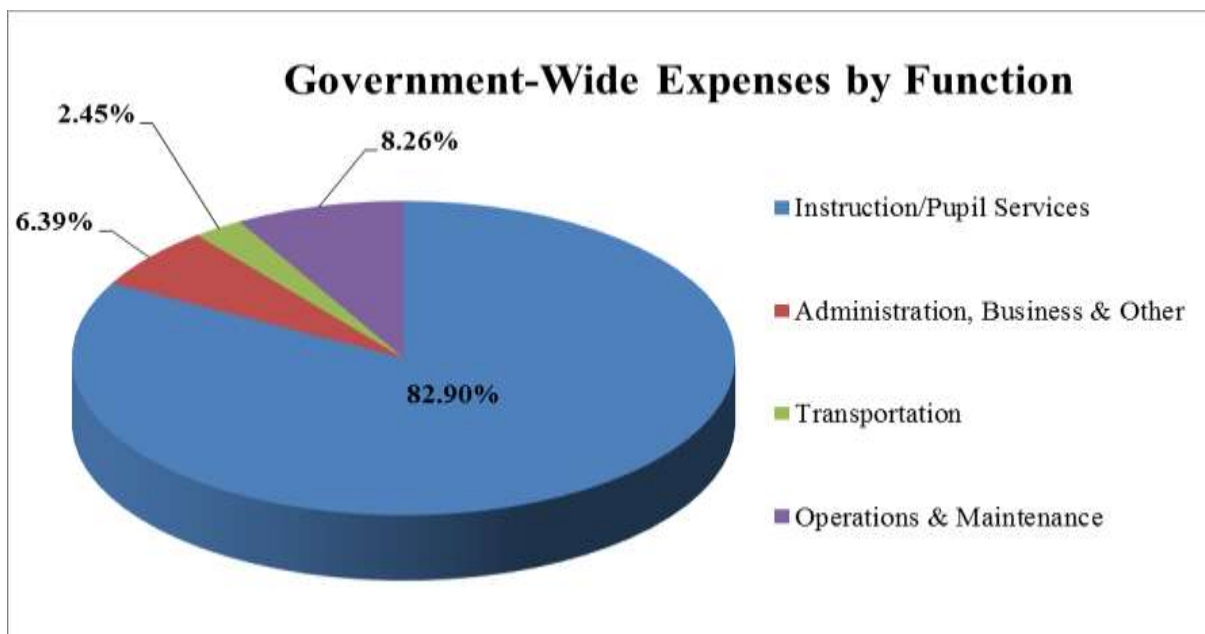
Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2019

Revenues by Source: (Continued)



Expenses by Function:

The total cost of all the District's programs was \$40,750,643. Expenses directly related to instruction and support services (pupil and instructional staff) for students totaled \$33,780,277 or 82.90% of total expenses. The cost to transport students totaled \$999,930, or 2.45% of total expenses. The District also incurred expenses for maintaining its capital assets in operations and maintenance totaling \$3,366,057 or 8.26% of total expenses, and for administration and other expenses of \$2,604,379 or 6.39%.





Northbrook School District 27

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2019

Financial Analysis of the District's Funds

As the District closed the year, its governmental funds reported a combined fund balance of \$20,305,788, a decrease of 2.15% from last year's ending fund balance of \$20,752,361. The decrease in fund balance is primarily due to an increased cost in special education transportation and capital outlay specifically, in the Operations & Maintenance Fund. The District ended the 2018-19 fiscal year with expenditures exceeding revenues by \$446,573.

The General Fund is the largest of the governmental funds. The fund balance at the beginning of the year was \$15,459,609. Total revenues were \$30,561,237 and total expenditures were \$30,456,699. The net change in fund balance was an increase of \$104,538 and the fund balance at the end of the year was \$15,564,147.

The Operations and Maintenance Fund's fund balance at the beginning of the year was \$4,540,147. Total revenues were \$2,944,172 and total expenditures were \$3,202,095. The net change in fund balance was a decrease of (\$257,923) and the fund balance at the end of the year was \$4,282,224. The primary reason for the negative net change in fund balance is due to capital outlay expenditures for roofing work completed.

The Transportation Fund's fund balance at the beginning of the year was \$90,863. Total revenues were \$659,225 and total expenditures were \$999,930. The net change in fund balance was a decrease of (\$340,705) and the fund balance at the end of the year was a deficit of (\$249,842). The primary reason for expenditures exceeding revenues was due mainly to an increase in special education transportation costs beyond budget projections.

The Municipal Retirement/Social Security Fund's fund balance at the beginning of the year was \$661,742. Total revenues were \$780,088 and total expenditures were \$732,571. The net change in fund balance was \$47,517 and the fund balance at the end of the year was \$709,259.

The District continues to remain in a strong and stable financial position. The District is dedicated to maintaining a reasonable fund balance reserve sufficient to mitigate current and future financial risks. It is the current goal of the Board of Education to target a 65% cumulative fund balance reserve. The Board of Education and Administration will continue diligence in financial management and planning.



Northbrook School District 27

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2019

General Fund Budgetary Highlights

The District's final budget for the General Fund anticipated that expenditures would equal revenues. The District ended the fiscal year with revenues exceeding expenditures by \$104,538.

- Actual expenditures, exclusive of state on-behalf payments, were \$130,706 over budget. This is mainly due to increased special education costs.

Capital Assets and Debt Administration

Capital assets

By the end of 2019, the District had compiled a total investment of \$23,907,447 net of accumulated depreciation, in a broad range of capital assets including buildings, land, and equipment and vehicles. Total depreciation expense for the year was \$1,106,869. More detailed information about capital assets can be found in Note E to the basic financial statements.

Over the years of 1998-2011, the District completed major construction projects at all school buildings; both renovations and additions. Due to the completion of these projects the District's long-range capital improvement plans include only repair and maintenance of existing facilities. Repair and maintenance of existing facilities will be the main capital need of the District for the long-term future; including roof systems replacements, HVAC system replacements and paving.

TABLE 3: Capital Assets (net of depreciation)		
	<u>2018</u>	<u>2019</u>
Land	\$ 677,542	\$ 677,542
Land improvements	432,608	386,295
Buildings and improvements	21,967,562	21,187,905
Equipment and vehicles	1,080,017	1,169,981
Construction in progress	<u>0</u>	<u>485,724</u>
Total	\$24,157,729	\$23,907,447

Long-term Debt

The District has no outstanding long-term bonded debt.

Long-term Liabilities

The District reports compensated absences, pension, and other postemployment benefits as long-term liabilities. See Note A-11, Note G, Note J, and Note K to the basic financial statements for more detailed information on the various long-term liabilities of the District.



Northbrook School District 27

**Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019**

Capital Assets and Debt Administration (Continued)

TABLE 4:
Long-Term Liabilities

	<u>2018</u>	<u>2019</u>
Compensated absences	\$ 95,605	\$ 103,505
Other postemployment benefits	17,407,635	17,955,276
Retirement recognition	574,331	466,216
IMRF Net Pension Liability	505,772	2,576,138
TRS Net Pension Liability	<u>2,393,273</u>	<u>1,493,969</u>
Total	<u>\$20,976,616</u>	<u>\$22,595,104</u>

Factors bearing on the District's Future

At the time, these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect the financial operations in the future:

- The District is in a stable financial position. It is the goal of the Board of Education and Administration to maintain financial solvency and a cumulative fund balance reserve level that is reasonable and sufficient to mitigate future risk. In addition, it is the goal of the District to operate with a balanced budget annually.

The District will continue to monitor local, state and federal sources of revenue. For state sources, on August 31, 2017 Governor Rauner signed into law Public Act 100-465. This law enacted an Evidence Based Funding formula (EBF) for state sources of revenue; specifically, general state aid and several mandated categorical grant programs. The target for the EBF will be for every school district to maintain the level of funding it received in FY17. Also, going forward, no school district receives less state funding than it received the prior year. The District will continue to monitor this legislation. Regarding local revenue, the district will continue to monitor the local tax base as the property tax appeals process continues. Finally, with federal sources the District will monitor and implement the changes required by the Patient Protection and Affordable Care Act (PPACA – health care reform). Over the course of the next five years the mandates required under health care reform will have an impact on operations both from a cost perspective and changes in benefits structures offered to employees. The District will continue to monitor The Affordable Care Act and plan strategically for these changes.

- The District will continue to implement cost containment measures in all operations in order to protect the financial solvency of the District and maintain a balanced budget.



Northbrook School District 27

**Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019**

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

If you have questions about this report, or need additional financial information, contact Dr. Kimberly Arakelian, CSBO, Assistant Superintendent for Finance & Operations, at 847-498-2610 extension 5117.

BASIC FINANCIAL STATEMENTS

Northbrook School District 27
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2019

ASSETS

Cash and investments	\$ 20,390,832
Receivables (net of allowance for uncollectibles):	
Interest	22,826
Property taxes	12,420,422
Replacement taxes	49,222
Intergovernmental	134,882
Prepaid items	75,555
Other current assets	24,211
Capital assets:	
Land	677,542
Construction in progress	485,724
Depreciable buildings, property, and equipment, net	<u>22,744,181</u>
Total assets	<u>57,025,397</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred outflows related to pensions	2,141,536
Deferred outflows related to other postemployment benefits	<u>804,395</u>
Total deferred outflows	<u>2,945,931</u>

LIABILITIES

Accounts payable	379,647
Salaries and wages payable	4,037
Unearned revenue	139,900
Long-term liabilities:	
Due within one year	299,920
Due after one year	<u>22,295,184</u>
Total liabilities	<u>23,118,688</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflows related to pensions	1,720,733
Deferred inflows related to other post employment benefits	2,419,250
Property taxes levied for a future period	<u>12,288,578</u>
Total deferred inflows	<u>16,428,561</u>

NET POSITION

Investment in capital assets	23,907,447
Restricted for:	
Operations and maintenance	4,282,224
Retirement benefits	709,259
Unrestricted	<u>(8,474,851)</u>
Total net position	<u>\$ 20,424,079</u>

The accompanying notes are an integral part of this statement.

Northbrook School District 27**STATEMENT OF ACTIVITIES**For the Year Ended June 30, 2019

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction:				
Regular programs	\$ 15,343,627	\$ 108,461	\$ -	\$ (15,235,166)
Special programs	3,535,059	-	341,206	(3,193,853)
Other instructional programs	94,404	3,404	-	(91,000)
State retirement contributions	10,801,309	-	10,801,309	-
Support services:				
Pupils	2,345,406	-	-	(2,345,406)
Instructional staff	1,660,472	-	-	(1,660,472)
General administration	1,139,266	-	-	(1,139,266)
School administration	947,362	-	-	(947,362)
Business	229,917	2,826	10,514	(216,577)
Transportation	999,930	12,047	133,296	(854,587)
Operations and maintenance	3,366,057	4,110	-	(3,361,947)
Central	208,811	-	-	(208,811)
Community services	79,023	-	-	(79,023)
Total governmental activities	<u>\$ 40,750,643</u>	<u>\$ 130,848</u>	<u>\$ 11,286,325</u>	<u>\$ (29,333,470)</u>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				\$ 23,082,295
Real estate taxes, levied for specific purposes				3,065,328
Personal property replacement taxes				307,648
State aid-formula grants - unrestricted				787,401
Investment earnings				550,045
Miscellaneous				15,692
Total general revenues				<u>27,808,409</u>
Change in net position				(1,525,061)
Net position, beginning of year				<u>21,949,140</u>
Net position, end of year				\$ 20,424,079

The accompanying notes are an integral part of this statement.

Northbrook School District 27

Governmental Funds

BALANCE SHEETJune 30, 2019

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.	Total
ASSETS					
Cash and investments	\$ 15,160,192	\$ 4,525,551	\$ -	\$ 705,089	\$ 20,390,832
Receivables (net of allowance for uncollectibles):					
Interest	17,070	4,923	527	306	22,826
Property taxes	11,334,533	462,348	259,333	364,208	12,420,422
Replacement taxes	-	49,222	-	-	49,222
Intergovernmental	101,900	-	32,982	-	134,882
Due from other fund	261,203	-	-	-	261,203
Prepaid items	35,248	40,307	-	-	75,555
Other current assets	24,211	-	-	-	24,211
Total assets	<u>\$ 26,934,357</u>	<u>\$ 5,082,351</u>	<u>\$ 292,842</u>	<u>\$ 1,069,603</u>	<u>\$ 33,379,153</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 26,096	\$ 340,076	\$ 13,475	\$ -	\$ 379,647
Salaries and wages payable	1,425	2,612	-	-	4,037
Due to other fund	-	-	261,203	-	261,203
Unearned school fees	128,470	-	11,430	-	139,900
Total liabilities	<u>155,991</u>	<u>342,688</u>	<u>286,108</u>	<u>-</u>	<u>784,787</u>
DEFERRED INFLOWS					
Property taxes levied for a future period	<u>11,214,219</u>	<u>457,439</u>	<u>256,576</u>	<u>360,344</u>	<u>12,288,578</u>
FUND BALANCES					
Nonspendable	35,248	40,307	-	-	75,555
Restricted	-	4,241,917	-	709,259	4,951,176
Assigned	3,692,107	-	-	-	3,692,107
Unassigned	11,836,792	-	(249,842)	-	11,586,950
Total fund balance	<u>15,564,147</u>	<u>4,282,224</u>	<u>(249,842)</u>	<u>709,259</u>	<u>20,305,788</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 26,934,357</u>	<u>\$ 5,082,351</u>	<u>\$ 292,842</u>	<u>\$ 1,069,603</u>	<u>\$ 33,379,153</u>

The accompanying notes are an integral part of this statement.

Northbrook School District 27
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2019

Total fund balances - governmental funds \$ 20,305,788

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

Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet. 23,907,447

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Net deferred outflows and (inflows) of resources related to:		
IMRF pension	\$ 1,303,293	
TRS pension	(882,490)	
RHP OPEB	113,502	
THIS OPEB	<u>(1,728,357)</u>	(1,194,052)

Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not included in the governmental funds balance sheet:

Compensated absences	\$ (103,505)	
IMRF net pension liability	(2,576,138)	
TRS net pension liability	(1,493,969)	
Retirement recognition payable	(466,216)	
RHP total other postemployment benefit liability	(1,895,552)	
THIS net other postemployment benefit liability	<u>(16,059,724)</u>	<u>(22,595,104)</u>

Net position - governmental activities \$ 20,424,079

The accompanying notes are an integral part of this statement.

Northbrook School District 27

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2019

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.	Total
Revenues					
Property taxes	\$ 23,082,295	\$ 1,802,055	\$ 505,186	\$ 758,087	\$ 26,147,623
Replacement taxes	-	292,648	-	15,000	307,648
State aid	6,555,844	787,401	133,296	-	7,476,541
Federal aid	316,325	-	-	-	316,325
Interest	478,716	55,632	8,696	7,001	550,045
Other	128,057	6,436	12,047	-	146,540
Total revenues	30,561,237	2,944,172	659,225	780,088	34,944,722
Expenditures					
Current:					
Instruction:					
Regular programs	14,027,001	-	-	306,466	14,333,467
Special programs	1,373,413	-	-	30,276	1,403,689
Other instructional programs	90,083	-	-	1,067	91,150
State retirement contributions	6,520,449	-	-	-	6,520,449
Support services:					
Pupils	2,146,815	-	-	64,696	2,211,511
Instructional staff	1,449,177	-	-	100,946	1,550,123
General administration	1,062,812	-	-	48,706	1,111,518
School administration	875,564	-	-	41,005	916,569
Business	90,211	139,706	-	-	229,917
Transportation	-	-	999,930	-	999,930
Operations and maintenance	10,231	2,570,897	-	129,880	2,711,008
Central	208,811	-	-	-	208,811
Community services	63,330	-	-	9,529	72,859
Nonprogrammed charges	1,999,304	-	-	-	1,999,304
Capital outlay	539,498	491,492	-	-	1,030,990
Total expenditures	30,456,699	3,202,095	999,930	732,571	35,391,295
Excess (deficiency) of revenues over expenditures	104,538	(257,923)	(340,705)	47,517	(446,573)
Net change in fund balance	104,538	(257,923)	(340,705)	47,517	(446,573)
Fund balance, beginning of year	15,459,609	4,540,147	90,863	661,742	20,752,361
Fund balance, end of year	\$ 15,564,147	\$ 4,282,224	\$ (249,842)	\$ 709,259	\$ 20,305,788

The accompanying notes are an integral part of this statement.

Northbrook School District 27

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$	(446,573)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and loss on disposal exceeded capital outlay in the current period.	(250,282)
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Changes in deferred outflows and inflows of resources related to pensions are reported only in the statement of activities:

Net deferred outflows and (inflows) of resources related to:

IMRF pension	1,789,368
TRS pension	(635,597)
RHP OPEB	108,805
THIS OPEB	(472,294)

Changes in certain long-term liabilities are reported only in the statement of activities:

IMRF pension liability, net	(2,070,366)
TRS pension liability, net	899,304
Compensated absences	(7,900)
Retirement recognition payable	108,115
RHP OPEB liability, net	(191,007)
THIS OPEB liability, net	(356,634)

Change in net position - governmental activities	\$	<u>(1,525,061)</u>
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The accompanying notes are an integral part of this statement.

Northbrook School District 27
Fiduciary Funds
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>44,341</u>
LIABILITIES	
Due to student groups	\$ 27,889
Due to employees	<u>16,452</u>
Total liabilities	<u>\$ 44,341</u>

The accompanying notes are an integral part of this statement.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Northbrook School District 27 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. Reporting Entity

The District is located in Cook County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgetary, taxing, and debt matters.

The District includes all funds of its operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no organizations for which it has financial accountability.

The District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

2. Fund Accounting

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund. The District considers all governmental funds to be major.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and local fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) amounts paid by recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

a. General Fund

The *General Fund* includes the Educational Account and the Working Cash Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid upon the collection of property taxes in those funds. As allowed by the Illinois Compiled Statutes, this account may be permanently abolished and become part of the Educational Account, or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Account of at least .05% of the District's current equalized assessed valuation.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

b. Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources (other than those accounted for in the debt service or capital projects funds) that are legally restricted to expenditures for specified purposes.

Each of the District's special revenue funds has been established as a separate fund in accordance with the fund structure required by the state of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's special revenue funds is as follows:

Operations and Maintenance Fund - accounts for all revenues and expenditures made for operations, repair, and maintenance of the District's buildings and land. Revenues consist primarily of local property taxes, personal property replacement taxes, and state reimbursement grants.

Transportation Fund - accounts for all revenue and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for noncertified employees. Revenues to finance contributions are derived primarily from local property taxes and personal property replacement taxes.

c. Fiduciary Funds

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

Agency Fund - includes Student Activity Funds - These funds are custodial in nature (assets equal liabilities) and does not involve measurement of the results of operations. Although the Board of Education has the ultimate responsibility for activity funds, they are not local education agency funds. The Student Activity Funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. They account for activities such as student yearbook, student clubs and student council.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

c. Fiduciary Funds (Continued)

Flexible Spending Account Fund (Agency fund) is also custodial in nature and does not involve measurement of the results of operations. This Fund accounts for assets held by the District and administered by a third party on behalf of the District's employees, for personal medical and dependent care purposes.

4. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The District considers most revenues available if they are collected within 60 days after year-end. Revenues that are paid to the District by the Illinois State Board of Education are considered available if they are vouchered by year-end. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, replacement taxes, interest, and intergovernmental revenues associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The District reports unearned and unavailable revenue on its financial statements. Unearned and unavailable revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability or deferred inflow of resources for unearned or unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental funds also defer revenue recognition in connection with resources received, but not yet earned.

The fiduciary fund statements are reported using the accrual basis of accounting.

5. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to a future period. At June 30, 2019, the District has deferred outflows of resources related to pensions and other postemployment benefits (OPEB). In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting period. At June 30, 2019, the District reported deferred inflows of resources related to pensions, OPEB, and property taxes levied for a future period.

6. Deposits and Investments

The Illinois Compiled Statutes require the District to utilize the investment services of the Northfield Township School Treasurer (the Treasurer). Investments are stated at fair value. Changes in fair value are included in investment income.

7. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance at the discretion of the District.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets

Capital assets, used in governmental fund types of the District are recorded in the General Fixed Assets Account Group. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	15 - 20
Buildings and improvements	20 - 50
Equipment and vehicles	5 - 20

Construction in progress is stated at cost. No provision for depreciation is made on construction in progress until the asset is completed and placed in service.

9. Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

10. Compensated Absences

The District grants vacation days earned to twelve-month employees based on individual employment contracts. The vacation days are earned as follows:

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Compensated Absences (Continued)

<u>Years of Employment</u>	<u>Vacation Time Earned</u>
0 - 1	1 day of vacation per 26 days worked
1 - 4	2 weeks
5 - 9	3 weeks
10 or more	4 weeks

The twelve month period is calculated from July 1 through June 30 each fiscal year. Unused vacation time from any twelve-month period must be taken by the following December 31. Upon leaving employment with the District, the District may pay out unused vacation days up to a maximum of 20 days. The amount outstanding at June 30, 2019 is expected to be paid in the next year. The General and Operations and Maintenance Funds are used to liquidate the liability for compensated absences.

11. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and other post employment benefits (OPEB), and pension expense, information about the fiduciary net position of the pension/OPEB plan and additions to/deductions from the pension/OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are stated at fair value.

12. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

13. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Restricted Net Position

For the government-wide financial statements, net position is reported as restricted when constraints placed on net position are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation. The District's restricted net position was restricted as a result of enabling legislation.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as the resources are needed.

15. Fund Balance

The governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. The District had no committed funds at June 30, 2019.
- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Superintendent. The District has assigned the balance in the Working Cash Account to be used for operation and maintenance purposes.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Fund Balance (Continued)

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally they act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

The District targets a fund balance reserve level of 65%.

The nonspendable fund balances in the Educational Account and Operations and Maintenance Fund consists of \$75,555 for prepaid items. The assigned fund balance in the General Fund is comprised of \$3,692,107, that is assigned for future operations and maintenance purposes. The remaining restricted fund balances are for the purpose of the restricted funds as described in Note A-3.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 873,262
Depreciation expense	(1,106,869)
Disposals of capital assets	<u>(16,675)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u><u>\$ (250,282)</u></u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS

As discussed in Note A, the Illinois Compiled Statutes require the District to utilize the investment services of the Treasurer, the lawful custodian of these school funds. The Treasurer is appointed by the Township Treasurer's Board of Trustees, an independently elected body, to serve the school districts in the township. The investment policies are established by the Treasurer, as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is the direct recipient of property taxes, replacement taxes, and most state and federal aid, and disburses school funds upon lawful order of the School Board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below.

The Treasurer's investment policy, which is the same as the District's, is in line with State Statutes. The investments that the District may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

At June 30, 2019, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 20,390,832	\$ 44,341	\$ 20,435,173

For disclosure purposes, cash held by the District and Treasurer is segregated into the following components:

	<u>Total</u>
Cash on hand	\$ 300
Deposits with financial institutions*	5,914,626
Illinois School District Liquid Asset Fund Plus	1,320,247
Illinois Trust Term Series	<u>13,200,000</u>
	<u>\$ 20,435,173</u>

*Includes accounts held in demand and savings accounts and non-negotiable certificates of deposit and money market savings accounts which are valued at cost.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Cash and Investments Under the Custody of the Township Treasurer

District cash and investments (other than the student activity account, flexible spending account, imprest account, money market account, and cash on hand) are part of a common pool for all the school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Cash for all funds, including cash applicable to the Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's office operates as a nonrated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's office.

The weighted-average maturity of all pooled marketable investments held by the Treasurer was 2.97 years at June 30, 2019. The Treasurer also holds money-market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all investments held by the Treasurer's office was \$89,862,022, and the fair value of the District's proportionate share of the pool was \$18,400,000. Further information about investments held at the Treasurer's office is available from the Treasurer's financial statements.

Interest Rate Risk

The District's investment policy, which is the same as the Treasurer's office seeks to ensure preservation of capital in the District's overall portfolio. The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles. The investment portfolio is required to provide sufficient liquidity to pay District obligations as they come due, considering maturity and marketability. The investment portfolio is also required to be diversified as to maturities and investments, as appropriate to the nature, purpose, and amount of funds.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The District's investment policy authorized investments in any type of security as permitted by State statute.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit pooled investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees, elected from participating members. The trust is not registered with the SEC as an investment company. Investments are rated AAAm and are valued at share price, which is the price for which the investment could be sold.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Cash and Investments in the Custody of the District

At June 30, 2019, the carrying values of the District's imprest, money market, and fiduciary accounts totaled \$106,751 all of which was deposited with financial institutions and fully insured. The District also maintains \$300 in petty cash.

Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2019, the bank balances of the District's deposits with financial institutions totaled \$5,915,626, all of which was fully insured or collateralized.

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 20, 2018. The District's property tax is levied each year on all taxable real property located in the District, and becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date), in any year, is liable for taxes of that year.

Tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The District's annual property tax levy is subject to the Property Tax Extension Limitation Act (PTELA), which is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations, and tax increment finance district property becoming eligible for taxation.

The Cook County Assessor is responsible for the assessment of all taxable property within Cook County, except for certain railroad property, which is assessed directly by the state. One-third of the County is reassessed every year by the Assessor.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which the tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 2.9109 for 2018.

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2018 tax levy was \$847,821,734.

Property taxes are collected by the Cook County Collector/Treasurer who remits them to the School Treasurer. Taxes levied in one year become due and payable in two installments on March 1 and approximately August 1 during the following year. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment is based on the current levy, assessment, equalization, and any changes from the prior year.

The portion of the 2018 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 2%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as deferred inflow of resources - property taxes levied for a future period.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, not being depreciated				
Land	\$ 677,542	\$ -	\$ -	\$ 677,542
Construction in progress	-	485,724	-	485,724
	<u>677,542</u>	<u>485,724</u>	<u>-</u>	<u>1,163,266</u>
Total capital assets, not being depreciated				
	<u>677,542</u>	<u>485,724</u>	<u>-</u>	<u>1,163,266</u>
Capital assets, being depreciated				
Land improvements	1,573,949	-	-	1,573,949
Buildings and improvements	37,742,371	-	-	37,742,371
Equipment and vehicles	4,783,022	387,538	53,076	5,117,484
	<u>44,099,342</u>	<u>387,538</u>	<u>53,076</u>	<u>44,433,804</u>
Total capital assets, being depreciated				
	<u>44,099,342</u>	<u>387,538</u>	<u>53,076</u>	<u>44,433,804</u>
Less accumulated depreciation for:				
Land improvements	1,141,341	46,313	-	1,187,654
Buildings and improvements	15,774,809	779,657	-	16,554,466
Equipment and vehicles	3,703,005	280,899	36,401	3,947,503
	<u>20,619,155</u>	<u>1,106,869</u>	<u>36,401</u>	<u>21,689,623</u>
Total accumulated depreciation				
	<u>20,619,155</u>	<u>1,106,869</u>	<u>36,401</u>	<u>21,689,623</u>
Total capital assets, being depreciated, net				
	<u>23,480,187</u>	<u>(719,331)</u>	<u>16,675</u>	<u>22,744,181</u>
Governmental activities capital assets, net				
	<u>\$ 24,157,729</u>	<u>\$ (233,607)</u>	<u>\$ 16,675</u>	<u>\$ 23,907,447</u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	
Regular programs	\$ 996,820
Special programs	80,221
School administration	7,830
Business	3,964
Operations and maintenance	<u>18,034</u>
	<u>\$ 1,106,869</u>

NOTE F - OPERATING LEASES

The District has a noncancellable operating lease agreement for seven copiers, expiring in June 2022. The lease requires minimum monthly payments of \$1,617. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Minimum</u> <u>Payments</u>
2020	\$ 19,404
2021	19,404
2022	<u>19,404</u>
	<u>\$ 58,212</u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE G - LONG-TERM LIABILITIES

The following is the long-term liability activity for the District for the year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>		<u>Additions</u>		<u>Reductions</u>		<u>Balance</u> <u>June 30, 2019</u>		<u>Due Within</u> <u>One Year</u>
Compensated									
absences	\$ 95,605	\$	210,682	\$	202,782	\$	103,505	\$	103,505
Retirement recognition									
payable	574,331		159,850		267,965		466,216		196,415
IMRF net pension									
liability	505,772		2,183,990		113,624		2,576,138		-
TRS net pension									
liability	2,393,273		31,241		930,545		1,493,969		-
RHP total other									
postemployment									
benefit liability	1,704,545		292,878		101,871		1,895,552		-
THIS net other									
postemployment									
benefit liability	<u>15,703,090</u>		<u>1,000,530</u>		<u>643,896</u>		<u>16,059,724</u>		<u>-</u>
	<u>\$ 20,976,616</u>	<u>\$</u>	<u>3,879,171</u>	<u>\$</u>	<u>2,260,683</u>	<u>\$</u>	<u>22,595,104</u>	<u>\$</u>	<u>299,920</u>

The General and Operations and Maintenance funds are used to liquidate the long-term liabilities of the District.

1. Retirement Recognition Payable

If a certified employee notifies the District by April 1 of an irrevocable intent to retire at the end of the school year three years later, the certified employee shall receive a lump sum amount payable over the next three years. In any given year the amount paid does not exceed 6% per year over his or her salary in the previous year. Any amount left unpaid through a salary increase is paid the year after retirement. As of June 30, 2019, the District's liability for increases due to intent to retire was \$466,216, which is equal to the present value of future anticipated payments.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE G - LONG-TERM LIABILITIES (Continued)

1. Retirement Recognition Payable (Continued)

At June 30, 2019, the District's future obligations under the arrangement was as follows:

Year Ending June 30,	Amount
2020	\$ 196,415
2021	196,415
2022	<u>196,415</u>
Total	<u>\$ 589,245</u>

NOTE H - JOINT AGREEMENT

The District is a member of the Northern Suburban Special Education District (NSSSED), a joint agreement that provides certain special education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing board, they should not be included as a component unit of the District.

NOTE I - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destructions of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases coverage against such risks and participates in the following public entity risk pools: the School Employee Loss Fund (SELF) for worker's compensation claims; and the Suburban School Cooperative Insurance Pool (SSCIP) for property damage and injury claims. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that the pools will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of certain levels established by the pools. Complete financial statements for SELF can be obtained from its business office at 1111 South Dee Road, Park Ridge, Illinois 60068. Complete financial statements for SSCIP can be obtained from its Treasurer at 5540 Arlington Drive, Hanover Park, 60103.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance. Settled claims have not exceeded commercial insurance coverage, for the past three fiscal years.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES

1. Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at www.trsil.org/financial/cafrs/fy2018; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

1. **Teachers' Retirement System of the State of Illinois** (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf Contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2019, State of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenses of \$9,611,706 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$6,338,016 in the General Fund based on the current financial resources measurement basis.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

1. **Teachers' Retirement System of the State of Illinois** (Continued)

General Information about the Pension Plan (Continued)

Contributions (Continued)

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019, were \$85,331, and are deferred because they were paid after the June 30, 2018 measurement date.

Federal and Special Trust Fund Contributions

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

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

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$120,000 were paid from federal and special trust funds that required employer contributions of \$11,820. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

Early Retirement Cost Contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, \$19,371 for salary increases in excess of 3 percent, and \$0 for sick leave days granted in excess of the normal annual allotment.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

1. **Teachers' Retirement System of the State of Illinois** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 1,493,969
State's proportionate share of the net pension liability associated with the District	<u>102,343,123</u>
Total	<u><u>\$ 103,837,092</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2018, the District's proportion was 0.0019167001 percent, which was a decrease of 0.0012159326 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized the following pension expense/expenditures and revenue pertaining to the District's employees:

	<u>Governmental Activities</u>	<u>General Fund</u>
State on-behalf contributions - revenue	\$ 9,611,706	\$ 6,338,016
and expense/expenditure		
District TRS pension expense (benefit)	<u>(182,258)</u>	<u>85,331</u>
Total TRS expense/expenditure	<u><u>\$ 9,429,448</u></u>	<u><u>\$ 6,423,347</u></u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

1. **Teachers' Retirement System of the State of Illinois** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,026	\$ 326
Net difference between projected and actual earnings on pension plan investments	-	4,574
Changes of assumptions	65,525	42,342
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>-</u>	<u>1,016,130</u>
Total deferred amounts to be recognized in pension expense in the future periods	95,551	1,063,372
District contributions subsequent to the measurement date	<u>85,331</u>	<u>-</u>
	<u><u>\$ 180,882</u></u>	<u><u>\$ 1,063,372</u></u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

1. **Teachers' Retirement System of the State of Illinois** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The District reported \$85,331 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Net Deferred Inflows of Resources
2020	\$ (232,705)
2021	(235,359)
2022	(252,339)
2023	(173,845)
2024	(73,573)
	<u>\$ (967,821)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, incl. inflation

In the June 30, 2018 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2017 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions (Continued)

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Real Return</u>
U.S. equities large cap	15.0 %	6.7 %
U.S. equities small/mid cap	2.0	7.9
International equities developed	13.6	7.0
Emerging market equities	3.4	9.4
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.4
International debt developed	2.2	1.3
Emerging international debt	2.6	4.5
Real estate	16.0	5.4
Real return	4.0	1.8
Absolute return	14.0	3.9
Private equity	15.0	10.2
Total	<u>100.0 %</u>	

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ <u>1,832,211</u>	\$ <u>1,493,969</u>	\$ <u>1,221,582</u>

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued *TRS Comprehensive Annual Financial Report*.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

2. **Illinois Municipal Retirement Fund**

Plan Description

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

Benefits Provided

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

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

2. **Illinois Municipal Retirement Fund** (Continued)

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	96
Inactive plan members entitled to but not yet receiving benefits	213
Active plan members	<u>70</u>
Total	<u><u>379</u></u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2018 was 11.07%. For the fiscal year ended June 30, 2019 the District contributed \$302,711 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.25%
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2018 valuation pursuant to an experience study of the period 2014-2017.
Mortality	For non-disabled retirees, the IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projections scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Long-term Expected Rate of Return	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

2. **Illinois Municipal Retirement Fund** (Continued)

Actuarial Assumptions (Continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	(6.08%)
International Equities	18%	(14.16%)
Fixed Income	28%	(0.28%)
Real Estate	9%	8.36%
Alternative Investments	7%	4.75% - 12.40%
Cash Equivalents	1%	2.50%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the "20-Year Municipal GO AA index"), and the resulting single discount rate is 7.25%.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Liability

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2018:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 13,298,977	\$ 12,793,205	\$ 505,772
Changes for the year:			
Service cost	308,981	-	308,981
Interest on the total pension liability	982,633	-	982,633
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	515,823	-	515,823
Changes of assumptions	376,553	-	376,553
Contributions - Employer	-	333,447	(333,447)
Contributions - Employees	-	137,513	(137,513)
Net investment income	-	(653,720)	653,720
Benefit payments, including refunds of employee contributions	(703,379)	(703,379)	-
Other (net transfer)	-	296,384	(296,384)
Net changes	<u>1,480,611</u>	<u>(589,755)</u>	<u>2,070,366</u>
Balances at December 31, 2018	<u>\$ 14,779,588</u>	<u>\$ 12,203,450</u>	<u>\$ 2,576,138</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Net pension liability	<u>\$ 4,270,698</u>	<u>\$ 2,576,138</u>	<u>\$ 1,165,150</u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

2. **Illinois Municipal Retirement Fund** (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019 the District recognized pension expense of \$584,113. At June 30, 2019, the District reported deferred outflows and deferred inflows of resources related to pensions from the following

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 196,862	\$ -
Change of assumptions	143,710	-
Net difference between projected and actual earnings on pension plan investments	<u>1,467,649</u>	<u>657,361</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>1,808,221</u>	<u>657,361</u>
Pension contributions made subsequent to the measurement date	<u>152,433</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 1,960,654</u></u>	<u><u>\$ 657,361</u></u>

The District reported \$152,433 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

2. **Illinois Municipal Retirement Fund** (Continued)

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

Year Ended June 30,	Outflows of Resources
2020	\$ 605,668
2021	118,068
2022	104,003
2023	323,121
2024	-
Thereafter	-
Total	<u>\$ 1,150,860</u>

3. **Summary of Pension Items**

Below is a summary of the various pension items:

	TRS	IMRF	Total
Deferred outflows of resources:			
Employer contributions	\$ 85,331	\$ 152,433	\$ 237,764
Experience	30,026	196,862	226,888
Assumptions	65,525	143,710	209,235
Investments	-	1,467,649	1,467,649
	<u>\$ 180,882</u>	<u>\$ 1,960,654</u>	<u>\$ 2,141,536</u>
Net pension liability	<u>\$ 1,493,969</u>	<u>\$ 2,576,138</u>	<u>\$ 4,070,107</u>
Pension Expense	<u>\$ 9,429,448</u>	<u>\$ 584,113</u>	<u>\$ 10,013,561</u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - PENSION LIABILITIES (Continued)

3. **Summary of Pension Items** (Continued)

	<u>TRS</u>	<u>IMRF</u>	<u>Total</u>
Deferred inflows of resources:			
Investments	\$ 4,574	\$ 657,361	\$ 661,935
Experience	326	-	326
Assumptions	42,342	-	42,342
Proportionate share	<u>1,016,130</u>	<u>-</u>	<u>1,016,130</u>
	<u>\$ 1,063,372</u>	<u>\$ 657,361</u>	<u>\$ 1,720,733</u>

4. **Social Security/Medicare**

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid the total required contribution for the current fiscal year.

NOTE K - OTHER POSTEMPLOYMENT BENEFITS

1. **Teachers' Health Insurance Security (THIS)**

Plan Description

The District participates in the Teacher Health Insurance Security Fund (THIS), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago.

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

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

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. **Teachers' Health Insurance Security (THIS)** (Continued)

Benefits Provided

The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

Contributions

On behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. In the fund financial statements, the State contributions are intended to match contributions to the THIS Fund from active members, which were 1.24 percent of pay during the year ended June 30, 2019. In the government-wide financial statements, State of Illinois contributions also include a proportional allocation of the State's OPEB expense (based on the portion of the District's share of the expense compared to all School Districts in aggregate). For the year ended June 30, 2019, the District recognized revenue and expenses of \$1,189,603 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$182,433 in the General Fund based on the current financial resources measurement basis for State of Illinois contributions on behalf of the District's employees.

District contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.92 percent during the year ended June 30, 2019. For the year ended June 30, 2019, the District paid \$135,353 to the THIS Fund, which was 100 percent of the required contribution. These amounts are deferred because they were paid after the June 30, 2018 measurement date.

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

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. **Teachers' Health Insurance Security (THIS)** (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state OPEB support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 16,059,724
State's proportionate share of the net OPEB liability associated with the District *	<u>21,564,746</u>
Total	<u><u>\$ 37,624,470</u></u>

- * The State's proportionate share of the net OPEB liability (NOL) associated with the District is not available in the actuarial report and therefore the amount reported above is an estimate calculated by allocating the State's total NOL for the entire plan (per the actuary) based on the District's proportionate share of the NOL to all the school districts participating in the Plan. Additionally, the amounts included below related to sensitivity of the healthcare rate, discount rate and amortization of deferred inflows and outflows are based on a similar allocation methodology.

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2018, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2018, the District's proportion was 0.060957 percent, which was an increase of 0.000443 percent from its proportion measured as of June 30, 2017.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. **Teachers' Health Insurance Security (THIS)** (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2019, the District recognized the following for OPEB expense/expenditure and revenue pertaining to the District's employees:

	Governmental Activities	General Fund
State on-behalf contributions - OPEB revenue	\$ 1,189,603	\$ 182,433
and expense/expenditure		
District OPEB pension expense	<u>957,712</u>	<u>135,353</u>
Total OPEB expense/expenditure	<u>\$ 2,147,315</u>	<u>\$ 317,786</u>

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 57,623
Net difference between projected and actual earnings on OPEB plan investments	-	493
Changes of assumptions	-	2,338,566
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>540,621</u>	<u>7,649</u>
Total deferred amounts to be recognized in OPEB expense in the future periods	540,621	2,404,331
District contributions subsequent to the measurement date	<u>135,353</u>	<u>-</u>
	<u>\$ 675,974</u>	<u>\$ 2,404,331</u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. **Teachers' Health Insurance Security (THIS)** (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The District reported \$135,353 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2020. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Net Deferred Inflows of Resources
2020	\$ 320,060
2021	320,060
2022	320,060
2023	320,016
2024	319,926
Thereafter	263,588
	<u>\$ 1,863,710</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal, used to measure Total OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you basis. Contribution rates are defined by statute. For fiscal year end June 30, 2018, contribution rates are 1.18% of pay for active members, 0.88% of pay for school districts, and 1.18% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. **Teachers' Health Insurance Security (THIS)** (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Asset Valuation Method	Market value
Investment Rate of Return	0.00%, net of OPEB plan investment expense, including inflation, for all plan years.
Inflation Rate	2.75 percent
Salary Increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP- 2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.
Healthcare Trend Rate	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare cost and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Healthcare Trend Rate	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. **Teachers' Health Insurance Security (THIS)** (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Expenses

Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

Discount Rate

The State, the District and active members contribute 1.18 percent, 0.88 percent, 1.18 percent of pay, respectively for fiscal year 2018. Retirees contribute a percentage of the premium rate. The State also contributes an additional amount to cover plan costs in excess of contributions and investment income. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.56 percent at June 30, 2017, and 3.62 percent at June 30, 2018, was used to measure the total OPEB liability. The increase in the single discount rate, from 3.56 percent to 3.62 percent, caused the total OPEB liability for the entire plan to decrease by approximately \$285 million.

Investment Return

During plan year end June 30, 2018, the trust earned \$743,000 in interest, and due to benefit payables, the market value of assets at June 30, 2018, is a negative \$9.23 million. Given the benefit payable, negative asset value and pay-as-you-go funding policy, the investment return assumption was set to zero.

Money-Weighted Rate of Return

The annual money-weighted rate of return was estimated based on monthly investment performance, net of investment expenses, adjusted for changing amounts actually invested. The annual money-weighted rate of return was 1.301% for plan year end June 30, 2018, and 0.678% for plan year end June 30, 2017.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.62 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current rate:

	1% Decrease (2.62%)	Current Discount (3.62%)	1% Increase (4.62%)
District's proportionate share of the net OPEB liability	\$ 19,309,981	\$ 16,059,724	\$ 13,493,922

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following table shows the District's net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	1% Decrease *	Current Healthcare Trend Rate	1% Increase **
District's proportionate share of the net OPEB liability	\$ 13,021,835	\$ 16,059,724	\$ 20,152,489

* One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.86% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. **Teachers' Health Insurance Security (THIS)** (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate (Continued)

** One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

2. **Retiree Health Plan**

Plan Description

The District administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The benefits, benefit levels, employee contributions and employer contributions are governed by the District and may be amended by the District through its employment contracts. The plan does not issue a separate financial report.

Benefits Provided

The plan provides the ability for retirees and their spouses to access the District's group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement. Administrators and Certified retirees are reimbursed a part of the premium toward the cost of their insurance, which is determined by the Board. The remainder of the premium is the responsibility of the retiree. IMRF retirees are eligible to participate in the plan, provided they pay the entire premium. Retirees that were part of the Voluntary Separation Program are reimbursed a part of the premium toward the cost of their insurance, which is determined by the Board, for five years beyond the retirement date or until the retiree is Medicare eligible (whichever occurs first). The remainder of the premium is the responsibility of the retiree.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. **Retiree Health Plan** (Continued)

Employees Covered by Benefit Terms

As of June 30, 2019, the following employees were covered by the benefit terms:

Active	205
Inactive entitled to but not yet receiving benefits	-
Inactive currently receiving benefits	<u>12</u>
Total	<u><u>217</u></u>

Contributions

Retirees under the age of 65 contribute the full active employee equivalent rate. Retirees have the option of choosing from an HMO or PPO plan through the District. Premiums for the plan are set by the Board of Education. Currently, the District contributes 0 percent to 100 percent to postemployment benefits, which varies for different employee groups. For fiscal year 2019, the District contributed \$0 toward the cost of the postemployment benefits for retirees, which was 0% of covered payroll.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. **Retiree Health Plan** (Continued)

Total OPEB Liability

The total OPEB liability, after considering the share of benefit-related costs with inactive Plan members, was determined by an actuarial valuation performed as of July 1, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	July 1, 2017
Measurement date	May 24, 2018
Actuarial cost method	Entry age, Normal
Actuarial assumptions:	
Inflation rate	3.00%
Discount rate	3.38%
Projected salary rate increases	4.00%
Healthcare inflation rate	6.00%
	5.00% ultimate
Mortality rates	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for experience. Disabled Annuitants: RP- 2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

Election at Retirement: 100% of future Certified Teachers retirees are summed to elect TRIP insurance at retirement. 15% of future IMRF Employees retirees are assumed to elect District insurance at retirement.

Coverage Status: 100% Employees are assumed to continue in their current plan into retirement if a District medical plan is selected. IMRF employees who declined active medical coverage are assumed to elect the HMO Illinois Plan at retirement.

Marital Status: 50% of active IMRF employees electing retiree coverage are assumed to be married and to elect spousal coverage with males three years older than females.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. **Retiree Health Plan** (Continued)

Discount Rate

The District does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 2.97% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2019.

Changes in Total OPEB Liability

	Total OPEB Liability (A)	Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at July 1, 2018	\$ 1,704,545	\$ -	\$ 1,704,545
Changes for the year:			
Service cost	114,073	-	114,073
Interest on the total OPEB liability	55,892	-	55,892
Difference between expected and actual experience of the total OPEB liability	-	-	-
Changes of assumptions	70,349	-	70,349
Contributions - employer	-	-	-
Contributions - employees	-	-	-
Net investment income	-	-	-
Benefit payments, including the implicit rate subsidy	(101,871)	-	(101,871)
Other	52,564	-	52,564
Net changes	<u>191,007</u>	<u>-</u>	<u>191,007</u>
Balances at June 30, 2019	<u>\$ 1,895,552</u>	<u>\$ -</u>	<u>\$ 1,895,552</u>

In 2019, changes in assumptions related to the discount rate were made (3.38% to 2.97%) and changes to the healthcare trend rate to reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. **Retiree Health Plan** (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 2.97%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	<u>1% Lower (1.97%)</u>	<u>Current Discount Rate (2.97%)</u>	<u>1% Higher (3.97%)</u>
Total OPEB liability	\$ 2,019,466	\$ 1,895,552	\$ 1,777,599

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the plan's net OPEB liability, calculated using a Healthcare Trend Rate range of 4.50%-5.50%, as well as what the plan's net OPEB liability would be if it were calculated using a Healthcare Trend Rate range that is 1% lower or 1% higher than the current range:

	<u>1% Lower</u>	<u>Current Healthcare Rate</u>	<u>1% Higher</u>
Total OPEB liability	\$ 1,740,117	\$ 1,895,552	\$ 2,073,923

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. **Retiree Health Plan** (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019 the District recognized OPEB expense of \$184,075. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in OPEB		
Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 13,812
Change of assumptions	128,421	1,107
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>-</u>
Total deferred amounts to be recognized in OPEB expense in the Future periods	<u>\$ 128,421</u>	<u>\$ 14,919</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 14,110
2021	14,110
2022	14,110
2023	14,110
2024	14,110
Thereafter	<u>42,952</u>
	<u>\$ 113,502</u>

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

3. Summary of OPEB Items

Below is a summary of other post employment benefit items at June 30, 2018:

	<u>THIS</u>	<u>RHP</u>	<u>Total</u>
Deferred outflows of resources:			
Employer contributions	\$ 135,353	\$ -	\$ 135,353
Experience	-	-	-
Assumptions	-	128,421	128,421
Proportionate share	-	-	-
Investments	<u>540,621</u>	<u>-</u>	<u>540,621</u>
	<u>\$ 675,974</u>	<u>\$ 128,421</u>	<u>\$ 804,395</u>
OPEB liability	<u>\$ 16,059,724</u>	<u>\$ 1,895,552</u>	<u>\$ 17,955,276</u>
Deferred inflows of resources:			
Experience	\$ 57,623	\$ 13,812	\$ 71,435
Assumptions	2,338,566	1,107	2,339,673
Investments	493	-	493
Proportionate share	<u>7,649</u>	<u>-</u>	<u>7,649</u>
	<u>\$ 2,404,331</u>	<u>\$ 14,919</u>	<u>\$ 2,419,250</u>

NOTE L - CONTINGENCIES

1. Litigation

The District, in the normal course of business, is subject to various ongoing property tax appeals and objections, and general litigation. Although the outcome of these matters is not presently determinable, the resolution of these matters, should the outcome be unfavorable, could have a significant impact on future tax revenues.

Northbrook School District 27
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE L - CONTINGENCIES (Continued)

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, not to be significant.

NOTE M - CONSTRUCTION COMMITMENTS

The District has contracts for construction projects which have been approved by the Board of Education at June 30, 2019. Future commitments approximate \$865,000 at June 30, 2019.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 22, 2019, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of net position date that require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Northbrook School District 27

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Illinois Municipal Retirement Fund

Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 308,981	\$ 314,044	\$ 297,080
Interest on the total pension liability	982,633	964,048	901,139
Benefit changes	-	-	-
Difference between expected and actual experience of the total pension liability	515,823	31,530	168,904
Assumption changes	376,553	(426,310)	(29,192)
Benefit payments, including the implicit rate subsidy	<u>(703,379)</u>	<u>(562,584)</u>	<u>(516,919)</u>
Net change in total pension liability	1,480,611	320,728	821,012
Total pension liability, beginning	<u>13,298,977</u>	<u>12,978,249</u>	<u>12,157,237</u>
Total pension liability, ending	<u>\$ 14,779,588</u>	<u>\$ 13,298,977</u>	<u>\$ 12,978,249</u>
Plan fiduciary net position			
Contributions, employer	\$ 333,447	\$ 320,135	\$ 303,980
Contributions, employee	137,513	144,842	124,108
Net investment income	(653,720)	1,924,547	718,920
Benefit payments, including refunds of employee contributions	<u>(703,379)</u>	<u>(562,584)</u>	<u>(516,919)</u>
Other (net transfer)	<u>296,384</u>	<u>(270,254)</u>	<u>77,448</u>
Net change in plan fiduciary net position	(589,755)	1,556,686	707,537
Plan fiduciary net position, beginning	<u>12,793,205</u>	<u>11,236,519</u>	<u>10,528,982</u>
Plan fiduciary net position, ending	<u>\$ 12,203,450</u>	<u>\$ 12,793,205</u>	<u>\$ 11,236,519</u>
Net pension liability	<u>\$ 2,576,138</u>	<u>\$ 505,772</u>	<u>\$ 1,741,730</u>
Plan fiduciary net position as a percentage of the total pension liability	82.57 %	96.20 %	86.58 %
Covered Valuation Payroll	\$ 3,012,162	\$ 2,912,970	\$ 2,731,172
Net pension liability as a percentage of covered valuation payroll	85.52 %	17.36 %	63.77 %

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015; therefore, 10 years of information is not available.

Note: Actuarial valuations are as of December 31, which is six months prior to the end of the fiscal year.

	<u>2016</u>	<u>2015</u>
\$	300,579	\$ 309,019
	848,640	761,619
	-	-
	39,819	44,345
	13,588	507,922
	<u>(450,803)</u>	<u>(435,811)</u>
	751,823	1,187,094
	11,405,414	10,218,320
\$	<u><u>12,157,237</u></u>	<u><u>\$ 11,405,414</u></u>
\$	288,763	\$ 280,489
	120,368	119,248
	52,538	602,659
	<u>(450,803)</u>	<u>(435,811)</u>
	<u>(10,342)</u>	<u>64,184</u>
	524	630,769
	10,528,458	9,897,689
\$	<u><u>10,528,982</u></u>	<u><u>\$ 10,528,458</u></u>
\$	<u><u>1,628,255</u></u>	<u><u>\$ 876,956</u></u>
	86.61 %	92.31 %
\$	2,658,955	\$ 2,614,071
	61.24 %	33.55 %

Northbrook School District 27
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
Five Most Recent Fiscal Years

Calendar Year Ended December 31,		Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2019	*	\$ 333,446	\$ 333,447	\$ (1)	\$ 3,012,162	11.07 %
2018		320,135	320,135	-	2,912,970	10.99
2017		303,979	303,980	(1)	2,731,172	11.13
2016		288,763	288,763	-	2,658,955	10.86
2015		278,772	280,489	(1,717)	2,598,062	10.80

* Estimated based on contribution rate of 11.07% and covered valuation payroll of \$3,012,162.

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015; therefore, ten years of information is not available.

Northbrook School District 27
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.0019167001 %	0.0031326327 %	0.0036757189 %
District's proportionate share of the net pension liability (asset)	\$ 1,493,969	\$ 2,393,273	\$ 2,901,467
State's proportionate share of the net pension liability associated with the District	<u>102,343,123</u>	<u>103,110,586</u>	<u>108,272,769</u>
Total	\$ <u><u>103,837,092</u></u>	\$ <u><u>105,503,859</u></u>	\$ <u><u>111,174,236</u></u>
District's covered payroll	\$ 14,188,758	\$ 13,918,842	\$ 13,640,291
District's proportionate share of the net pension liability as a percentage of its covered payroll	10.53 %	17.19 %	21.27 %
Plan fiduciary net position as a percentage of the total pension liability	40.00 %	39.30 %	36.40 %

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net position liability is reported.

Note 2: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015; therefore, 10 years of information is not available.

<u>2016</u>	<u>2015</u>
0.0038802991 %	0.0038884613 %
\$ 2,541,987	\$ 2,366,450
<u>85,297,368</u>	<u>78,647,025</u>
\$ <u>87,839,355</u>	\$ <u>81,013,475</u>
\$ 13,223,022	\$ 12,818,216
19.22 %	18.46 %
41.50 %	43.00 %

Northbrook School District 27
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 82,294	\$ 129,021	\$ 144,113
Contributions in relation to the contractually required contribution	<u>(79,637)</u>	<u>(129,063)</u>	<u>(142,350)</u>
Contribution deficiency (excess)	\$ <u>2,657</u>	\$ <u>(42)</u>	\$ <u>1,763</u>
District's covered payroll	\$ 14,712,324	\$ 14,188,758	\$ 13,918,842
Contributions as a percentage of covered payroll	0.54 %	0.91 %	1.02 %

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net position liability is reported.

Note 2: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015; therefore, 10 years of information is not available.

	<u>2016</u>	<u>2015</u>
\$	134,488	\$ 139,146
	<u>(135,965)</u>	<u>(138,738)</u>
\$	<u><u>(1,477)</u></u>	\$ <u><u>408</u></u>
\$	13,640,291	\$ 13,223,022
	1.00 %	1.05 %

Northbrook School District 27

SCHEDULE OF CHANGES IN TOTAL OTHER POSTRETIREMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS

Retiree Health Plan

Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 114,073	\$ 102,406
Interest on the total OPEB liability	55,892	56,094
Difference between expected and actual experience of the total OPEB liability	-	(17,668)
Assumption changes	70,349	1,627
Benefit payments and refunds	(101,871)	(89,898)
Other	52,564	21,315
Net change in total OPEB liability	191,007	73,876
Total OPEB liability, beginning	1,704,545	1,630,669
Total OPEB liability, ending	<u>\$ 1,895,552</u>	<u>\$ 1,704,545</u>
Plan fiduciary net position		
Contributions, employer	\$ -	\$ -
Contributions, employee	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	-	-
Other (net transfer)	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position, beginning	-	-
Plan fiduciary net position, ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability	<u>\$ 1,895,552</u>	<u>\$ 1,704,545</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %	0.00 %
Covered Valuation Payroll	\$ 16,015,846	\$ 16,015,846
Net OPEB liability as a percentage of covered valuation payroll	11.84 %	10.64 %

Note: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2018 therefore 10 years of information is not available.

Northbrook School District 27
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY
Teacher Health Insurance Security Fund
Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.060957 %	0.060514 %
District's proportionate share of the net OPEB liability	\$ 16,059,724	\$ 15,703,090
State's proportionate share of the net OPEB liability associated with the District	<u>21,564,746</u>	<u>20,622,059</u>
Total	<u>\$ 37,624,470</u>	<u>\$ 36,325,149</u>
District's covered payroll	\$ 14,188,758	\$ 13,918,842
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	113.19%	112.82%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Note 2: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2018 therefore 10 years of information is not available.

Northbrook School District 27
SCHEDULE OF DISTRICT CONTRIBUTIONS
Teacher Health Insurance Security Fund
Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 124,861	\$ 116,918
Contributions in relation to the contractually required contribution	<u>127,164</u>	<u>116,936</u>
Contribution excess	\$ <u>2,303</u>	\$ <u>18</u>
District's covered payroll	\$ 14,712,324	\$ 14,188,758
Contributions as a percentage of covered payroll	0.85%	0.82%

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Note 2: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2018 therefore 10 years of information is not available.

Northbrook School District 27

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			
	Original and Final Budget	Actual	Variance From Final Budget	2018 Actual
Revenues				
Local sources				
General levy	\$ 23,098,349	\$ 23,082,295	\$ (16,054)	\$ 21,442,159
Summer school tuition from pupils or parents	2,000	3,404	1,404	5,978
Interest on investments	250,000	478,716	228,716	281,100
Sales to pupils - other	3,500	2,826	(674)	4,207
Fees	80,000	60,696	(19,304)	99,901
Rentals - regular textbook	64,000	47,765	(16,235)	88,060
Contributions and donations from private sources	5,000	13,292	8,292	25,834
Refund of prior years' expenditures	500	-	(500)	-
Other	500	74	(426)	126
Total local sources	23,503,849	23,689,068	185,219	21,947,365
State sources				
Evidenced Based Funding	-	-	-	498,022
Special Education - Private Facility Tuition	2,000	35,395	33,395	1,900
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	-	-	-	790
Other state sources	500	-	(500)	6,719
On Behalf Payments to TRS from the State	10,655,032	6,520,449	(4,134,583)	11,623,026
Total state sources	10,657,532	6,555,844	(4,101,688)	12,130,457

(Continued)

Northbrook School District 27

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019				
	Original and Final Budget	Actual	Variance From Final Budget	2018 Actual	
Federal sources					
Special Milk Program	\$ 10,000	\$ 10,514	\$ 514	\$ 10,862	
Federal - Special Education - Pre-School Flow Through	4,235	4,235	-	4,006	
Federal - Special Education - I.D.E.A. - Flow Through	274,960	276,692	1,732	271,204	
Federal - Special Education - I.D.E.A. - Room and Board	-	20,206	20,206	8,058	
Fee-For-Service-Program	<u>10,000</u>	<u>4,678</u>	<u>(5,322)</u>	<u>-</u>	
Total federal sources	<u>299,195</u>	<u>316,325</u>	<u>17,130</u>	<u>294,130</u>	
Total revenues	<u>34,460,576</u>	<u>30,561,237</u>	<u>(3,899,339)</u>	<u>34,371,952</u>	
Expenditures					
Instruction					
Regular programs					
Salaries	10,933,795	10,856,677	77,118	10,444,663	
Employee benefits	2,195,386	2,168,533	26,853	2,016,195	
On-behalf payments to TRS from the state	10,655,032	6,520,449	4,134,583	11,623,026	
Purchased services	17,100	7,926	9,174	16,071	
Supplies and materials	1,079,121	969,217	109,904	976,997	
Capital outlay	554,000	539,498	14,502	455,811	
Non-capitalized equipment	<u>25,000</u>	<u>24,648</u>	<u>352</u>	<u>22,334</u>	
Total	25,459,434	21,086,948	4,372,486	25,555,097	

(Continued)

Northbrook School District 27

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Special education programs				
Salaries	\$ 1,334,191	\$ 1,333,720	\$ 471	\$ 1,354,564
Employee benefits	32,372	33,076	(704)	32,215
Purchased services	1,500	2,063	(563)	1,570
Supplies and materials	<u>14,200</u>	<u>4,554</u>	<u>9,646</u>	<u>5,225</u>
Total	<u>1,382,263</u>	<u>1,373,413</u>	<u>8,850</u>	<u>1,393,574</u>
Interscholastic programs				
Purchased services	<u>4,500</u>	<u>4,595</u>	<u>(95)</u>	<u>4,500</u>
Total	<u>4,500</u>	<u>4,595</u>	<u>(95)</u>	<u>4,500</u>
Summer school programs				
Salaries	10,000	8,764	1,236	6,534
Employee benefits	150	124	26	95
Supplies and materials	<u>500</u>	<u>-</u>	<u>500</u>	<u>10</u>
Total	<u>10,650</u>	<u>8,888</u>	<u>1,762</u>	<u>6,639</u>
Gifted programs				
Salaries	73,733	74,079	(346)	70,769
Employee benefits	1,107	1,111	(4)	1,033
Supplies and materials	<u>2,000</u>	<u>1,410</u>	<u>590</u>	<u>1,591</u>
Total	<u>76,840</u>	<u>76,600</u>	<u>240</u>	<u>73,393</u>
Total instruction	<u>26,933,687</u>	<u>22,550,444</u>	<u>4,383,243</u>	<u>27,033,203</u>

(Continued)

Northbrook School District 27

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services				
Salaries	\$ 363,309	\$ 358,379	\$ 4,930	\$ 346,373
Employee benefits	5,451	5,376	75	5,057
Supplies and materials	<u>3,000</u>	<u>2,374</u>	<u>626</u>	<u>2,281</u>
Total	<u>371,760</u>	<u>366,129</u>	<u>5,631</u>	<u>353,711</u>
Guidance services				
Salaries	98,954	98,410	544	96,492
Employee benefits	1,485	1,476	9	1,408
Supplies and materials	<u>30,000</u>	<u>39,998</u>	<u>(9,998)</u>	<u>30,000</u>
Total	<u>130,439</u>	<u>139,884</u>	<u>(9,445)</u>	<u>127,900</u>
Health services				
Salaries	254,385	255,174	(789)	251,372
Employee benefits	1,777	1,692	85	1,641
Purchased services	500	-	500	-
Supplies and materials	<u>5,250</u>	<u>3,751</u>	<u>1,499</u>	<u>4,070</u>
Total	<u>261,912</u>	<u>260,617</u>	<u>1,295</u>	<u>257,083</u>
Psychological services				
Salaries	329,823	329,074	749	320,548
Employee benefits	4,948	4,936	12	4,680
Supplies and materials	<u>6,000</u>	<u>5,541</u>	<u>459</u>	<u>5,910</u>
Total	<u>340,771</u>	<u>339,551</u>	<u>1,220</u>	<u>331,138</u>

(Continued)

Northbrook School District 27

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Speech pathology and audiology services				
Salaries	\$ 550,413	\$ 551,161	\$ (748)	\$ 527,106
Employee benefits	19,381	8,267	11,114	19,815
Supplies and materials	<u>3,750</u>	<u>411</u>	<u>3,339</u>	<u>1,399</u>
Total	<u>573,544</u>	<u>559,839</u>	<u>13,705</u>	<u>548,320</u>
Other support services - pupils				
Salaries	409,000	467,401	(58,401)	426,400
Employee benefits	6,135	5,667	468	4,935
Supplies and materials	<u>500</u>	<u>7,727</u>	<u>(7,227)</u>	<u>406</u>
Total	<u>415,635</u>	<u>480,795</u>	<u>(65,160)</u>	<u>431,741</u>
Total pupils	<u>2,094,061</u>	<u>2,146,815</u>	<u>(52,754)</u>	<u>2,049,893</u>
Instructional staff				
Improvement of instruction services				
Salaries	890,939	892,820	(1,881)	873,285
Employee benefits	129,548	128,057	1,491	147,135
Purchased services	52,000	42,381	9,619	44,672
Supplies and materials	<u>31,000</u>	<u>30,224</u>	<u>776</u>	<u>21,501</u>
Total	<u>1,103,487</u>	<u>1,093,482</u>	<u>10,005</u>	<u>1,086,593</u>
Educational media services				
Salaries	271,589	271,588	1	261,435
Employee benefits	4,075	4,074	1	3,817
Supplies and materials	<u>78,700</u>	<u>73,987</u>	<u>4,713</u>	<u>72,624</u>
Total	<u>354,364</u>	<u>349,649</u>	<u>4,715</u>	<u>337,876</u>

(Continued)

Northbrook School District 27

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Assessment and testing				
Purchased services	\$ 9,000	\$ 6,046	\$ 2,954	\$ 7,437
Total	9,000	6,046	2,954	7,437
Total instructional staff	1,466,851	1,449,177	17,674	1,431,906
General administration				
Board of education services				
Purchased services	299,217	280,487	18,730	250,465
Total	299,217	280,487	18,730	250,465
Executive administration services				
Salaries	714,060	692,337	21,723	731,013
Employee benefits	62,440	64,751	(2,311)	61,155
Purchased services	9,800	8,677	1,123	6,779
Supplies and materials	16,000	16,560	(560)	15,945
Total	802,300	782,325	19,975	814,892
Total general administration	1,101,517	1,062,812	38,705	1,065,357
School administration				
Office of the principal services				
Salaries	792,408	787,342	5,066	780,189
Employee benefits	76,900	79,744	(2,844)	73,378
Supplies and materials	14,000	8,478	5,522	5,994
Total	883,308	875,564	7,744	859,561

(Continued)

Northbrook School District 27

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Total school administration	\$ 883,308	\$ 875,564	\$ 7,744	\$ 859,561
Business				
Fiscal services				
Purchased services	77,692	72,392	5,300	67,858
Total	77,692	72,392	5,300	67,858
Operation and maintenance of plant services				
Purchased services	12,000	10,231	1,769	12,279
Total	12,000	10,231	1,769	12,279
Food services				
Supplies and materials	15,000	17,819	(2,819)	16,531
Total	15,000	17,819	(2,819)	16,531
Total business	104,692	100,442	4,250	96,668
Data processing services				
Purchased services	225,000	208,811	16,189	140,483
Total	225,000	208,811	16,189	140,483
Total central	225,000	208,811	16,189	140,483
Total support services	5,875,429	5,843,621	31,808	5,643,868

(Continued)

Northbrook School District 27

General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Community services				
Salaries	\$ 55,000	\$ 55,340	\$ (340)	\$ 25,211
Purchased services	-	9,057	(9,057)	-
Supplies and materials	<u>8,041</u>	<u>(1,067)</u>	<u>9,108</u>	<u>37,983</u>
Total	<u>63,041</u>	<u>63,330</u>	<u>(289)</u>	<u>63,194</u>
Payments for special education programs				
Purchased services	38,419	54,032	(15,613)	42,555
Other objects	<u>1,550,000</u>	<u>1,945,272</u>	<u>(395,272)</u>	<u>1,884,776</u>
Total	<u>1,588,419</u>	<u>1,999,304</u>	<u>(410,885)</u>	<u>1,927,331</u>
Payments for regular programs - tuition				
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total payments to other districts and other government units	<u>1,588,419</u>	<u>1,999,304</u>	<u>(410,885)</u>	<u>1,927,331</u>
Total expenditures	<u>34,460,576</u>	<u>30,456,699</u>	<u>4,003,877</u>	<u>34,667,596</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>104,538</u>	<u>104,538</u>	<u>(295,644)</u>
Other financing uses				
Permanent transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>
Net change to fund balance	<u>\$ -</u>	<u>104,538</u>	<u>\$ 104,538</u>	<u>2,204,356</u>
Fund balance, beginning of year		<u>15,459,609</u>		<u>13,255,253</u>
Fund balance, end of year		<u>\$15,564,147</u>		<u>\$15,459,609</u>

(Concluded)

Northbrook School District 27
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Revenues				
Local sources				
General levy	\$ 1,649,583	\$ 1,802,055	\$ 152,472	\$ 2,695,593
Corporate personal property replacement taxes	267,000	292,648	25,648	256,694
Interest on investments	30,000	55,632	25,632	44,356
Rentals	7,000	4,110	(2,890)	4,476
Refund of prior years' expenditures	8,500	2,326	(6,174)	36,341
Other	500	-	(500)	-
Total local sources	1,962,583	2,156,771	194,188	3,037,460
State sources				
General State Aid	784,500	787,401	2,901	287,994
Total state sources	784,500	787,401	2,901	287,994
Total revenues	2,747,083	2,944,172	197,089	3,325,454
Expenditures				
Support services				
Business				
Facilities acquisition and construction services				
Purchased services	40,000	139,706	(99,706)	7,000
Total	40,000	139,706	(99,706)	7,000

(Continued)

Northbrook School District 27
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Operation and maintenance of plant services				
Salaries	\$ 771,093	\$ 756,558	\$ 14,535	\$ 775,570
Employee benefits	133,310	99,759	33,551	123,226
Purchased services	1,233,680	1,102,979	130,701	1,016,482
Supplies and materials	509,000	611,601	(102,601)	471,989
Capital outlay	<u>60,000</u>	<u>491,492</u>	<u>(431,492)</u>	<u>1,906</u>
Total	<u>2,707,083</u>	<u>3,062,389</u>	<u>(355,306)</u>	<u>2,389,173</u>
Total business	<u>2,747,083</u>	<u>3,202,095</u>	<u>(455,012)</u>	<u>2,396,173</u>
Total support services	<u>2,747,083</u>	<u>3,202,095</u>	<u>(455,012)</u>	<u>2,396,173</u>
Total expenditures	<u>2,747,083</u>	<u>3,202,095</u>	<u>(455,012)</u>	<u>2,396,173</u>
Excess of revenues over expenditures	<u>-</u>	<u>(257,923)</u>	<u>(257,923)</u>	<u>929,281</u>
Other financing uses				
Permanent transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,500,000)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,500,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(257,923)</u>	<u>\$ (257,923)</u>	<u>(1,570,719)</u>
Fund balance, beginning of year		<u>4,540,147</u>		<u>6,110,866</u>
Fund balance, end of year		<u>\$ 4,282,224</u>		<u>\$ 4,540,147</u>

(Concluded)

Northbrook School District 27

Transportation Fund

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 440,509	\$ 505,186	\$ 64,677	\$ 441,785
Regular transportation fees				
curricular activities	15,000	12,047	(2,953)	19,572
Interest on investments	<u>5,000</u>	<u>8,696</u>	<u>3,696</u>	<u>5,462</u>
Total local sources	<u>460,509</u>	<u>525,929</u>	<u>65,420</u>	<u>466,819</u>
State sources				
Transportation - Special Education	<u>160,000</u>	<u>133,296</u>	<u>(26,704)</u>	<u>115,195</u>
Total state sources	<u>160,000</u>	<u>133,296</u>	<u>(26,704)</u>	<u>115,195</u>
Total revenues	<u>620,509</u>	<u>659,225</u>	<u>38,716</u>	<u>582,014</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	<u>620,509</u>	<u>999,930</u>	<u>(379,421)</u>	<u>775,768</u>
Total	<u>620,509</u>	<u>999,930</u>	<u>(379,421)</u>	<u>775,768</u>
Total support services	<u>620,509</u>	<u>999,930</u>	<u>(379,421)</u>	<u>775,768</u>
Total expenditures	<u>620,509</u>	<u>999,930</u>	<u>(379,421)</u>	<u>775,768</u>

(Continued)

Northbrook School District 27

Transportation Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			
	Original and Final Budget	Actual	Variance From Final Budget	2018 Actual
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ (340,705)</u>	<u>\$ (340,705)</u>	<u>\$ (193,754)</u>
Net change in fund balance	<u>\$ -</u>	<u>(340,705)</u>	<u>\$ (340,705)</u>	<u>(193,754)</u>
Fund balance, beginning of year		<u>90,863</u>		<u>284,617</u>
Fund balance, end of year		<u>\$ (249,842)</u>		<u>\$ 90,863</u>

(Concluded)

Northbrook School District 27
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 146,312	\$ 164,299	\$ 17,987	\$ 156,816
Social security/Medicare only levy	580,175	593,788	13,613	558,675
Corporate personal property replacement taxes	15,000	15,000	-	19,770
Interest on investments	<u>5,000</u>	<u>7,001</u>	<u>2,001</u>	<u>5,280</u>
Total local sources	<u>746,487</u>	<u>780,088</u>	<u>33,601</u>	<u>740,541</u>
Total revenues	<u>746,487</u>	<u>780,088</u>	<u>33,601</u>	<u>740,541</u>
Expenditures				
Instruction				
Regular programs	316,476	306,466	10,010	301,663
Special education programs	31,040	30,276	764	29,199
Summer school programs	145	199	(54)	95
Gifted programs	<u>1,069</u>	<u>868</u>	<u>201</u>	<u>698</u>
Total instruction	<u>348,730</u>	<u>337,809</u>	<u>10,921</u>	<u>331,655</u>

(Continued)

Northbrook School District 27
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services	\$ 5,268	\$ 4,918	\$ 350	\$ 4,741
Guidance services	1,435	1,406	29	1,378
Health services	25,920	25,730	190	26,466
Psychological services	4,783	4,487	296	4,371
Speech pathology and audiology services	<u>7,981</u>	<u>7,647</u>	<u>334</u>	<u>7,273</u>
Other support services -pupils	<u>5,931</u>	<u>20,508</u>	<u>(14,577)</u>	<u>19,784</u>
Total pupils	<u>51,318</u>	<u>64,696</u>	<u>(13,378)</u>	<u>64,013</u>
Instructional staff				
Improvement of instruction services	98,606	97,374	1,232	98,112
Educational media services	<u>3,938</u>	<u>3,572</u>	<u>366</u>	<u>3,400</u>
Total instructional staff	<u>102,544</u>	<u>100,946</u>	<u>1,598</u>	<u>101,512</u>
General administration				
Executive administration services	<u>52,236</u>	<u>48,706</u>	<u>3,530</u>	<u>58,706</u>
Total general administration	<u>52,236</u>	<u>48,706</u>	<u>3,530</u>	<u>58,706</u>
School administration				
Office of the principal services	<u>43,639</u>	<u>41,005</u>	<u>2,634</u>	<u>45,375</u>
Total school administration	<u>43,639</u>	<u>41,005</u>	<u>2,634</u>	<u>45,375</u>

(Continued)

Northbrook School District 27
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Business				
Operation and maintenance of plant services	\$ 135,894	\$ 129,880	\$ 6,014	\$ 140,493
Total business	135,894	129,880	6,014	140,493
Total support services	385,631	385,233	398	410,099
Community services	12,126	9,529	2,597	4,560
Total expenditures	746,487	732,571	13,916	746,314
Excess (deficiency) of revenues over expenditures	\$ -	47,517	\$ 47,517	(5,773)
Net change in fund balance	\$ -	47,517	\$ 47,517	(5,773)
Fund balance, beginning of year		661,742		667,515
Fund balance, end of year		\$ 709,259		\$ 661,742

(Concluded)

Northbrook School District 27
Notes to the Required Supplementary Information
June 30, 2019

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 27, 2018.
- g) All annual budgets lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The following fund had expenditures in excess of budget at June 30, 2019:

<u>Fund</u>	<u>Amount</u>
Operations and Maintenance	\$ 455,012
Transportation	379,421

The District had expenditures in excess of the budget in the Operations and Maintenance Fund due to capital outlay expenditures. The District had expenditures in excess of the budget in Transportation due to unanticipated increased costs related to a new bus contract, as well as increased special education transportation costs.

Northbrook School District 27
Notes to the Required Supplementary Information
June 30, 2019

3. CHANGES OF ASSUMPTIONS - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

For the 2018, 2017, and 2016 measurement years, the assumed investment rate of return was 7.00 percent, including an inflation rate of 2.50 percent and a real return of 4.50%. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

For the 2015 measurement year, the assumed investment rate of return was 7.50 percent, including an inflation rate of 3.00 percent and real return of 4.50 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.50 percent, including an inflation rate of 3.00 percent and real return of 4.50 percent. However, salary increases were assumed to vary by age.

Northbrook School District 27
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

4. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 IMRF CONTRIBUTION RATE*

Valuation Date:

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

Methods and Assumptions Used to Determine the 2018 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 25-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (three employers were financed over 29 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF mortality table was used with fully generational projections scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Notes	There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation.

Northbrook School District 27
Notes to the Required Supplementary Information
June 30, 2019

4. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 IMRF CONTRIBUTION RATE* (Continued)

Change in Assumptions:

For the 2018 measurement year, the assumed investment rate of return was 7.25 percent, including an inflation rate of 2.50 percent and a real return of 4.75%.

For the 2017, 2016, 2015 and 2014 measurement years, the assumed investment rate of return was 7.50 percent, including an inflation rate of 2.50 percent and a real return of 5.00%.

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 THIS CONTRIBUTION RATE

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of June 30 each year, 12 months prior to the fiscal year in which contributions are reported.
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Fiscal Year End	June 30, 2019

Methods and Assumptions Used to Determine the 2018 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Asset Valuation Method	Market value
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation, for all plan
Single equivalent discount rate	3.62%
Price Inflation	2.75%
Salary Increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.

Northbrook School District 27
Notes to the Required Supplementary Information
June 30, 2019

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 THIS CONTRIBUTION RATE (Continued)

Methods and Assumptions Used to Determine the 2018 Contribution Rate: (Continued)

Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Diasabled Annutant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare cost and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additonal trend rate of 0.36% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

Change in Assumptions:

The Discount Rate was changed from 3.56% used in the Fiscal Year 2018 valuation to 3.62%, which is the Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

6. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 RHP CONTRIBUTION RATE

Valuation Date:

Valuation Date	July 1, 2017
Measurement Date	May 24, 2018
Fiscal Year End	June 30, 2019

Northbrook School District 27
Notes to the Required Supplementary Information
June 30, 2019

6. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 RHP CONTRIBUTION RATE (Continued)

Methods and Assumptions Used to Determine the 2019 Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line
Remaining Amortization Period	9.08 years
Municipal Bond Index	2.79%
Asset Valuation Method	Market value
Investment Rate of Return	Not applicable
Price Inflation	2.75%
Salary Increases	4.00%
Retirement Rates	IMRF Employees: Rates from the December 31, 2017 IMRF Actuarial Valuation Report. No Early Retirement Rates assumed.
Election at Retirement	100% of future Certified Teachers retirees are assumed to elect TRIP insurance at retirement. 15% of future IMRF employees retirees are assumed to elect District insurance retirement.
Mortality	IMRF Employees and Retirees: Rates from the December 31, 2017 IMRF Actuarial Valuation Report.
Healthcare Cost Trend Rates	6.00, Initial 5.00, Ultimate

SUPPLEMENTARY FINANCIAL INFORMATION

Northbrook School District 27

General Fund

COMBINING BALANCE SHEETJune 30, 2019

	Educational Account	Working Cash Account	Total
ASSETS			
Cash and investments	\$ 11,468,465	\$ 3,691,727	\$ 15,160,192
Receivables (net of allowance for uncollectibles):			
Interest	16,690	380	17,070
Property taxes	11,334,427	106	11,334,533
Intergovernmental	101,900	-	101,900
Due from other fund	261,203	-	261,203
Prepaid Items	35,248	-	35,248
Other current assets	<u>24,211</u>	<u>-</u>	<u>24,211</u>
Total assets	<u>\$ 23,242,144</u>	<u>\$ 3,692,213</u>	<u>\$ 26,934,357</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 26,096	\$ -	\$ 26,096
Salaries and wages payable	1,425	-	1,425
Unearned revenue	<u>128,470</u>	<u>-</u>	<u>128,470</u>
Total liabilities	<u>155,991</u>	<u>-</u>	<u>155,991</u>
DEFERRED INFLOWS			
Property taxes levied for a future period	<u>11,214,113</u>	<u>106</u>	<u>11,214,219</u>
Total deferred inflows	<u>11,214,113</u>	<u>106</u>	<u>11,214,219</u>
FUND BALANCES			
Nonspendable	35,248	-	35,248
Assigned	-	3,692,107	3,692,107
Unassigned	<u>11,836,792</u>	<u>-</u>	<u>11,836,792</u>
Total fund balance	<u>11,872,040</u>	<u>3,692,107</u>	<u>15,564,147</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 23,242,144</u>	<u>\$ 3,692,213</u>	<u>\$ 26,934,357</u>

Northbrook School District 27

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2019

	Educational Account	Working Cash Account	Total
Revenues			
Property taxes	\$ 23,082,295	\$ -	\$ 23,082,295
State aid	6,555,844	-	6,555,844
Federal aid	316,325	-	316,325
Interest	406,805	71,911	478,716
Other	128,057	-	128,057
	<u>30,489,326</u>	<u>71,911</u>	<u>30,561,237</u>
Total revenues			
Expenditures			
Current:			
Instruction:			
Regular programs	14,027,001	-	14,027,001
Special programs	1,373,413	-	1,373,413
Other instructional programs	90,083	-	90,083
State retirement contributions	6,520,449	-	6,520,449
Support services:			
Pupils	2,146,815	-	2,146,815
Instructional staff	1,449,177	-	1,449,177
General administration	1,062,812	-	1,062,812
School administration	875,564	-	875,564
Business	90,211	-	90,211
Operations and maintenance	10,231	-	10,231
Central	208,811	-	208,811
Community services	63,330	-	63,330
Nonprogrammed charges	1,999,304	-	1,999,304
Capital outlay	539,498	-	539,498
	<u>30,456,699</u>	<u>-</u>	<u>30,456,699</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>32,627</u>	<u>71,911</u>	<u>104,538</u>

(Continued)

Northbrook School District 27

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2019

	Educational Account	Working Cash Account	Total
Net change in fund balance	\$ 32,627	\$ 71,911	\$ 104,538
Fund balance, beginning of year	<u>11,839,413</u>	<u>3,620,196</u>	<u>15,459,609</u>
Fund balance, end of year	<u>\$ 11,872,040</u>	<u>\$ 3,692,107</u>	<u>\$ 15,564,147</u>

(Concluded)

Northbrook School District 27
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets				
Cash and cash equivalents	\$ 64,672	\$ 172,524	\$ 192,855	\$ 44,341
Liabilities				
Student Activity Fund				
Wood Oaks Junior High				
P.E.	\$ 4,411	\$ 7,876	\$ 7,518	\$ 4,769
Student council	5,568	1,334	1,662	5,240
Yearbook	(244)	9,915	11,157	(1,486)
Sundry	18,369	10,778	9,780	19,367
Flexible Spending Account				
Fund				
Due to employees	36,568	142,621	162,738	16,451
	\$ 64,672	\$ 172,524	\$ 192,855	\$ 44,341

STATISTICAL SECTION
(Unaudited)

Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District.

Contents

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Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

118 - 123

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

129 - 135

Operating Information

These schedules contain information about the District's services and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

136 - 140

SOURCES: Unless otherwise noted, the information in these schedules is derived from the audited financial statements for the relevant year.

Northbrook School District 27
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	<u>2019</u>		<u>2018</u>		<u>2017 **</u>		<u>2016</u>
Governmental Activities							
Investment in capital assets	\$ 23,907,447	\$	24,157,729	\$	24,892,617	\$	25,689,733
Restricted	4,991,483		5,292,752		7,062,998		6,147,766
Unrestricted	<u>(8,474,851)</u>		<u>(7,501,341)</u>		<u>8,107,226</u>		<u>8,714,545</u>
 Total net position	 \$ <u>20,424,079</u>	 \$	 <u>21,949,140</u>	 \$	 <u>40,062,841</u>	 \$	 <u>40,552,044</u>

* Amounts presented as originally reported and not restated due to the implementation of GASB Statement No. 68.

** Amounts presented as originally reported and not restated due to the implementation of GASB Statement No. 75.

<u>2015 *</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 26,706,873	\$ 27,824,441	\$ 28,831,168	\$ 26,843,531	\$ 27,488,787	\$ 26,164,330
5,331,887	4,707,082	4,307,123	3,737,451	913,789	876,992
<u>8,592,237</u>	<u>10,904,135</u>	<u>10,793,411</u>	<u>9,818,453</u>	<u>10,349,692</u>	<u>11,219,338</u>
 \$ <u><u>40,630,997</u></u>	 \$ <u><u>43,435,658</u></u>	 \$ <u><u>43,931,702</u></u>	 \$ <u><u>40,399,435</u></u>	 \$ <u><u>38,752,268</u></u>	 \$ <u><u>38,260,660</u></u>

Northbrook School District 27**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenses				
Instruction	\$ 29,774,399	\$ 30,995,782	\$ 29,008,748	\$ 24,724,548
Support services	10,897,221	9,584,713	9,073,696	8,817,983
Community services	<u>79,023</u>	<u>65,553</u>	<u>49,319</u>	<u>161,146</u>
Total expenses	<u>40,750,643</u>	<u>40,646,048</u>	<u>38,131,763</u>	<u>33,703,677</u>
Program revenues				
Charges for services				
Instruction	111,865	193,939	153,053	143,958
Support services	18,983	28,255	28,020	23,993
Operating grants and contributions				
Instruction	11,142,515	11,908,984	11,576,106	8,017,042
Support services	<u>143,810</u>	<u>132,776</u>	<u>141,399</u>	<u>144,271</u>
Total program revenues	<u>11,417,173</u>	<u>12,263,954</u>	<u>11,898,578</u>	<u>8,329,264</u>
Net expense	<u>(29,333,470)</u>	<u>(28,382,094)</u>	<u>(26,233,185)</u>	<u>(25,374,413)</u>
General revenues				
Taxes:				
Real estate taxes	26,147,623	25,295,028	24,873,736	24,618,618
Personal property replacement taxes	307,648	276,464	374,524	265,404
Other local sources	15,692	62,301	70,369	84,677
General state aid	787,401	786,016	294,702	258,936
Investment earnings	<u>550,045</u>	<u>336,198</u>	<u>130,651</u>	<u>67,825</u>
Total general revenues	<u>27,808,409</u>	<u>26,756,007</u>	<u>25,743,982</u>	<u>25,295,460</u>
Change in net position	\$ <u><u>(1,525,061)</u></u>	\$ <u><u>(1,626,087)</u></u>	\$ <u><u>(489,203)</u></u>	\$ <u><u>(78,953)</u></u>

	2015	2014	2013	2012	2011	2010
\$	23,487,007	\$ 21,644,567	\$ 18,622,186	\$ 17,796,862	\$ 17,950,014	\$ 19,119,989
	8,683,472	8,502,482	8,288,770	7,997,333	8,213,290	8,656,858
	99,675	125,421	-	-	-	-
	<u>32,270,154</u>	<u>30,272,470</u>	<u>26,910,956</u>	<u>25,794,195</u>	<u>26,163,304</u>	<u>27,776,847</u>
	110,249	88,643	86,515	70,150	62,893	47,614
	25,996	26,856	25,907	24,712	46,717	22,271
	7,313,766	5,317,753	4,179,746	3,867,667	3,881,217	4,003,223
	147,644	130,658	162,977	111,682	125,151	1,698,296
	<u>7,597,655</u>	<u>5,563,910</u>	<u>4,455,145</u>	<u>4,074,211</u>	<u>4,115,978</u>	<u>5,771,404</u>
	<u>(24,672,499)</u>	<u>(24,708,560)</u>	<u>(22,455,811)</u>	<u>(21,719,984)</u>	<u>(22,047,326)</u>	<u>(22,005,443)</u>
	23,943,335	23,608,309	22,834,871	22,771,948	21,987,432	23,145,939
	332,156	308,976	305,433	298,930	324,949	250,574
	42,315	26,905	55,773	21,401	(32,971)	4,044
	239,137	240,826	241,222	252,895	276,727	533,997
	40,623	27,500	28,136	21,977	(17,203)	133,941
	<u>24,597,566</u>	<u>24,212,516</u>	<u>23,465,435</u>	<u>23,367,151</u>	<u>22,538,934</u>	<u>24,068,495</u>
\$	<u>(74,933)</u>	<u>(496,044)</u>	<u>1,009,624</u>	<u>1,647,167</u>	<u>491,608</u>	<u>2,063,052</u>

Northbrook School District 27
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund and Operations and Maintenance Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	75,555	2,257	3,201	3,800
Restricted	4,241,917	4,537,890	6,108,292	5,189,137
Assigned	3,692,107	3,583,520	3,583,520	3,565,450
Unassigned	<u>11,586,950</u>	<u>11,876,089</u>	<u>9,671,106</u>	<u>9,747,037</u>
 Total General Fund and Operations and Maintenance Fund	 <u>19,596,529</u>	 <u>19,999,756</u>	 <u>19,366,119</u>	 <u>18,505,424</u>
 All other governmental funds				
Unreserved, reported in:				
*Special revenue funds	-	-	-	-
Capital projects fund	-	-	-	-
Restricted, reported in:				
Special revenue funds	709,259	752,605	952,132	956,146
Unassigned, reported in:				
Capital projects fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total all other governmental funds	 <u>709,259</u>	 <u>752,605</u>	 <u>952,132</u>	 <u>956,146</u>
 Total all governmental funds	 <u>\$ 20,305,788</u>	 <u>\$ 20,752,361</u>	 <u>\$ 20,318,251</u>	 <u>\$ 19,461,570</u>

* Note: GASB 54 was implemented in fiscal year 2011. With this implementation, the 2010 fund balances were restated and the Working Cash Fund was reclassified to the General Fund. The Working Cash Fund is included in Special Revenue Funds for fiscal years 2007-2009.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011*</u>	<u>2010*</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
13,450	6,544	18,454	16,714	16,324	14,979
4,460,399	3,811,887	3,404,159	2,838,815	1,863,265	3,636,953
3,555,747	3,549,561	3,545,279	-	-	-
<u>8,912,436</u>	<u>8,234,877</u>	<u>7,903,486</u>	<u>10,428,763</u>	<u>9,024,938</u>	<u>8,511,000</u>
 <u>16,942,032</u>	 <u>15,602,869</u>	 <u>14,871,378</u>	 <u>13,284,292</u>	 <u>10,904,527</u>	 <u>12,162,932</u>
 -	 -	 -	 -	 -	 -
 -	 -	 -	 -	 -	 -
869,126	892,962	901,721	891,136	913,789	876,992
 -	 -	 -	 -	 -	 (463,838)
<u>869,126</u>	<u>892,962</u>	<u>901,721</u>	<u>891,136</u>	<u>913,789</u>	<u>413,154</u>
\$ <u><u>17,811,158</u></u>	\$ <u><u>16,495,831</u></u>	\$ <u><u>15,773,099</u></u>	\$ <u><u>14,175,428</u></u>	\$ <u><u>11,818,316</u></u>	\$ <u><u>12,576,086</u></u>

Northbrook School District 27
GOVERNMENTAL FUNDS REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Local sources				
Taxes	\$ 26,455,271	\$ 25,571,492	\$ 25,248,260	\$ 24,884,022
Earnings on investments	550,045	336,198	130,651	67,825
Other local sources	<u>146,540</u>	<u>284,495</u>	<u>251,442</u>	<u>252,628</u>
Total local sources	27,151,856	26,192,185	25,630,353	25,204,475
State and federal sources	<u>1,272,417</u>	<u>1,204,750</u>	<u>1,223,270</u>	<u>1,286,018</u>
Total direct revenues	28,424,273	27,396,935	26,853,623	26,490,493
TRS on-behalf receipts	6,520,449	11,623,026	10,788,937	7,134,231
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 34,944,722</u>	<u>\$ 39,019,961</u>	<u>\$ 37,642,560</u>	<u>\$ 33,624,724</u>

	2015	2014	2013	2012	2011	2010
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$	24,275,491	\$ 23,917,285	\$ 23,140,304	\$ 23,070,878	\$ 22,312,381	\$ 23,396,513
	40,623	27,500	28,136	21,977	(17,203)	133,941
	<u>178,560</u>	<u>142,404</u>	<u>168,195</u>	<u>116,263</u>	<u>51,370</u>	<u>73,929</u>
	24,494,674	24,087,189	23,336,635	23,209,118	22,346,548	23,604,383
	<u>1,233,752</u>	<u>1,090,770</u>	<u>1,130,519</u>	<u>1,198,470</u>	<u>1,311,115</u>	<u>3,225,123</u>
	25,728,426	25,177,959	24,467,154	24,407,588	23,657,663	26,829,506
	6,466,795	4,598,467	3,453,426	3,033,774	2,997,249	3,010,393
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,416,063</u>	<u>5,279,070</u>
\$	<u><u>32,195,221</u></u>	<u><u>29,776,426</u></u>	<u><u>27,920,580</u></u>	<u><u>27,441,362</u></u>	<u><u>29,070,975</u></u>	<u><u>35,118,969</u></u>

Northbrook School District 27
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Current				
Instruction				
Regular programs	\$ 14,333,467	\$ 13,777,923	\$ 13,545,937	\$ 13,088,493
Special programs	1,403,689	1,422,773	1,350,608	1,421,534
Other instructional programs	91,150	85,325	84,900	81,773
Total instruction	<u>15,828,306</u>	<u>15,286,021</u>	<u>14,981,445</u>	<u>14,591,800</u>
Supporting services				
Pupils	2,211,511	2,113,906	2,105,220	2,008,119
Instructional staff	1,550,123	1,533,418	1,441,374	1,404,952
General administration	1,111,518	1,124,063	994,216	883,621
School administration	916,569	904,936	867,443	766,701
Business	229,917	91,389	94,473	102,102
Transportation	999,930	775,768	606,797	539,812
Operations and maintenance	2,711,008	2,540,039	2,544,266	2,441,822
Central	208,811	140,483	179,139	199,552
Total supporting services	<u>9,939,387</u>	<u>9,224,002</u>	<u>8,832,928</u>	<u>8,346,681</u>
Total current	<u>25,767,693</u>	<u>24,510,023</u>	<u>23,814,373</u>	<u>22,938,481</u>
Other				
Community services	72,859	67,754	47,560	149,592
Nonprogrammed charges	1,999,304	1,927,331	1,692,294	1,525,583
Capital outlay	1,030,990	457,717	442,715	226,425
Total other	<u>3,103,153</u>	<u>2,452,802</u>	<u>2,182,569</u>	<u>1,901,600</u>
Total direct expenditures	28,870,846	26,962,825	25,996,942	24,840,081
TRS on-behalf payment	6,520,449	11,623,026	10,788,937	7,134,231
Other financing uses	-	-	-	-
Total	<u>\$ 35,391,295</u>	<u>\$ 38,585,851</u>	<u>\$ 36,785,879</u>	<u>\$ 31,974,312</u>
Net change in fund balance	<u>\$ (446,573)</u>	<u>\$ 434,110</u>	<u>\$ 856,681</u>	<u>\$ 1,650,412</u>
Debt service as a percentage of noncapital direct expenditures	0.00%	0.00%	0.00%	0.00%

	2015	2014	2013	2012	2011	2010
\$	12,421,179	\$ 12,438,667	\$ 11,519,409	\$ 11,115,367	\$ 11,469,802	\$ 11,467,704
	1,360,830	1,288,386	1,251,953	1,251,039	1,395,949	1,427,135
	159,042	155,749	260,333	224,099	227,149	249,738
	<u>13,941,051</u>	<u>13,882,802</u>	<u>13,031,695</u>	<u>12,590,505</u>	<u>13,092,900</u>	<u>13,144,577</u>
	1,980,854	1,930,776	1,965,417	1,901,608	2,009,931	1,930,622
	1,337,789	1,307,626	1,150,555	1,109,434	1,119,017	1,272,909
	860,452	918,419	909,169	828,446	820,697	691,154
	744,361	715,090	691,462	748,592	740,638	865,631
	142,067	158,353	173,092	232,459	231,563	441,294
	636,548	604,563	599,203	565,016	512,594	473,272
	2,478,980	2,618,837	2,607,379	2,399,059	2,608,173	2,783,336
	209,355	213,989	171,853	173,614	152,672	183,553
	<u>8,390,406</u>	<u>8,467,653</u>	<u>8,268,130</u>	<u>7,958,228</u>	<u>8,195,285</u>	<u>8,641,771</u>
	<u>22,331,457</u>	<u>22,350,455</u>	<u>21,299,825</u>	<u>20,548,733</u>	<u>21,288,185</u>	<u>21,786,348</u>
	88,756	125,421	-	-	-	-
	1,762,774	1,693,635	1,337,899	1,208,753	1,086,200	1,753,777
	230,112	285,716	231,759	292,990	2,041,048	5,807,744
	<u>2,081,642</u>	<u>2,104,772</u>	<u>1,569,658</u>	<u>1,501,743</u>	<u>3,127,248</u>	<u>7,561,521</u>
	24,413,099	24,455,227	22,869,483	22,050,476	24,415,433	29,347,869
	6,466,795	4,598,467	3,453,426	3,033,774	2,997,249	3,010,393
	-	-	-	-	2,416,063	5,279,070
\$	<u>30,879,894</u>	<u>\$ 29,053,694</u>	<u>\$ 26,322,909</u>	<u>\$ 25,084,250</u>	<u>\$ 29,828,745</u>	<u>\$ 37,637,332</u>
\$	<u>7,782,122</u>	<u>\$ 722,732</u>	<u>\$ 1,597,671</u>	<u>\$ 2,357,112</u>	<u>\$ (757,770)</u>	<u>\$ (2,518,363)</u>
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Northbrook School District 27
GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Program revenue				
Charges for services	\$ 130,848	\$ 222,194	\$ 181,073	\$ 167,951
Operating grants	11,286,325	12,041,760	11,717,505	8,161,313
General revenues				
Taxes	26,455,271	25,571,492	25,248,260	24,884,022
Investment income	550,045	336,198	130,651	67,825
Miscellaneous	<u>803,093</u>	<u>848,317</u>	<u>365,071</u>	<u>343,613</u>
Total revenues	<u>\$ 39,225,582</u>	<u>\$ 39,019,961</u>	<u>\$ 37,642,560</u>	<u>\$ 33,624,724</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 136,245	\$ 115,499	\$ 112,422	\$ 94,862	\$ 109,610	\$ 69,885
7,461,410	5,448,411	4,342,723	3,979,349	4,006,368	5,701,519
24,275,491	23,917,285	23,140,304	23,070,878	22,312,381	23,396,513
40,623	27,500	28,136	21,977	(17,203)	133,941
<u>281,452</u>	<u>267,731</u>	<u>296,995</u>	<u>274,296</u>	<u>243,756</u>	<u>538,041</u>
<u>\$ 32,195,221</u>	<u>\$ 29,776,426</u>	<u>\$ 27,920,580</u>	<u>\$ 27,441,362</u>	<u>\$ 26,654,912</u>	<u>\$ 29,839,899</u>

Northbrook School District 27
PROPERTY TAX RATES - LEVIES AND COLLECTIONS
LAST TEN TAX LEVY YEARS

	2018	2017	2016	2015
Annual Levy Amount	\$ 27,163,687	\$ 26,430,688	\$ 25,544,627	\$ 25,140,006
Rates Extended				
Educational	2.9238	2.5656	2.5725	3.0405
Operations and Maintenance	0.1193	0.3253	0.3200	0.3645
Transportation	0.0670	0.0527	0.0532	0.0633
Municipal Retirement/Social Security	0.0939	0.0867	0.0845	0.1004
Total rates extended	3.2040	3.0303	3.0302	3.5687
Levies Extended				
Educational	\$ 24,788,351	\$ 22,378,490	\$ 21,685,433	\$ 21,419,179
Operations and Maintenance	1,011,306	2,837,156	2,697,837	2,567,544
Transportation	567,627	459,406	448,703	445,584
Municipal Retirement/Social Security	796,295	755,530	712,550	707,596
Working Cash	108	106	104	103
Total levies extended	\$ 27,163,687	\$ 26,430,688	\$ 25,544,627	\$ 25,140,006
Collections on levies extended				
Current year	\$ 14,199,991	\$ 13,691,510	\$ 13,283,571	\$ 12,954,537
Subsequent years	-	12,072,861	11,543,207	11,703,923
Total collections	\$ 14,199,991	\$ 25,764,371	\$ 24,826,778	\$ 24,658,460
Percentage of extensions collected				
Current year	52.28%	51.80%	52.00%	51.53%
Subsequent years	0.00%	45.68%	45.19%	46.55%
Percentage of extensions collected	52.28%	97.48%	97.19%	98.08%

Note: Tax rates are expressed in dollars per \$100 of assessed valuation.

Source of information: Cook County - Agency Tax Rate Reports and Annual Financial Reports

2014	2013	2012	2011	2010	2009
\$ 24,884,014	\$ 24,449,401	\$ 24,002,781	\$ 23,316,458	\$ 22,915,518	\$ 22,087,053
2.9354	2.9118	2.5252	2.2193	1.9466	1.6855
0.3492	0.3422	0.2948	0.3151	0.2814	0.2195
0.0612	0.0608	0.0527	0.0602	0.0428	0.0359
0.0972	0.0965	0.0837	0.0718	0.0630	0.0604
3.4430	3.4113	2.9564	2.6664	2.3338	2.0013
\$ 21,216,240	\$ 20,869,266	\$ 20,501,062	\$ 19,349,545	\$ 19,066,299	\$ 18,702,327
2,523,645	2,452,915	2,393,440	2,747,651	2,756,306	2,435,542
442,048	435,515	428,235	525,119	418,836	396,088
701,979	691,605	680,044	626,395	617,138	710,000
102	100	-	-	-	-
\$ 24,884,014	\$ 24,449,401	\$ 24,002,781	\$ 23,248,710	\$ 22,858,579	\$ 22,243,957
\$ 12,620,666	\$ 12,385,402	\$ 12,075,519	\$ 11,836,686	\$ 11,488,658	\$ 11,451,998
11,635,660	11,321,649	11,135,452	10,791,797	10,939,371	10,449,288
\$ 24,256,326	\$ 23,707,051	\$ 23,210,971	\$ 22,628,483	\$ 22,428,029	\$ 21,901,286
50.72%	50.66%	50.31%	50.91%	50.26%	51.48%
46.76%	46.31%	46.39%	46.42%	47.86%	46.98%
97.48%	96.96%	96.70%	97.33%	98.12%	98.46%

Northbrook School District 27
EQUALIZED ASSESSED VALUATION AND ESTIMATED
ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN LEVY YEARS

Tax Levy Year	Equalized Assessed Valuation	Amount of Increase (Decrease) Over Previous Year	Percentage Increase (Decrease) Over Previous Year	Actual Estimated Value	Total Direct Rate
2018	\$ 847,821,734	\$ (24,425,070)	-2.80%	\$ 2,543,465,202	3.204
2017	872,246,804	29,267,836	3.47%	2,616,740,412	3.031
2016	842,978,968	138,516,596	19.66%	2,528,936,904	3.031
2015	704,462,372	(18,306,477)	-2.53%	2,113,387,116	3.569
2014	722,768,849	6,057,994	0.85%	2,168,306,547	3.443
2013	716,710,855	(95,137,323)	-11.72%	2,150,132,565	3.412
2012	811,848,178	(60,019,100)	-6.88%	2,435,544,534	2.956
2011	871,867,278	(107,612,299)	-10.99%	2,615,601,834	2.666
2010	979,479,577	(130,128,664)	-11.73%	2,938,438,731	2.334
2009	1,109,608,241	84,185,024	8.21%	3,328,824,723	2.002

Note: See the Major Categories of Equalized Assessed Valuation table for additional information.

Source of information: Cook County Levy, Rate, and Extension Reports for 2009 to 2018

Northbrook School District 27
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS*
LAST TEN TAX LEVY YEARS

Taxing District	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Overlapping</u>										
County of Cook	0.489	0.496	0.533	0.552	0.568	0.560	0.531	0.462	0.423	0.394
Cook County Forest Preserve District	0.060	0.062	0.063	0.069	0.069	0.069	0.063	0.058	0.051	0.049
Consolidated Elections	-	0.031	-	0.034	-	0.031	-	0.025	-	0.021
Northfield Township	0.024	0.023	0.024	0.028	0.032	0.031	0.024	0.020	0.013	0.010
Northfield Township Road and Bridge	0.052	0.049	0.049	0.057	0.054	0.053	0.046	0.041	0.036	0.031
Northfield Township General Assistance	0.007	0.006	0.006	0.007	0.007	0.008	0.009	0.008	0.011	0.010
Metropolitan Water Reclamation District	0.396	0.402	0.406	0.426	0.430	0.417	0.370	0.320	0.274	0.026
North Shore Mosquito Abatement	0.011	0.010	0.010	0.012	0.013	0.013	0.011	0.010	0.009	0.008
Community College District No. 535	0.246	0.232	0.231	0.271	0.258	0.256	0.219	0.196	0.160	0.140
Northbrook Park District	0.456	0.419	0.423	0.569	0.537	0.536	0.471	0.424	0.375	0.315
Village of Northbrook	0.772	0.715	0.626	0.676	0.605	0.609	0.524	0.458	0.341	0.333
Village of Northbrook Library Fund	0.347	0.329	0.329	0.385	0.357	0.359	0.300	0.269	0.231	-
High School District #225	2.216	2.102	2.106	2.493	2.367	2.341	2.028	1.819	1.609	1.395
<u>Direct</u>										
Northbrook School District 27	3.204	3.031	3.031	3.569	3.443	3.412	2.956	2.666	2.334	2.002
Total Tax Rates	8.280	7.907	7.837	9.148	8.740	8.695	7.552	6.776	5.867	4.734

*Tax Rates are expressed in dollars per \$100 of assessed valuations.

Note: The totals above reflect the typical tax rates for individual taxpayers within the District.

Source of information: Cook County Clerk's Office

Northbrook School District 27
MAJOR CATEGORIES OF EQUALIZED ASSESSED VALUATION
LAST TEN TAX LEVY YEARS

Category	2018 Valuation	2017 Valuation	2016 Valuation	2015 Valuation
Industrial	\$ 132,147,063	\$ 130,778,643	\$ 125,050,273	\$ 112,630,420
Residential	568,185,479	583,186,852	573,381,001	458,879,540
Commercial	147,489,192	158,281,309	144,547,694	132,952,412
	<u>\$ 847,821,734</u>	<u>\$ 872,246,804</u>	<u>\$ 842,978,968</u>	<u>\$ 704,462,372</u>

Source of information: Cook County Clerk's Office

2014 Valuation	2013 Valuation	2012 Valuation	2011 Valuation	2010 Valuation	2009 Valuation
\$ 114,713,227	\$ 127,724,924	\$ 141,216,385	\$ 151,941,096	\$ 177,191,825	\$ 180,806,384
472,728,361	466,217,426	530,314,974	571,138,484	633,076,712	730,917,026
135,327,261	122,768,505	140,316,819	148,787,698	169,211,040	197,884,831
<u>\$ 722,768,849</u>	<u>\$ 716,710,855</u>	<u>\$ 811,848,178</u>	<u>\$ 871,867,278</u>	<u>\$ 979,479,577</u>	<u>\$ 1,109,608,241</u>

Northbrook School District 27

DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

June 30, 2019

Taxing Authority	Outstanding Bonds	Applicable to District	
		Percent	Amount
<u>Direct Debt</u>			
Northbrook School District 27	\$ -	100.000%	\$ -
<u>Overlapping Debt</u>			
Cook County	2,950,121,750	0.536%	15,812,653
Cook County Forest Preserve	145,190,000 (2)	0.536%	778,218
Metropolitan Water Reclamation District	2,377,123,381 (1)	0.546%	12,979,094
Village of Deerfield	57,790,000	5.034%	2,909,149
Village of Northbrook	121,945,000	29.691%	36,206,690
Deerfield Park District	1,140,000 (2)	4.689%	53,455
Northbrook Park District	9,435,000	29.663%	2,798,704
Community College District 535	72,951,131 (3)	15.949%	11,634,976
High School District 225	32,130,000 (3)	3.804%	1,222,225
Total Overlapping General Obligation Bonded Debt		\$	84,395,164

Note: Percent applicable to the District calculated using assessed valuation of the District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

1 - Includes IEPA Revolving Loan Fund Bonds.

2 - Excludes outstanding General Obligation Alternate Revenue Source Bonds, which are expected to be paid from sources other than general taxation. Also excludes other self-supporting bonds.

3 - Includes original principal amounts of outstanding Capital Appreciation Bonds.

4- Excludes outstanding Debt Certificates.

Sources of information:

Offices of the Cook County Clerk,
Cook County Department of Revenue, and
Treasurer of the Metropolitan Water Reclamation District

Northbrook School District 27
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Limit	\$ 58,499,700	\$ 60,185,029	\$ 58,165,549	\$ 48,607,904
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	\$ <u>58,499,700</u>	\$ <u>60,185,029</u>	\$ <u>58,165,549</u>	\$ <u>48,607,904</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0%	0%	0%	0%
Equalized Assessed Valuation	\$ <u>847,821,734</u>	\$ <u>872,246,804</u>	\$ <u>842,978,968</u>	\$ <u>704,462,372</u>
Voted and Unvoted Debt Limit - 6.9% of Equalized Assessed Valuation	58,499,700	60,185,029	58,165,549	48,607,904
Total Debt Outstanding	-	-	-	-
Less: Exempted Debt	-	-	-	-
Net Subject to 6.9% Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Legal Voted and Unvoted Debt Margin	\$ <u>58,499,700</u>	\$ <u>60,185,029</u>	\$ <u>58,165,549</u>	\$ <u>48,607,904</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 49,871,051	\$ 49,453,049	\$ 56,017,524	\$ 60,158,842	\$ 67,584,091	\$ 76,562,969
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 49,871,051</u>	<u>\$ 49,453,049</u>	<u>\$ 56,017,524</u>	<u>\$ 60,158,842</u>	<u>\$ 67,584,091</u>	<u>\$ 76,562,969</u>
0%	0%	0%	0%	0%	0%
<u>\$ 722,768,849</u>	<u>\$ 716,710,855</u>	<u>\$ 811,848,178</u>	<u>\$ 871,867,278</u>	<u>\$ 979,479,577</u>	<u>\$ 1,109,608,241</u>
49,871,051	49,453,049	56,017,524	60,158,842	67,584,091	76,562,969
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 49,871,051</u>	<u>\$ 49,453,049</u>	<u>\$ 56,017,524</u>	<u>\$ 60,158,842</u>	<u>\$ 67,584,091</u>	<u>\$ 76,562,969</u>

Northbrook School District 27
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Tax Levy Year	General Bonded Debt	Equalized Assessed Valuation	Ratio of Bonded Debt to Equalized Assessed Valuation	Estimated Population	General Bonded Debt Per Capita
2019	2018	\$ -	\$ 847,821,734	-	11,998	\$ -
2018	2017	-	872,246,804	-	11,657	-
2017	2016	-	842,978,968	-	11,452	-
2016	2015	-	704,462,372	-	11,218	-
2015	2014	-	722,768,849	-	11,061	-
2014	2013	-	716,710,855	-	10,954	-
2013	2012	-	811,848,178	-	10,942	-
2012	2011	-	871,867,278	-	10,935	-
2011	2010	-	979,479,577	-	10,928	-
2010	2009	-	1,109,608,241	-	10,997	-

Northbrook School District 27
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Tax Levy Year</u>	<u>Total General Expenditures (A)</u>	<u>Debt Service Fund Expenditures (B)</u>	<u>Percentage of Annual Debt Service Fund Expenditures to Total General Expenditures</u>
2019	2018	\$ 35,391,295	\$ -	- %
2018	2017	38,585,851	-	-
2017	2016	36,785,879	-	-
2016	2015	31,974,312	-	-
2015	2014	30,879,894	-	-
2014	2013	29,053,694	-	-
2013	2012	26,322,909	-	-
2012	2011	25,084,250	-	-
2011	2010	27,412,682	-	-
2010	2009	32,358,262	-	-

(A) Includes expenditures of all Governmental Fund Types.

(B) Debt Service Fund expenditures represent payment of principal, interest and other charges on General Bonded Debt.

Northbrook School District 27
PRINCIPAL TAXPAYERS IN THE DISTRICT
CURRENT TAX YEAR AND NINE YEARS AGO

		2018	Percentage of
		Equalized	Total 2018
		Assessed	Equalized
		Valuation	Assessed
			Valuation
Type of Business, Property			
# 1	Walgreens, Office Buildings	\$ 38,047,677	4.49%
# 2	Korman Lederer, industrial, commercial and office buildings, one-story store	16,726,959	1.97%
# 3	LO Deerfield Operating, hotel	12,801,012	1.51%
# 4	James Campbell Co., commercial building over three stories	12,487,208	1.47%
# 5	WFC Lincoln Sanders LLC, shopping center	9,918,996	1.17%
# 6	AMLI Residential, apartment building over three stories	8,390,500	0.99%
# 7	Bell Flavors Inc, industrial building	5,458,322	0.64%
# 8	White Plains Shopping, shopping center	5,455,315	0.64%
# 9	Stuart Levin; two or three story buildings retail or commercial	5,350,251	0.63%
# 10	Wiss Janney Elstner AS, one story commercial structure	5,111,986	0.60%
Total		\$ 119,748,226	14.11%

		2009	Percentage of
		Equalized	Total 2009
		Assessed	Equalized
		Valuation	Assessed
			Valuation
Type of Business, Property			
# 1	Walgreen Co. & Waltrust Properties, office buildings	\$ 48,449,117	4.37%
# 2	Felcor Lodging TR 1300, hotel	25,359,032	2.29%
# 3	Korman Lederer, industrial, commercial and office buildings, one-story store	22,530,052	2.03%
# 4	James Campbell Co., commercial building over three stories	17,419,191	1.57%
# 5	Sandee LLC, shopping center	11,934,973	1.08%
# 6	Northbrook Commercial	10,038,837	0.90%
# 7	Manulife Financial, industrial properties	8,511,932	0.77%
# 8	White Plains Shopping, shopping center	8,470,814	0.76%
# 9	Maurice Gross, two-three story buildings--retail/commercial	8,357,450	0.75%
# 10	Margen Mgmt E. Shapiro, industrial properties	6,182,772	0.56%
Total		\$ 167,254,170	15.08%

Note: The information presented includes taxpayers within Northfield Township.

Information presented is the most recent available.

Source of information: Cook County Clerk's Assessor's Office

Northbrook School District 27
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>2019</u>			
Employer*	Type of Business or Property	Employees	% of Total Employment
Allstate Insurance Co. & Allstate Life	Corporate headquarters, insurance, includes office in adjacent communities	8,000	156.1%
Walgreen Co.	Corporate headquarters and retail in Deerfield and Northbrook	2,700	52.7%
Baxter Healthcare Corp.	Corporate headquarters, pharmaceutical & healthcare products	2,500	48.8%
Underwriters Laboratories	Product testing (corporate headquarters)	2,200	42.9%
Glenbrook High School District #225	Public high schools (Northbrook and Glenview)	1,526	29.8%
Astellas US LLC	Corporate headquarters, pharmaceutical research laboratories	1,100	21.5%
Takeda Pharmaceuticals U.S.A, Inc.	Corporate headquarters, pharmaceutical products	1,000	19.5%
Euromarket Designs, Inc. (Crate & Barrel)	Corporate headquarters, retail store	700	13.7%
CVS/Caremark International	Administrative office for health care services	500	9.8%
Deerfield Park District	Parks & Recreation	500	9.8%
Mondelez International, Inc.	Snacks & Confections Manufacturer	500	9.8%
Trinity International University	Private university	500	9.8%
Total		<u>21,726</u>	

<u>2010</u>			
Employer*	Type of Business or Property	Employees	% of Total Employment
Allstate Insurance Co. & Allstate Life	Company headquarters & insurance	5,750	15.10%
Takeda Pharmaceuticals North	Corporate headquarters - pharmaceuticals	3,000	7.88%
Walgreen Co	Drug stores corporate office	2,500	6.56%
Underwriters Laboratories, Inc.	Independent non-profit testing and certification	1,600	4.20%
Baxter Healthcare Corp. (3 divisions)	Corporate headquarters and international	1,400	3.68%
ABT Electronics	Retail appliances and electronics	1,100	2.89%
Caremark, Inc	Integrated health care services	1,000	2.63%
United Stationers, Inc.	Corporate headquarters - office furniture and sanitation products	800	2.10%
Glenbrook High School District #225	Education	800	2.10%
Anixter International, Inc.	Corporate headquarters - voice, video, data and power wiring systems products distribution	700	1.84%
Total		<u>18,650</u>	

* Also includes company headquarters, office buildings, and employees outside the District's boundaries.

Note: Information presented is the most recent available and included employers within Northfield Township.

Sources: 2019 Illinois Manufacturers Directory, 2019 Illinois Services Directories, organization/company website, and phone canvass of companies/FOIA request.

N/A - Not Available

Northbrook School District 27
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

	(a)	(b)	(a) x (b)	
Year	District Population	Per Capita Income	Personal Income	Unemployment Rate
2018	11,998	\$ 61,560	\$ 738,596,880	3.1%
2017	11,657	59,412	692,565,684	3.9%
2016	11,452	58,893	674,442,636	4.2%
2015	11,218	57,694	647,211,292	4.1%
2014	11,061	56,951	629,935,011	4.8%
2013	10,954	62,847	688,426,038	5.1%
2012	10,942	59,899	655,414,858	7.7%
2011	10,935	57,529	629,079,615	6.6%
2010	10,928	56,077	612,809,456	7.9%
2009	10,997	55,620	611,653,140	7.6%

Source of information: U.S. Census Bureau, IES National Center for Educational Statistics
Bureau of Economic Analysis: Regional Economic Accounts
Illinois Dept. of Commerce and Economic Opportunity

Northbrook School District 27
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Grove School				
Square Feet	-	-	-	-
Student Enrollment	-	-	-	-
Hickory Point School				
Square Feet	54,597	54,597	54,597	54,597
Student Enrollment	378	385	398	381
Shabonee School				
Square Feet	88,576	88,576	88,576	88,576
Student Enrollment	430	429	409	417
Wood Oaks Junior High School				
Square Feet	130,040	130,040	130,040	130,040
Student Enrollment	452	444	437	445
Total Square Footage	273,213	273,213	273,213	273,213
Total Student Enrollment	1,260	1,258	1,244	1,243

Source of Information: Architect's Data and Sixth Day Enrollment Forms

2015	2014	2013	2012	2011	2010
-	-	-	-	-	37,500
-	-	-	-	-	211
54,597	54,597	54,597	54,597	54,597	54,572
363	376	363	355	298	287
88,576	88,576	88,576	88,576	88,576	64,500
409	388	394	391	446	262
130,040	130,040	130,040	130,040	130,040	130,040
427	420	416	432	434	438
273,213	273,213	273,213	273,213	273,213	286,612
1,199	1,184	1,173	1,178	1,178	1,198

Northbrook School District 27
NUMBER OF EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Administration:				
Superintendent	1.0	1.0	1.0	1.0
District Administrators	6.6	6.6	7.7	7.7
Principals and assistants	5.0	5.0	5.0	4.0
Total administration	12.6	12.6	13.7	12.7
Teachers:				
Regular classroom teachers	89.2	89.7	82.0	85.1
Special education teachers	13.0	13.0	13.0	13.0
Guidance/Counselors	1.0	1.0	1.0	1.0
Psychologists	4.0	4.0	4.0	4.0
Librarians/Media Specialists	4.0	4.0	4.0	4.0
Social workers	4.0	4.0	4.0	4.0
ELL/Bilingual Teachers	3.0	2.5	2.5	1.5
Speech/Language Therapists	5.0	5.0	5.0	5.0
Reading Specialists	2.0	2.5	2.5	2.5
Certified Nurses	1.0	1.0	1.0	1.0
Total teachers	126.2	126.7	119.0	121.1
Coordinators/Supervisors	-	-	5.0	5.0
Other supporting staff:				
Secretarial/Clerical/Paraprofessionals	52.3	51.5	50.1	49.7
Custodial/Maintenance/Security/Technology	12.5	12.5	12.5	12.5
Total support staff	64.8	64.0	62.6	62.2
Total staff	203.6	203.3	200.3	201.0
Function	2019			
Instruction				
Regular and Special	101.2			
Support Services				
Pupils	25.0			
Instructional Staff	37.3			
General administration	13.6			
School Administration	14.0			
Maintenance and Security	12.5			
Total	203.6			

Source of information: District Personnel Records, Teacher Service Records

2015	2014	2013	2012	2011	2010
1.0	1.0	1.0	1.0	1.0	1.0
7.7	7.7	6.8	6.8	6.8	7.0
4.0	4.0	3.9	3.9	3.9	5.0
12.7	12.7	11.7	11.7	11.7	13.0
80.4	78.6	76.8	78.2	86.2	90.0
13.0	12.6	12.6	12.6	11.0	13.0
1.0	1.0	1.0	1.0	1.0	1.0
4.0	4.0	4.0	4.0	4.5	4.5
4.0	4.0	4.0	4.0	4.0	4.0
4.0	4.0	4.0	4.0	4.0	4.0
2.0	2.0	2.0	2.0	2.0	2.0
5.8	6.0	6.0	6.0	6.5	5.5
2.5	3.0	3.0	3.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0	1.0
117.7	116.2	114.4	115.8	122.2	127.0
5.0	5.0	5.0	5.0	5.0	5.0
52.3	50.9	51.0	51.0	51.0	54.0
12.5	12.5	12.5	12.5	12.5	12.5
64.8	63.4	63.5	63.5	63.5	66.5
200.2	197.3	194.6	196.0	202.4	211.5

Northbrook School District 27
OPERATING INDICATORS BY FUNCTION - LAST SEVEN FISCAL YEARS
June 30, 2019

Function	2019	2018	2017	2016	2015	2014	2013
Instruction							
Regular and Special student enrollment	1,260	1,258	1,244	1,243	1,199	1,184	1,173
Support Services							
Pupil							
English Language Learners Program - number of languages served	18	20	20	18	14	12	12
Instructional Staff							
ISAT - overall student performance* (meeting or exceeding Illinois Learning Standards)	89.0%	86.0%	81.1%	79.7%	87.4%	87.4%	86.3%
School Administration							
Average daily attendance	1,197	1,190	1,174	1,167	1,083	1,049	1,056
Fiscal							
Purchase Orders Processed	2,339	2,868	2,497	2,554	2,560	2,782	3,062
Maintenance							
District Square Footage Maintained by Custodians and Maintenance Staff	273,213	273,213	273,213	273,213	273,213	273,213	273,213
Acreage Maintained by Grounds Staff	45	45	45	45	45	45	45
Transportation							
Avg. number of regular pupils transported per year	623	660	660	670	679	703	702
Avg. number of regular bus runs to/from school	24	24	24	24	24	27	27
Extra Curricular Activities							
Number of competitive sports	6	6	6	6	6	6	6
Number of student clubs	11	11	11	11	11	12	12

Source for information: District financial system, Architect Data and the General State Aid Report

NOTE: Information presented is the most current available at the time of publication.

*New cut scores established by the Illinois State Board of Education for students meeting or exceeding State standards. Cut scores were raised in order for students to be aligned with Partnership for Assessment of Readiness for College and Careers (PARCC) assessments for college and career readiness.

Northbrook School District 27

DISTRICT HISTORY

HIGHLIGHTS

FACILITY RELATED:

- | | |
|------|---|
| 1951 | Original Construction of Grove School |
| 1964 | Original Construction of Indian Ridge School |
| 1968 | Original Construction of Shabonee School |
| 1969 | Original Construction of Hickory Point School |
| 1972 | Original Construction of Wood Oaks Junior High School |
| 1985 | Indian Ridge School sold to Northbrook Park District |
| 1991 | Construction Project - Addition of classrooms and Admin Office at Wood Oaks |
| 1992 | Construction Project - Addition of new gymnasium at Wood Oaks |
| 1998 | Construction Project - Renovation and Additions to Shabonee School |
| 2000 | Construction Project - Renovation and Additions to Hickory Point School |
| 2006 | Construction Project - Renovation and Additions to Wood Oaks Junior High |
| 2010 | Construction Project - Addition of classroom and office space to Hickory Point School |
| 2010 | Construction Project - Razing of Grove School |
| 2010 | Construction Project - Addition of classroom and office space to Shabonee School |

OTHER AREAS:

- | | |
|------|---|
| 2006 | Northbrook District 27 schools ranked in the top 20 of Cook County Schools Chicago Magazine Publication |
| 2006 | District 27 receives the Award of Excellence from the National School Public Relations Association for the District's 2005 Annual Report |
| 2006 | District 27 receives the Shirley Havens Support & Classified Staff Development Award from the National Staff Development Council |
| 2007 | District 27 receives the Facilities Masters Award for the 2006-07 school year from the Association of School Business Officials International |

(Continued)

Northbrook School District 27

DISTRICT HISTORY

HIGHLIGHTS

OTHER AREAS: (Continued)

- | | |
|------|---|
| 2008 | District 27 receives the Facilities Masters Award for the 2007-08 school year from the Association of School Business Officials International |
| 2009 | District 27 receives the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association |
| 2009 | District 27 receives the Certificate of Excellence in Financial Reporting from the Association of School Business Officials' International |
| 2010 | District 27 receives the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association |
| 2010 | District 27 receives the Certificate of Excellence in Financial Reporting from the Association of School Business Officials' International |
| 2010 | District 27 received the SchoolSearch Bright Red Apple Award |
| 2010 | District 27 received the Award of Excellence from the Illinois Chapter of the National School Public Relations Association for the District's Annual Report |
| 2011 | District 27 received the SchoolSearch Bright A+ Award |
| 2011 | Wood Oaks Junior High received the Academic Award of Excellence from the Illinois State Board of Education |
| 2011 | Wood Oaks Junior High was awarded the National Blue Ribbon School Award from the U.S. Department of Education |
| 2011 | District 27 received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association |
| 2011 | District 27 received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials' International |
| 2012 | District 27 received the SchoolSearch Bright Red Apple Award |
| 2012 | District 27 received the SchoolSearch Bright A+ Award |
| 2012 | District 27 received the Award of Excellence from the Illinois Chapter of the National School Public Relations Association for the District's website |

(Continued)

Northbrook School District 27

DISTRICT HISTORY

HIGHLIGHTS

OTHER AREAS: (Continued)

- | | |
|------|--|
| 2012 | District 27 received the Award of Merit from the Illinois Chapter of the National School Public Relations Association for the District's Financial Publication on Property Tax Bills |
| 2013 | Wood Oaks Junior High named a Gallup High Hope School |
| 2013 | Wood Oaks Junior High received the Academic Award of Excellence from the Illinois State Board of Education |
| 2013 | District 27 received the School Search Bright Red Apple Award |
| 2013 | District 27 received the School Search Bright A+ Award |
| 2013 | District 27 received the Award of Merit from the Illinois Chapter of the National School Public Relations Association for the District's Educational Video Publication on Teacher Partnerships |
| 2014 | District 27 received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association |
| 2014 | District 27 received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials' International |
| 2015 | District 27 received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials' International |
| 2015 | District 27 received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association |
| 2016 | District 27 received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials' International |
| 2016 | District 27 received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association |
| 2017 | District 27 received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officer's Association. |
| 2018 | District 27 received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials' International |

(Concluded)

Northbrook School District 27
OPERATING COSTS AND TUITION CHARGE
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating costs per pupil		
Average Daily Attendance (ADA):	<u>1,196.80</u>	<u>1,190.22</u>
Operating costs:		
Educational	\$ 23,936,250	\$ 23,044,570
Operations and Maintenance	3,202,095	2,396,173
Transportation	999,930	775,768
Municipal Retirement/Social Security	<u>732,571</u>	<u>746,314</u>
Subtotal	<u>28,870,846</u>	<u>26,962,825</u>
Less Revenues/Expenditures of Nonregular Programs:		
Tuition	1,999,304	1,927,331
Summer School	9,087	6,734
Community Service	72,859	67,754
Capital outlay	1,030,990	457,717
Non-capitalized equipment	<u>24,648</u>	<u>22,334</u>
Subtotal	<u>3,136,888</u>	<u>2,481,870</u>
Operating costs	<u>\$ 25,733,958</u>	<u>\$ 24,480,955</u>
Operating costs per pupil - based on ADA	<u>\$ 21,502</u>	<u>\$ 20,568</u>
Tuition Charge		
Operating costs	\$ 25,733,958	\$ 24,480,955
Less - revenues from specific programs, such as special education or lunch programs	<u>1,098,334</u>	<u>1,120,906</u>
Net operating costs	24,635,624	23,360,049
Depreciation allowance	<u>1,109,334</u>	<u>1,064,877</u>
Allowance tuition costs	<u>\$ 25,744,958</u>	<u>\$ 24,424,926</u>
Tuition charge per pupil - based on ADA	<u>\$ 21,511</u>	<u>\$ 20,521</u>

Source: Annual Financial Reports