

**West Northfield School District 31
Northbrook, Illinois**

Annual Financial Report

Year Ended June 30, 2020

West Northfield School District 31
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 4
Management's Discussion and Analysis (Unaudited)	5 - 15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position - Governmental Activities	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18 - 19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21 - 22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Fiduciary Assets and Liabilities - Agency Fund	24
Notes to the Financial Statements	25 - 73
Required Supplementary Information (Unaudited)	
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund	74 - 75
Multiyear Schedule of Contributions - Illinois Municipal Retirement Fund	76
Multiyear Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Retirement System of the State of Illinois	77 - 78
Multiyear Schedule of District Contributions - Teachers' Retirement System of the State of Illinois	79 - 80
Multiyear Schedule of Changes in Total Other Postretirement Benefits (OPEB) Liability and Related Ratios - Retiree Health Plan	81
Multiyear Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (OPEB) Liability - Teachers' Health Insurance Security Fund	82
Multiyear Schedule of District Contributions - Teachers' Health Insurance Security Fund	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund - Budgetary Basis	84 - 96
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Operations and Maintenance Fund	97 - 98
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Transportation Fund	99 - 100
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Municipal Retirement/Social Security Fund	101 - 103
Notes to the Required Supplementary Information	104 - 109

West Northfield School District 31
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Financial Information	
Combining Balance Sheet - General Fund	110
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund	111 - 112
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund	113 - 114
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	115 - 116
Statement of Changes in Assets and Liabilities - Agency Fund - Student Activity Funds	117
Other Supplemental Information (Unaudited)	
Property Tax Rates - Levies and Collections - Last Five Tax Levy Years	118
Operating Costs and Tuition Charge	119

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
West Northfield School District 31
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 West Northfield School District 31, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise West Northfield School District 31'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 West Northfield School District 31, as of June 30, 2020, 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.

Emphasis of a Matter

As discussed in Note M to the financial statements, the District recorded a prior period adjustment to properly record construction in progress. The adjustment increased the value of capital assets and beginning net position of the District by \$858,306 on the government-wide financial statements. Our opinions are not modified with respect to this matter.

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 5 through 15, the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois Pension data on pages 74 through 80, the other postemployment benefits data on pages 81 through 83, budgetary comparison schedules and notes to the required supplementary information on pages 84 through 109 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, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Northfield School District 31's basic financial statements. The other schedules listed in the table of contents as supplementary financial information and other supplemental information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

(Continued)

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, 2020 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020 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, 2020 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of West Northfield School District 31, as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated November 15, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Northfield School District 31's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund and Debt Service Fund with comparative actual amounts for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the Capital Projects Fund and Debt Service Fund have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund and Debt Service Fund are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

The Other Supplemental Information, as listed in the table of contents, has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, on our consideration of West Northfield School District 31'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 the effectiveness of the District's 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 West Northfield School District 31's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
November 13, 2020

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

The management discussion and analysis of West Northfield School District 31's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020. 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. Amounts in this section, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- General revenues increased \$462 or 2.5%. Overall general revenues accounted for \$18,610 or 67.6% of total revenues. This translates to approximately the same percentage as the prior year which was 69.8% of total revenues. Property and replacement taxes, which include amounts levied for debt service, account for 93.6% of general revenues for the year ended June 30, 2020. This is a 1.6% increase, as a percentage of General Revenues, from fiscal year 2019. Program specific revenues accounted for \$8,913, or 32.4%, of fiscal year 2020 total revenues of \$27,523.
- Expenses related to instruction increased by \$1,422, or 7.9%, while pupil and instructional staff services, administration and business, transportation, and operations and maintenance expenses show a decline in expenditures for FY20.
- The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances, which include the Education, Working Cash, and Tort Funds reflect a net change to the fund balance of a negative \$840, which is mainly due to a larger tax refund and more than anticipated expenses to the District's Special Education Cooperative.
- The District has \$11,825 remaining due on the principal balance of its long-term general obligation bonds, as of June 30, 2020 with \$415 of principal due within one year. The principal and interest paid on the bonds is funded through the District's Debt Service Extension Base.
- The District's tax rate declined to 2.5763, from 2.8419, due to a 12.8% increase in the equalized assessed valuation of the property tax base.
- Operating costs per pupil declined by 6.3% for the fiscal year 2019-2020 from the prior year, while the tuition charge per pupil declined 5.7% over the prior year. This was due to the increase in the Average Daily Attendance.

Overview of the Financial Statements

This management discussion and analysis is 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 basic financial statements.

This report also contains required supplementary information, supplementary financial information, and other supplemental information in addition to the basic financial statements.

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Overview of the Financial Statements (Continued)

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 – Governmental Activities presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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.

The Statement of Activities for government activities presents information showing how the government's net position has changed during the fiscal year being reported. All changes in the 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, other instructional programs, state retirement contributions, and supporting services, including general and school administration, business, 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 fiduciary funds relate to the resources associated with Student Activities.

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 District'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.

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Overview of the Financial Statements (Continued)

Fund financial statements (Continued)

The District maintains six 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 for the General Fund (Educational Account, Tort Immunity and Judgment Account, and Working Cash Account), Operations and Maintenance, Transportation, Municipal Retirement/Social Security, Debt Service, and Capital Projects, all of which are considered to be major funds.

Fiduciary funds are used to account for resources held for the benefit of students. 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 entity-wide financial statements.

Notes to the basic financial statements

The notes to the 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 supplementary financial information and other supplemental information.

District-Wide Financial Analysis

In the Statement of Net Position for Governmental Activities, cash and investments decreased from \$21,907 as of June 30, 2019 to \$15,053 as of June 30, 2020, while total assets remained within half a percentage when compared to the prior year. This decrease was anticipated due to the number of capital projects taking place during fiscal year 2020. The amount of the reduction in cash and investments was offset by the increase in buildings, property, and equipment. These projects were funded with the bonds issued in 2018.

Deferred outflows (actuarial losses) related to pensions decreased from last year. The outflows are offset by the deferred inflows, actuarial gains, which over time net to zero, are directly related to pensions and other postemployment benefits. The changes in these two line items depend, in part, on the outcome of the rate of return on investments for the pension systems. This data does not reflect the actual financial condition of the District.

Current liabilities decreased significantly by 71.3% mainly due to accounts payables related to capital projects at year-end June 30, 2020. Long-term liabilities decreased 3.1% reflecting the reduction in principal due for bond payments.

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

District-Wide Financial Analysis (Continued)

For the District's net position, the net investment in capital assets decreased by \$2,638. Capital projects reporting 91.6% lower than prior year, while the unrestricted amount increased by 71.3%. Overall, the total net position reflects a 12.7% increase from the prior year.

TABLE 1:		
<i>Condensed Statements of Net Position</i>		
<i>(in thousands of dollars)</i>		
	<u>2020</u>	<u>2019*</u>
Assets:		
Current and other assets	\$24,379	\$30,257
Capital Assets, net	<u>16,654</u>	<u>10,999</u>
Total Assets	<u>41,033</u>	<u>41,256</u>
Deferred Outflow of Resources:		
Pension liabilities	859	1,304
Other postemployment benefits	<u>263</u>	<u>276</u>
Total Deferred Outflow of Resources	<u>1,122</u>	<u>1,580</u>
Liabilities:		
Current Liabilities	497	1,728
Long-term Liabilities	<u>23,497</u>	<u>24,258</u>
Total Liabilities	<u>23,994</u>	<u>25,986</u>
Deferred Inflow of Resources:		
Pension liabilities	1,500	1,163
Other postemployment benefits liabilities	1,707	1,560
Property taxes levied for a future period	<u>8,034</u>	<u>7,987</u>
Total Deferred Inflow of Resources	<u>11,241</u>	<u>10,710</u>
Net Position:		
Net investment in capital assets	6,569	9,207
Restricted	3,270	7,091
Unrestricted	<u>(2,919)</u>	<u>(10,158)</u>
Total Net Position	\$ 6,920	\$ 6,140

* Amounts presented as originally reported and not restated due to restatement. See Note L.

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

District-Wide Financial Analysis (Continued)

TABLE 2: <i>Changes in Net Position – Governmental Activities</i> <i>(in thousands of dollars)</i>		
	<u>2020</u>	<u>2019 *</u>
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 509	\$ 516
Operating grants and contributions	8,284	7,334
Capital Grants and Contributions	120	-
<i>General Revenues:</i>		
Property & replacement taxes	17,415	16,722
State-aid formula grants	807	805
Other	<u>388</u>	<u>621</u>
Total Revenues	<u>27,523</u>	<u>25,998</u>
Expenses:		
Instruction	19,529	18,107
Pupil and instructional staff services	1,456	1,542
Administration and business	2,255	3,364
Transportation	937	962
Operations and maintenance	1,316	1,461
Other	<u>2,109</u>	<u>1,859</u>
Total Expenses	<u>27,602</u>	<u>27,295</u>
Decrease in net position	\$ (79)	\$(1,297)

* Amounts presented as originally reported and not restated due to restatement. See Note L.

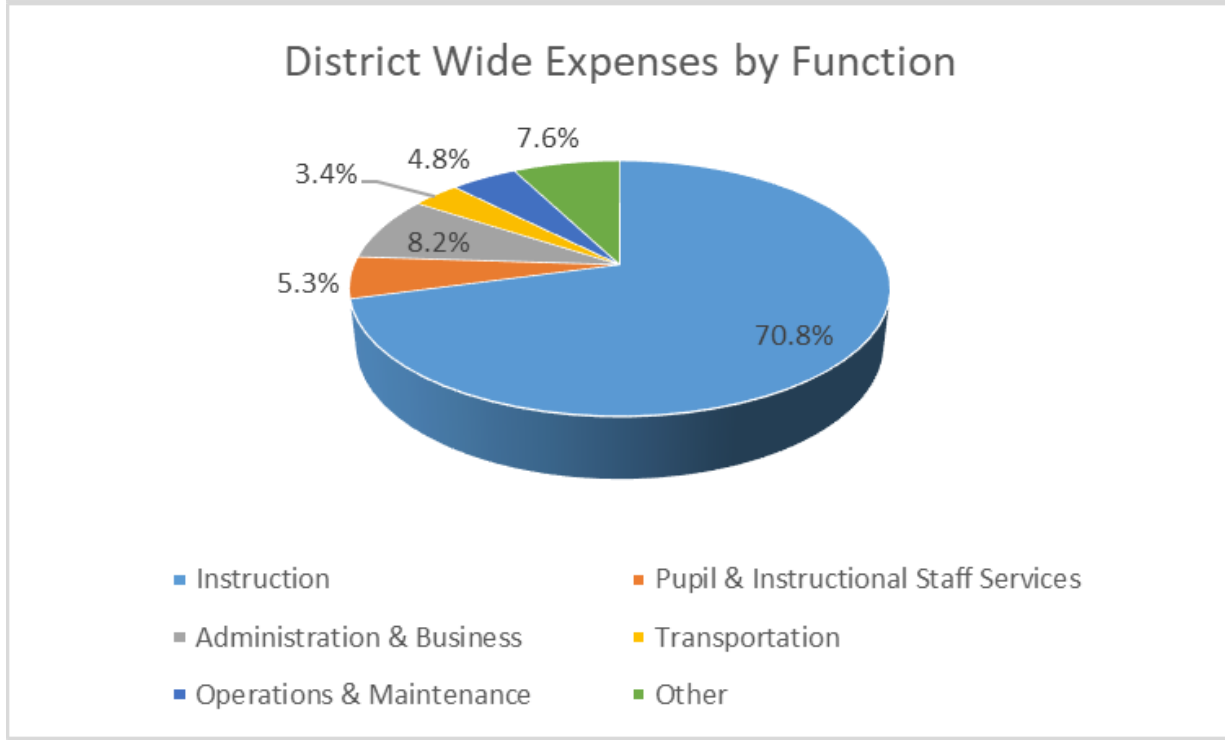
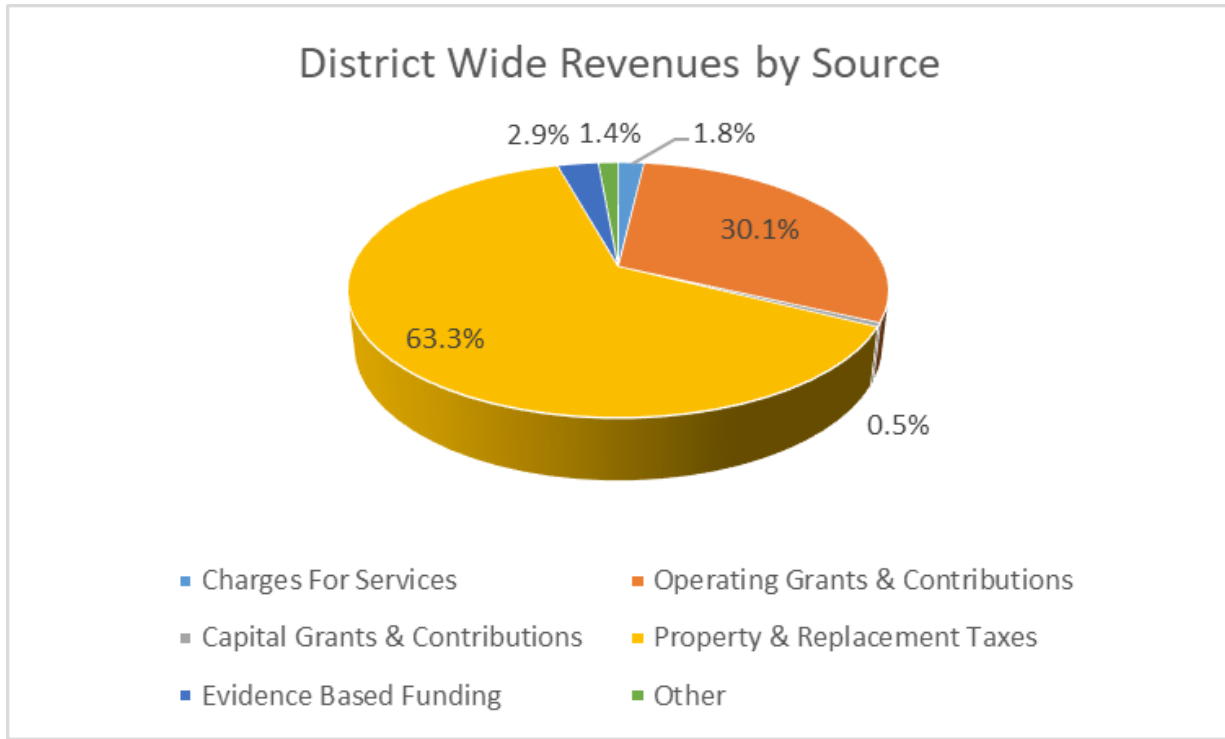
Property and replacement taxes accounted for the largest portion of the District's general revenues, contributing 63.3% of total governmental activity revenues which is 1% lower than the prior year's proportion of revenues of 64.3%. Of the remaining revenues, the main components were comprised of operating grants and Evidence Based Funding.

The total cost of programs was \$27,602, with 70.8% of those costs being directly related to instruction expenses. This indicates a 7.9% increase in instructional costs. Expenses outside of instructional expense reduced by 12% mainly due to administration and business expenses.

Revenues in the governmental activities of the District of \$27,523 were \$79 lower than expenses of \$27,602, reflecting a minimal change in the net position. Total revenues increased 5.9% while expenses increased 1.1% for governmental activities.

**West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

District-Wide Financial Analysis (Continued)



West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Financial Analysis of the District's Funds

The sound financial performance of the District as a whole is reflected in its government funds. At year-end, the District's government funds reported total fund balance of \$15,893. This decrease of \$4,658 from the prior year reflects the successful efforts of the completion of numerous capital projects. This reflects a successful initiative to remain in compliance with federal regulations and best practices regarding the issuance of tax-exempt bonds.

The Governmental Funds Balance Sheet, listing the general and remaining funds, also illustrates the reduction in fund balance resulting from the spend associated with capital projects completed or those nearing completion. Total liabilities, deferred inflows, and fund balance associated with the Capital Projects Fund shows a decline of \$5,226 which is reflective of the FY20 spend on the improvements.

General Fund Budgetary Highlights

The General Fund consists of activity related to the Education Account, Working Cash Account, and the Tort Immunity and Judgment Account. The District has had no activity in the latter account for a number of years which results in a focus on the Education and Working Cash Accounts. The Combined Balance Sheet indicates a cash and investments decrease of \$1,769 from prior fiscal year 2019. Liabilities reflect a 45.4% decrease while the overall liabilities, deferred inflows, and fund balance for the General Fund indicates a 5.4% decrease from the prior year.

The General Fund's Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance shows revenues of \$20,071, or \$545 more than the prior year. \$400 of this difference is associated with the increase in property tax receipts from CPI and new property. State aid, at \$4,810, includes the \$3,971 on behalf payments the state contributes to the pension system for TRS and THIS employees. Total expenditures are \$922, or 4.8%, higher than prior year. The main components for this change are in regular programs which account for \$325 of this difference, \$285 from increased accounts payable for Capital Outlay, \$231 from special and other instructional programs, and \$192 is from state retirement contributions. These statements also reflect the FY20 abatement of \$1,000 in working cash funds which was completed to further expand the remaining capital projects in order to meet the additional needs identified to obtain the best outcome for the district's improvements. This activity results in a change in fund balance for the general funds as being 6.3% less than prior year.

Capital Assets and Debt Administration

Capital assets

The District's Capital Assets increased by 21.3% from the prior year and the District had compiled total capital assets of approximately \$16,654, net of accumulated depreciation of \$17,009. This increase is mainly due to the capital projects at Winkelman and Field Schools.

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Capital Assets and Debt Administration (Continued)

Capital assets (Continued)

TABLE 3:		
<i>Capital Assets (net of depreciation)</i>		
<i>(in thousands of dollars)</i>		
	<u>2020</u>	<u>2019 *</u>
Land	\$ 81	\$ 81
Construction in progress	123	96
Buildings and improvements	15,496	10,399
Equipment and other	<u>954</u>	<u>423</u>
Total	\$16,654	\$10,999

* Amounts presented as originally reported and not restated due to restatement. See Note L.

Long-term liabilities

The District's long-term liabilities decreased by 3.1%, to \$23,497, which is primarily due to the bonded debt decrease of 3.2% from the prior year. The main component of this change is from the general obligations bonds which were reduced by \$395. The District's THIS OPEB liability has remained somewhat stable showing a 1.5% increase. TRS and IMRF net pension liabilities experienced quite different changes over the year due to the effects of investment income, discount rates, and other variables. While the IMRF net pension liability decreased 67%, the TRS' liability decreased 4.2%, while the state's proportionate share associated with West Northfield SD 31 is \$62,976, a half percentage point reduction. While the TRS pension is funded at 40%, the IMRF pensions are funded near 95%.

Additional detailed information on long-term liabilities can be found in Note E, while additional information regarding pension liabilities can be found in Note F.

TABLE 4:		
<i>Outstanding Long-Term Liabilities</i>		
<i>(in thousands of dollars)</i>		
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$11,825	\$12,220
Unamortized premium	264	286
Capital leases	450	141
RHP OPEB	61	36
Compensated absences	52	51
THIS OPEB	9,575	9,433
IMRF net pension liability	385	1,167
TRS net pension liability	<u>885</u>	<u>924</u>
Total	\$23,497	\$24,258

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

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 which could significantly affect the financial operations in the future:

- The COVID-19 pandemic has created unprecedented challenges. The cost of resources to provide a safe environment for in person teaching as well as to provide a solid remote learning platform have been partially offset by the use of funds provided through the Federal CARES Act. Transportation and food service programs were modified to provide the safest environment and support for the school community. Schedule changes were inevitable due to social distancing and safety measures. The District's strategic planning goals continue while adjustments are being made to timelines. Meanwhile, the District is making certain the work continues for professional development and improvements to instruction.
- The District continues to monitor the impact the current economic climate has on its finances, and the last quarter of fiscal year 2019-2020 precipitated the beginning of the unknown. With the effects on the economy from COVID-19 to date, economic growth has slowed in many sectors, unemployment has grown tremendously, and revenue sources moving forward will have their challenges. The rate of return on investments continues to produce very low levels of investment income. The effect on Corporate Personal Property Replacement Tax will begin to be evident as the economy struggles. The ability to make delayed tax payments can create potential cash flow issues and the effect on the CPI may have a delayed impact on school districts. To date, the District has not felt the effects on this situation in regards to the items mentioned. It has, however, needed to spend resources in a variety of new ways to promote the safest environment for students and staff for in person teaching and learning, in addition to the remote teaching and learning expenses. We continue to watch for upcoming and/or long-term effects to the District's resources.
- Efforts to minimize any financial impact of large property tax appeals remains a priority for the District. With the final outstanding triennials from the past now settled with the District's largest tax payer, the potential for a large liability from prior years has been eliminated. The District has continued to move forward utilizing a proactive approach in regards to property tax appeals, with the goal to protect its resources and financial stability. This process has greatly mitigated the possibility of negative outcomes and has proven to be successful in avoiding large property tax appeals by meeting with stakeholders proactively. For the tax years through 2021, settlement agreements were reached with regard to the valuation of these particular properties. The ability to work in this manner remains in place for future tax years. It provides a fair platform for all involved.
- In addition to PTABs, the District remains diligent in working through other potential property tax losses in an effort to protect the District's resources.
- In the 2013 tax year, the Astellas Corporation exercised the first year of its 7(b) tax incentive that was awarded through the Village of Glenview. Normally, commercial property is assessed at 25% of market value, plus the equalization factor. Property receiving a 7(b) tax incentive is assessed at 10% of the market value for the first ten years, which for this development began in 2013, 15% for year eleven, and 20% in year twelve, plus the equalization factor. The 2020 tax year will mark one year past the halfway point to receiving the full amount of tax revenue from this development in 2026.

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Factors bearing on the District's Future (Continued)

- The District continues to receive impact fees from the RED SEAL development on the Mission Hills Golf Course, called Provenance Northbrook, as certificates of occupancy are expected to be received. The development continues to show progress and additional sales each month. By June 2020, the development was approaching 60% of units sold. The District will continue to receive new property tax receipts from this development for the next few years, assuming current rate of sales continues. This development has, to date, had a minimal effect on the District's enrollment figures.
- An additional residential development within District boundaries, near Willow and Landwehr Roads, has been approved by the Village of Glenview and construction is now in progress. This development will produce two styles of twenty-nine single family homes, of which three are sold.
- The District continues to watch for any new development on Willow and Sanders as there continues to be potential for growth in the area adjacent to the Tapestry Project, a GlenStar Development.
- This District continues to monitor the state policies and potential and/or realized changes with legislation, mainly those involving pension changes, state funding, and property taxes. State funding, or Evidence Based Funding, which includes payments based on individual districts' needs in regards to low-income, English Learners, and special education students, will experience minor growth, if any, as the District is considered well-funded and identified as a Tier IV district.
- The District participates with various cooperatives, including health insurance, worker's compensation, and property/liability insurance. This participation reflects an effort to continually best manage costs, protecting the District's assets. These programs provide many cost savings initiatives as well as provide protection from wide swings in the insurance marketplace, which is especially important for a smaller sized district.
- The District's financial management strategy continues to include efforts to maintain consistency within its Debt Service Extension Base (DSEB) while evaluating the needs of the students, staff, and community. This includes implementing improvements to the learning environment, as well as investing in its buildings and grounds. The comprehensive review that was completed on the facilities and grounds identified a number of areas to address within and outside of the facilities. In addition to the improvement of the learning environments, safety for the school community, and updates and repairs were addressed in many areas. The use of the tax-exempt bonds issued in 2018 to address these needs is evident in the number of projects that have been completed. These projects, completed within a three-year effort, has resulted in added space, much improved areas for learning, significant improvements to the appearance and functionalities of both facilities, and has provided updated outdoor play areas/equipment at each building. The intended goal, when issuing tax exempt bonds, is to make improvements and expend the funds, within a three-year period. The District has met that goal.

West Northfield School District 31
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

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 dollars it receives.

If you have questions about this report, or need additional financial information, contact the District's Assistant Superintendent for Finance and Operations/CSBO, at 847-313-4413.

BASIC FINANCIAL STATEMENTS

West Northfield School District 31
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2020

ASSETS	
Cash and investments	\$ 15,053,397
Receivables (net of allowance for uncollectibles):	
Interest	6,545
Property taxes	9,021,027
Replacement taxes	61,590
Intergovernmental	205,234
Prepaid items	31,287
Capital assets:	
Land	81,393
Construction in progress	122,720
Depreciable buildings, property, and equipment, net	16,449,563
Total assets	41,032,756
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	858,500
Deferred outflows related to other postemployment benefits	262,649
Total deferred outflows	1,121,149
LIABILITIES	
Accounts payable	87,431
Other current liabilities	128,700
Interest payable	44,204
Unearned revenue	236,042
Long-term liabilities:	
Due within one year	601,213
Due after one year	22,896,170
Total liabilities	23,993,760
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,500,197
Deferred inflows related to other postemployment benefits	1,706,893
Property taxes levied for a future period	8,033,362
Total deferred inflows	11,240,452
NET POSITION	
Net investment in capital assets	6,569,209
Restricted For:	
Operations and maintenance	971,776
Debt service	1,163,168
Student transportation	553,941
Retirement benefits	188,444
Capital projects	391,747
Tort immunity	34
Unrestricted	(2,918,626)
Total net position	\$ 6,919,693

The accompanying notes are an integral part of this statement.

West Northfield School District 31
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions / Programs	Expenses	PROGRAM REVENUES			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction:					
Regular programs	\$ 6,972,334	\$ 296,774	\$ 212,586	\$ -	\$ (6,462,974)
Special programs	3,862,087	-	352,445	-	(3,509,642)
Other instructional programs	1,354,600	-	8,788	-	(1,345,812)
State retirement contributions	7,339,256	-	7,339,256	-	-
Support services:					
Pupils	878,292	-	12,420	-	(865,872)
Instructional staff	577,566	-	8,091	-	(569,475)
General administration	917,327	-	-	-	(917,327)
School administration	726,810	-	-	-	(726,810)
Business	611,049	8,527	17,440	120,000	(465,082)
Transportation	937,076	106,912	333,320	-	(496,844)
Operations and maintenance	1,316,094	96,850	-	-	(1,219,244)
Central	556,659	-	-	-	(556,659)
Community services	26,041	-	-	-	(26,041)
Interest and fees	415,233	-	-	-	(415,233)
Unallocated depreciation	1,111,279	-	-	-	(1,111,279)
Total governmental activities	\$ 27,601,703	\$ 509,063	\$ 8,284,346	\$ 120,000	(18,688,294)
General revenues:					
Taxes:					
					13,768,496
					2,359,149
					855,010
					431,941
					806,448
					273,598
					114,636
					<u>18,609,278</u>
					Change in net position (79,016)
					<u>6,998,709</u>
					Net position, beginning of year (as restated)
					<u>\$ 6,919,693</u>
					Net position, end of year

The accompanying notes are an integral part of this statement.

West Northfield School District 31

Governmental Funds

BALANCE SHEET

June 30, 2020

	General	Operations and Maintenance
ASSETS		
Cash and investments	\$ 11,792,919	\$ 923,560
Receivables (net of allowance for uncollectibles):		
Interest	6,545	-
Property taxes	7,278,211	725,546
Replacement taxes	52,590	-
Intergovernmental	122,831	-
Prepaid items	31,287	-
Total assets	\$ 19,284,383	\$ 1,649,106
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 32,371	\$ 31,190
Other current liabilities	26,643	27
Unearned revenue	163,757	-
Total liabilities	222,771	31,217
DEFERRED INFLOWS		
Unavailable interest revenue	948	-
Property taxes levied for a future period	6,481,347	646,113
Total deferred inflows	6,482,295	646,113
FUND BALANCES		
Nonspendable	31,287	-
Restricted	34	971,776
Unassigned	12,547,996	-
Total fund balance	12,579,317	971,776
Total liabilities, deferred inflows, and fund balance	\$ 19,284,383	\$ 1,649,106

The accompanying notes are an integral part of this statement.

Transportation	Municipal Retirement / Soc. Sec.	Debt Service	Capital Projects	Total
\$ 507,286	\$ 157,324	\$ 1,157,841	\$ 514,467	\$ 15,053,397
-	-	-	-	6,545
362,773	202,180	452,317	-	9,021,027
-	9,000	-	-	61,590
82,403	-	-	-	205,234
-	-	-	-	31,287
<u>\$ 952,462</u>	<u>\$ 368,504</u>	<u>\$ 1,610,158</u>	<u>\$ 514,467</u>	<u>\$ 24,379,080</u>
\$ 3,180	\$ -	\$ -	\$ 20,690	\$ 87,431
-	-	-	102,030	128,700
72,285	-	-	-	236,042
<u>75,465</u>	<u>-</u>	<u>-</u>	<u>122,720</u>	<u>452,173</u>
-	-	-	-	948
323,056	180,060	402,786	-	8,033,362
323,056	180,060	402,786	-	8,034,310
-	-	-	-	31,287
553,941	188,444	1,207,372	391,747	3,313,314
-	-	-	-	12,547,996
553,941	188,444	1,207,372	391,747	15,892,597
<u>\$ 952,462</u>	<u>\$ 368,504</u>	<u>\$ 1,610,158</u>	<u>\$ 514,467</u>	<u>\$ 24,379,080</u>

West Northfield School District 31
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2020

Total fund balances - governmental funds	\$	15,892,597
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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.		16,653,676
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Certain revenue receivables of the District recognized in the statement of net position do not provide current financial resources and are unavailable revenue in the governmental funds balance sheet.		948
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to pensions		858,500
Deferred inflows of resources related to pensions		(1,500,197)

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

Deferred outflows of resources related to other postemployment benefits		262,649
Deferred inflows of resources related to other postemployment benefits		(1,706,893)

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.

General obligation bonds	(11,825,000)	
Unamortized bond premiums	(264,202)	
Capital leases	(449,467)	
Compensated absences	(51,963)	
IMRF net pension liability	(385,366)	
TRS net pension liability	(884,876)	
RHP total other postemployment benefit liability	(61,297)	
THIS net other postemployment benefit liability	<u>(9,575,212)</u>	(23,497,383)

Interest on long-term liabilities (interest payable) accrued in the statement of net position will not be paid with current financial resources and, therefore, is not recognized in the governmental funds balance sheet.		<u>(44,204)</u>
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Net position of governmental activities	\$	<u><u>6,919,693</u></u>
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The accompanying notes are an integral part of this statement.

West Northfield School District 31
 Governmental Funds
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 For the Year Ended June 30, 2020

	General	Operations and Maintenance	Transportation
Revenues			
Property taxes	\$ 13,768,496	\$ 1,352,972	\$ 612,164
Replacement taxes	185,937	55,000	50,000
State aid	4,809,861	-	333,320
Federal aid	579,143	-	-
Interest	285,849	-	-
Other	441,497	2,800	106,912
Total revenues	<u>20,070,783</u>	<u>1,410,772</u>	<u>1,102,396</u>
Expenditures			
Current:			
Instruction:			
Regular programs	6,655,817	-	-
Special programs	1,204,669	-	-
Other instructional programs	1,315,446	-	-
State retirement contributions	3,970,786	-	-
Support services:			
Pupils	840,199	-	-
Instructional staff	562,652	-	-
General administration	886,857	-	-
School administration	686,381	-	-
Business	532,147	-	-
Transportation	-	-	936,852
Operations and maintenance	-	1,216,392	-
Central	512,823	-	-
Community services	24,627	-	-
Nonprogrammed charges	2,566,060	-	-
Debt service:			
Principal	-	-	-
Interest and other	-	-	-
Capital outlay	483,739	45,634	-
Total expenditures	<u>20,242,203</u>	<u>1,262,026</u>	<u>936,852</u>
Excess (deficiency) of revenues over expenditures	<u>(171,420)</u>	<u>148,746</u>	<u>165,544</u>
Other financing sources (uses)			
Transfers in	-	1,000,000	-
Transfers (out)	(1,146,609)	(1,000,000)	-
Capital lease proceeds	477,697	-	-
Total other financing sources (uses)	<u>(668,912)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(840,332)	148,746	165,544
Fund balance, beginning of year	13,419,649	823,030	388,397
Fund balance, end of year	<u>\$ 12,579,317</u>	<u>\$ 971,776</u>	<u>\$ 553,941</u>

The accompanying notes are an integral part of this statement.

Municipal Retirement / Soc. Sec.	Debt Service	Capital Projects	Total
\$ 394,013	\$ 855,010	\$ -	\$ 16,982,655
6,740	134,264	-	431,941
-	-	-	5,143,181
-	-	-	579,143
-	-	17,860	303,709
-	-	192,490	743,699
<u>400,753</u>	<u>989,274</u>	<u>210,350</u>	<u>24,184,328</u>
98,746	-	-	6,754,563
38,104	-	-	1,242,773
19,829	-	-	1,335,275
-	-	-	3,970,786
18,239	-	-	858,438
9,472	-	-	572,124
26,822	-	-	913,679
31,383	-	-	717,764
25,316	-	-	557,463
-	-	-	936,852
78,079	-	-	1,294,471
42,204	-	-	555,027
1,402	-	-	26,029
-	-	-	2,566,060
-	564,166	-	564,166
-	432,889	-	432,889
-	-	5,492,653	6,022,026
<u>389,596</u>	<u>997,055</u>	<u>5,492,653</u>	<u>29,320,385</u>
<u>11,157</u>	<u>(7,781)</u>	<u>(5,282,303)</u>	<u>(5,136,057)</u>
-	146,609	1,000,000	2,146,609
-	-	-	(2,146,609)
-	-	-	477,697
<u>-</u>	<u>146,609</u>	<u>1,000,000</u>	<u>477,697</u>
11,157	138,828	(4,282,303)	(4,658,360)
177,287	1,068,544	4,674,050	20,550,957
<u>\$ 188,444</u>	<u>\$ 1,207,372</u>	<u>\$ 391,747</u>	<u>\$ 15,892,597</u>

West Northfield School District 31
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, 2020

Net change in fund balances - total governmental funds \$ (4,658,360)

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 capital outlay exceeds depreciation expense in the current period.

Capital outlay	\$ 5,951,467	
Depreciation expense	(1,111,279)	
Loss on disposal	<u>(44,217)</u>	4,795,971

Changes in deferred outflows and inflows or resources related to pensions are reported only in the statements of activities:

Deferred outflow and inflows of resources related to IMRF pension	(788,005)
Deferred outflow and inflows of resources related to TRS pension	5,519

Changes in deferred outflows and inflows or resources related to other postemployment benefits are reported only in the statements of activities:

Deferred outflow and inflows of resources related to RHP	12,885
Deferred outflow and inflows of resources related to THIS	(173,574)

Interest revenue and other revenue included in the statement of activities do not provide current financial resources and, therefore, are deferred in the fund financial statements. (30,111)

Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (3,962)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources:

Principal repayments - general obligation bonds	\$ 395,000	
Amortization of bond premiums	21,618	
Capital leases proceeds	(477,697)	
Principal payments on capital leases	169,166	
Compensated absences, net	(1,242)	
IMRF net pension liability, net	782,178	
TRS pension liability, net	38,735	
RHP other postemployment benefits liability, net	(25,001)	
THIS other postemployment benefit liability, net	<u>(142,136)</u>	<u>760,621</u>

Change in net position of governmental activities \$ (79,016)

The accompanying notes are an integral part of this statement.

West Northfield School District 31
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2020

	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	\$ <u>21,114</u>
LIABILITIES	
Due to student groups	\$ <u><u>21,114</u></u>

The accompanying notes are an integral part of this statement.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of West Northfield School District 31 (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 of the District 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) and the servicing of general long-term debt (debt service fund) and the acquisition or construction of major capital facilities (capital projects fund). The General Fund is used to account for all activities of the District not accounted for in some other fund. The District considers all governmental funds to be major.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, the Working Cash Account, and the Tort Immunity and Judgment 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 collection of property taxes in the fund(s) loaned to. As allowed by the School Code of Illinois, this Fund may be abolished and become part of the Educational Account Fund 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 0.05% of the District's current equalized assessed valuation. The Tort Immunity and Judgment Account is used to account for revenues derived from a specific property levy and state reimbursement grants, and expenditures of these monies is for risk management activities.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, Capital Projects, or Fiduciary Funds) that are legally restricted or committed 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 expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes, personal property replacement taxes and transfers from other funds.

Transportation Fund - accounts for all revenues and expenditures made for student transportation. Revenues are derived primarily from local property taxes, personal property replacement 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. Debt Service Fund

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service and transfers from other funds.

d. Capital Projects Fund

Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities. Revenues are derived from bonds proceeds or transfers from other funds.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

e. 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 do 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. 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 council, and scholarships.

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. The District considers most revenues available if they are collected within 60 days after year-end. Revenue that are paid to the District by the Illinois State Board of Education are considered available if 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, personal property 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 for unearned and 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, 2020, the District has deferred outflows of resources related to pensions and other postemployment benefits. 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, 2020, the District reported deferred inflows of resources related to pensions, other postemployment benefits, unavailable interest revenue, 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 remaining balance allocated at the discretion of the District.

8. 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Capital Assets

Capital assets, which include land, buildings, building improvements, equipment, and vehicles, are reported in the government-wide financial statements. 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.

Major outlays for capital assets and improvements are capitalized as projects are completed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Building improvements	15 - 20
Equipment	5 - 20
Vehicles	8

Construction in progress is stated at cost and includes engineering, design, material, and labor incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and placed in service.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts and losses on refunding of bonds, are deferred and amortized over the life of the applicable bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount or loss on refunding. Bond issuance costs are expensed as incurred.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-Term Obligations (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, losses on refunding, and bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

11. 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 the 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.

12. 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 these resources are needed.

13. Accumulated Unpaid Vacation Pay and Sick Pay

Administrators and support staff are entitled to be compensated for vacation time. The liability for unused compensated absences is reported on the government-wide financial statements.

Full or part-time educational support personnel who work at least 600 hours per year receive 10 paid sick leave days per year. Part-time employees will receive sick leave pay equivalent to their regular workday. Unused sick leave shall accumulate to the maximum number of days that the Illinois Municipal Retirement Fund (IMRF) will recognize for retirement credit purposes. Certified employees earn sick days as of the date of hire. Unused sick leave days accumulate with no limit. Upon retirement, a certified employee may apply up to 340 days of unused sick leave toward service credit for TRS.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Accumulated Unpaid Vacation Pay and Sick Pay (Continued)

Due to the nature of policies on sick leave and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave.

14. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the District does not budget for "on-behalf" contributions from the State for the employer's share of the Teachers' Retirement System pension (see the budgetary reconciliation in the notes to the required supplementary information). 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.

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 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 or inventories.
- 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, as well as debt service funds and capital project 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 fund balance at June 30, 2020.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Fund Balance (Continued)

- 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 delegated the authority to assign amounts to be used for specific purposes. The Board of Education has declared that the Director of Business Services/CSBO may assign amounts for a specific purpose. The District had no assigned fund balance at June 30, 2020.
- 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.

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 nonspendable fund balance in the General Fund consists of \$31,287 for prepaid items. The restricted fund balance in the General Fund is comprised of \$34, representing the remaining unspent portion of the restricted tort immunity levy. The remaining restricted fund balances are for the purpose of the restricted funds as described in Note A-3.

16. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE B - DEPOSITS AND INVESTMENTS

As explained in Note A-6, the Illinois Compiled Statutes require the District to utilize the investment services of the Northfield Township School Treasurer (the Treasurer). As such, the Treasurer is 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 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 to the School Board. The Treasurer invests excess funds at his/her 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, 2020, the District's cash and investments consisted of the following:

	Governmental	Fiduciary	Total
Cash and investments	\$ 15,053,397	\$ 21,114	\$ 15,074,511

For disclosure purposes, this amount is classified into four components as follows:

	Total
Deposits with financial institutions*	\$ 10,091,773
Illinois Funds	66,592
Illinois Trust	2,275,000
Illinois School District Liquid Asset Fund Plus (ISDLAF+)	2,641,146
	\$ 15,074,511

*includes accounts held in demand and savings accounts, but primarily consists of money market savings accounts and non-negotiable certificates of deposit, which were valued at cost.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Cash and Investments Under the Custody of the Township Treasurer

District cash and investments (other than the student activity, flexible benefit, and imprest funds) are under the custody of the Township Treasurer. The Treasurer maintains records that segregate the cash and investment balances by district. Cash for all funds, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer also holds money-market type investments and deposits with financial institutions, including certificates of deposit. As of June 30, 2020, the fair value of all investments held by the Treasurer's office was \$11,121,100.

Cash and Investments in the Custody of the District

At June 30, 2020, the carrying value of the District's student activity, imprest, e-pay, and flexible benefit funds was \$127,135, all of which was deposited with financial institutions.

Deposit and Investment Risks

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, a periodic review of the investment portfolio is performed to ensure performance is consistent with the safety, liquidity, rate of return, diversification and overall performance the District needs.

The following investments are measured at net asset value (NAV):

		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
ISDLAF+	\$ 2,641,146	n/a	Daily	1 day
Illinois Funds	66,592	n/a	Daily	1 day
Illinois Trust	2,275,000	n/a	Daily	1 day

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Deposit and Investment Risks (Continued)

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 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.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are rated AAAM and are valued at Illinois Funds' share price, which is the price the investment can be sold.

The Illinois Trust, formerly known as the Illinois Institutional Investors Trust (IIIT), is a trust organized under the laws of the State of Illinois and managed by a Board of Trustees, elected from participating members. The Illinois Trust is not registered with the SEC as an investment company. Investments in the Illinois Trusts are rated AAAM and are valued at Illinois Trust's share price, which is the price for which the investment could be sold. There were no unfunded commitments.

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, 2020, the bank balance of the District's deposits with financial institutions totaled \$10,659,802, all of which was collateralized and/or insured.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring that all investments be in high quality investment pools and/or secured by private insurance or collateral.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE C - 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 17, 2019. 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 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.

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 2.9160 for 2019.

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 2019 tax levy was \$675,663,444.

Property taxes are collected by the Cook County Collector/Treasurer, who remits them to the District. Taxes levied in one year become due and payable in two installments on March 1 and 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 bill is based on the current levy, assessment, and equalization, and any changes from the prior year.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE C - PROPERTY TAXES RECEIVABLE (Continued)

The portion of the 2019 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 1%. 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 are reflected as deferred inflows of resources - property taxes levied for a future period.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019 *(as restated)	Increases/ Transfers	Decreases/ Transfers	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 81,393	\$ -	\$ -	\$ 81,393
Construction in process	954,666	122,720	954,666	122,720
Total capital assets, not being depreciated	<u>1,036,059</u>	<u>122,720</u>	<u>954,666</u>	<u>204,113</u>
Capital assets, being depreciated				
Buildings	22,263,295	4,512,938	49,130	26,727,103
Building improvements	1,901,382	1,548,884	-	3,450,266
Equipment	2,508,959	721,591	1,302	3,229,248
Vehicles	51,848	-	-	51,848
Total capital assets, being depreciated	<u>26,725,484</u>	<u>6,783,413</u>	<u>50,432</u>	<u>33,458,465</u>
Less accumulated depreciation for:				
Buildings	12,347,324	780,988	4,913	13,123,399
Building improvements	1,418,087	139,582	-	1,557,669
Equipment	2,103,651	186,441	1,302	2,288,790
Vehicles	34,776	4,268	-	39,044
Total accumulated depreciation	<u>15,903,838</u>	<u>1,111,279</u>	<u>6,215</u>	<u>17,008,902</u>
Total capital assets, being depreciated, net	<u>10,821,646</u>	<u>5,672,134</u>	<u>44,217</u>	<u>16,449,563</u>
Governmental activities capital assets, net	<u>\$ 11,857,705</u>	<u>\$ 5,794,854</u>	<u>\$ 998,883</u>	<u>\$ 16,653,676</u>

*See Note M for information regarding the prior period adjustment to capital assets.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE E - LONG-TERM LIABILITIES

During the year ended June 30, 2020, changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
General obligation bonds	\$ 12,220,000	\$ -	\$ 395,000	\$ 11,825,000
Capital leases	140,936	477,697	169,166	449,467
Unamortized premium	285,820	-	21,618	264,202
Compensated absences	50,721	92,047	90,805	51,963
RHP total other postemployment benefit liability	36,296	25,001	-	61,297
THIS total other postemployment benefit liability	9,433,076	674,603	532,467	9,575,212
IMRF net pension liability	1,167,544	678,037	1,460,215	385,366
TRS net pension liability	923,611	127,150	165,885	884,876
	<u>\$ 24,258,004</u>	<u>\$ 2,074,535</u>	<u>\$ 2,835,156</u>	<u>\$ 23,497,383</u>

	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$ 415,000
Capital leases	134,250
Compensated absences	51,963
	<u>\$ 601,213</u>

1. **General Obligation Bonds Payable**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding at June 30, 2020, are as follows:

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE E - LONG-TERM LIABILITIES (Continued)

1. **General Obligation Bonds Payable (Continued)**

	<u>Bonds Payable</u> <u>July 1, 2019</u>	<u>Debt Issued</u>	<u>Debt Retired/ Defeased</u>	<u>Bonds Payable</u> <u>June 30, 2020</u>
\$2,985,000 GO Limited School Bonds Series 2015A, dated July 9, 2015, due December 1, 2024, interest at 3.00%. \$	1,660,000	\$ -	\$ -	\$ 1,660,000
\$3,070,000 Taxable GO Limited School Bonds Series 2018A, dated February 27, 2018 due December 1, 2027, interest at 2.10% - 3.35%.	2,585,000	-	395,000	2,190,000
\$7,975,000 GO Limited School Bonds Series 2018B, dated February 27, 2018, due December 1, 2037, interest at 3.50% - 4.00%.	<u>7,975,000</u>	<u>-</u>	<u>-</u>	<u>7,975,000</u>
Total	<u>\$ 12,220,000</u>	<u>\$ -</u>	<u>\$ 395,000</u>	<u>\$ 11,825,000</u>

At June 30, 2020, the District's annual debt service requirements to maturity for bond principal and interest were as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 415,000	\$ 410,912	\$ 825,912
2022	440,000	398,918	838,918
2023	465,000	385,342	850,342
2024	495,000	370,943	865,943
2025	520,000	355,458	875,458
2026-2037	<u>9,490,000</u>	<u>2,470,458</u>	<u>11,960,458</u>
Total	<u>\$ 11,825,000</u>	<u>\$ 4,392,031</u>	<u>\$ 16,217,031</u>

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE E - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds Payable (Continued)

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$1,207,372 in the Debt Service Fund to service the outstanding bonds payable and capital leases.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2020, the statutory debt limit for the District was \$46,620,778 of which \$34,346,311 is fully available.

2. Capital Leases

The District currently has several lease agreements for financing the acquisition of computers and copiers. The computer leases require annual payments, while the copier leases require monthly installment payments for sixty consecutive months. The obligations for these loans will be paid from the Debt Service Fund.

At June 30, 2020, the District's future cash flow requirements for retirement of leases payable principal and interest were as follows:

Year Ending				
June 30	Principal		Interest	Total
_____	_____		_____	_____
2021	\$ 134,250	\$	15,017	\$ 149,267
2022	109,818		9,497	119,315
2023	86,479		5,043	91,522
2024	58,806		2,030	60,836
2025	60,114		720	60,834
	_____		_____	_____
	\$ 449,467	\$	32,307	\$ 481,774
	=====		=====	=====

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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/fy2019; 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 consecutive 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.

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 highest 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 three 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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. 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 began in 2019 and are 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, 2019, 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, 2020, 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 \$6,837,589 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$3,863,652 in the General Fund based on the current financial resources measurement basis.

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, 2020, were \$50,111, and are deferred because they were paid after the June 30, 2019 measurement date.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - PENSION LIABILITIES (Continued)

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

General Information About the Pension Plan (Continued)

Contributions (Continued)

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, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$13,162 were paid from federal and special trust funds that required employer contributions of \$1,403.

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.

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, 2020, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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, 2020, 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	\$	884,876
State's proportionate share of the net pension liability associated with the District		<u>62,975,687</u>
 Total		 <u><u>\$ 63,860,563</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019. 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, 2019, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2019, the District's proportion was 0.0010909831 percent, which was a decrease of 0.0000939717 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, 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 and expense/expenditure	\$ 6,837,589	\$ 3,863,652
District TRS pension expense	<u>5,818</u>	<u>50,111</u>
Total TRS expense/expenditure	<u><u>\$ 6,843,407</u></u>	<u><u>\$ 3,913,763</u></u>

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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, 2020, 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	\$ 14,510	\$ -
Change in assumptions	19,827	16,985
Net difference between projected and actual earnings on pension plan investments	1,402	-
Changes in proportion and differences between District contributions and proportionate share of contributions	157,860	608,662
Total deferred amounts to be recognized in pension expense in the future periods	193,599	625,647
District contributions subsequent to the measurement date	50,111	-
	\$ 243,710	\$ 625,647

The District reported \$50,111 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year ending June 30:	Net Deferred Inflows of Resources
2021	\$ 87,491
2022	101,055
2023	156,744
2024	81,437
2025	5,321
Total	\$ 432,048

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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

The total pension liability in the June 30, 2019 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, including inflation

In the June 30, 2019 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, 2018 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.

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:

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.0 %	6.3 %
U.S. equities small/mid cap	2.0	7.7
International equities developed	13.6	7.0
Emerging market equities	3.4	9.5
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.0
International debt developed	2.2	1.1
Emerging international debt	2.6	4.4
Real estate	16.0	5.2
Real return	4.0	1.8
Absolute return	14.0	4.1
Private equity	15.0	9.7
Total	100.0 %	

Discount Rate

At June 30, 2019, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2018 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, 2019 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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)

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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ <u>1,080,799</u>	\$ <u>884,876</u>	\$ <u>723,789</u>

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2019 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - PENSION LIABILITIES (Continued)

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

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.

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	60
Inactive plan members entitled to but not yet receiving benefits	169
Active plan members	42
Total	271

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - PENSION LIABILITIES (Continued)

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

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 2019 was 8.96%. For the fiscal year ended June 30, 2020 the District contributed \$148,334 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.50%
Salary Increases	3.35% to 14.25%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates, specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

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:

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - PENSION LIABILITIES (Continued)

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

Actuarial Assumptions (Continued)

Long-term Expected Rate of Return (Continued)	Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
	Domestic equity	37%	5.75 %
	International equity	18%	6.50 %
	Fixed income	28%	3.25 %
	Real estate	9%	5.20%
	Alternative investments	7%	3.60%-7.60%
	Cash equivalents	1%	1.85%
	Total	<u>100%</u>	

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 2.75% (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%.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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, 2019:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2018	\$ 7,399,847	\$ 6,232,303	\$ 1,167,544
Changes for the year:			
Service cost	150,638	-	150,638
Interest on the total pension liability	527,399	-	527,399
Difference between expected and actual experience of the total pension liability	(50,143)	-	(50,143)
Changes of assumptions	-	-	-
Contributions - employer	-	136,987	(136,987)
Contributions - employees	-	68,799	(68,799)
Net investment income	-	1,186,419	(1,186,419)
Benefit payments, including refunds of employee contributions	(401,383)	(401,383)	-
Other (net transfer)	-	17,867	(17,867)
Net changes	<u>226,511</u>	<u>1,008,689</u>	<u>(782,178)</u>
Balances at December 31, 2019	<u>\$ 7,626,358</u>	<u>\$ 7,240,992</u>	<u>\$ 385,366</u>

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

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) 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%)
	<u> </u>	<u> </u>	<u> </u>
Net pension liability (asset)	\$ 1,215,361	\$ 385,366	\$ (297,743)
	<u> </u>	<u> </u>	<u> </u>

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - 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, 2020, the District recognized pension expense of \$154,160. At June 30, 2020, 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
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 18,144
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	532,827	856,406
Total deferred amounts to be recognized in pension expense in the future periods	532,827	874,550
Pension contributions made subsequent to the measurement date	81,963	-
Total deferred amounts related to pensions	\$ 614,790	\$ 874,550

The District reported \$81,963 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30,	Net Deferred Outflows of Resources
2021	\$ (115,582)
2022	(104,865)
2023	26,928
2024	(148,204)
2025	-
Thereafter	-
Total	\$ (341,723)

3. Summary of Pension Items

Below is a summary of the various pension items:

	TRS	IMRF	Total
Deferred outflows of resources:			
Employer contributions	\$ 50,111	\$ 81,963	\$ 132,074
Experience	14,510	-	14,510
Assumptions	19,827	-	19,827
Proportionate share	157,860	-	157,860
Investments	1,402	532,827	534,229
	\$ 243,710	\$ 614,790	\$ 858,500
Net pension liability	\$ 884,876	\$ 385,366	\$ 1,270,242
Pension expense	\$ 6,843,407	\$ 154,160	\$ 6,997,567

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F - PENSION LIABILITIES (Continued)

3. Summary of Pension Items (Continued)

	TRS		IMRF		Total
Deferred inflows of resources:					
Experience	\$ -		\$ 18,144		\$ 18,144
Assumptions	16,985		-		16,985
Investments	-		856,406		856,406
Proportionate share	608,662		-		608,662
	\$ 625,647		\$ 874,550		\$ 1,500,197

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 G - OTHER POSTEMPLOYMENT BENEFITS

1. Teachers' Health Insurance Security (THIS)

General Information about the Other Postemployment Plan

Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

General Information about the Other Postemployment Plan (Continued)

Plan Description (Continued)

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>).

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, 2020. 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, 2020, the District recognized revenue and expenses of \$501,667 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$107,133 in the General Fund based on the current financial resources measurement basis for State of Illinois contributions on behalf of the District's employees.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - 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

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, 2020. For the year ended June 30, 2020, the District paid \$79,486 to the THIS Fund, which was 100 percent of the required contribution. These amounts are deferred because they were paid after the June 30, 2019 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.

At June 30, 2020, 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	\$	9,575,212
State's estimated proportionate share of the net OPEB liability associated with the District*		<u>12,966,059</u>
	\$	<u><u>22,541,271</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 THIS 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - 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)

District contributions to the THIS Fund (Continued)

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019. 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, 2019, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2019, the District's proportion was 0.034596 percent, which was a decrease of 0.001209 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, 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 and expense/expenditure	\$ 501,667	\$ 107,133
District OPEB pension expense	394,990	79,486
Total OPEB expense/expenditure	\$ 896,657	\$ 186,619

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - 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)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 158,893
Changes of assumptions	3,630	1,097,631
Net difference between projected and actual earnings on OPEB plan investments	-	314
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>139,284</u>	<u>450,055</u>
Total deferred amounts to be recognized in OPEB expense in future periods	<u>142,914</u>	<u>1,706,893</u>
District contributions subsequent to the measurement date	<u>79,486</u>	<u>-</u>
	<u>\$ 222,400</u>	<u>\$ 1,706,893</u>

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - 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 \$79,486 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, 2021. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows in these reporting years:

<u>Year ending June 30:</u>	<u>Net Deferred Inflows of Resources</u>
2021	\$ 289,291
2022	289,291
2023	289,267
2024	289,215
2025	223,077
Thereafter	<u>183,838</u>
Total	<u>\$ 1,563,979</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 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 the 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, 2019, contribution rates are 1.24% of pay for active members, 0.92% of pay for school districts, and 1.24% 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - 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	2.50%
Salary Increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% 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, 2018, 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-2017.
Healthcare Trend Rate	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, 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 0.31% 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".

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - 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 1.24 percent, 0.92 percent, 1.24 percent of pay, respectively for fiscal year 2019. 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 3.62 percent at June 30, 2018, and 3.13 percent at June 30, 2019, was used to measure the total OPEB liability. The decrease in the single discount rate, from 3.62 percent to 3.13 percent, caused the total OPEB liability for the entire plan to increase by approximately \$2,296 million as of June 30, 2019.

Investment Return

During plan year end June 30, 2019, the trust earned \$397,000 in interest, and the market value of assets at June 30, 2019, is \$68 million. Given the low 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 2.038% for plan year end June 30, 2019, and 1.301% for plan year end June 30, 2018.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - 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 3.13 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 (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current rate:

	<u>1% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
District's proportionate share of the net OPEB liability	\$ <u>11,512,880</u>	\$ <u>9,575,212</u>	\$ <u>8,044,870</u>

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, 2019, 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 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	<u>1% Decrease*</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase**</u>
District's proportionate share of the net OPEB liability	\$ <u>7,735,990</u>	\$ <u>9,575,212</u>	\$ <u>12,059,313</u>

* One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.81% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

** One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.86% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (RHP)

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 IMRF retirees and their spouses, given certain eligibility provisions, to access the District's group health insurance plan during retirement on a pay-all basis, provided they had at least 8 years of credited service if enrolled in IMRF prior to January 1, 2011 or at least 10 years of credited service if enrolled in IMRF after January 1, 2011. Coverage is also available for eligible dependents on a pay-all basis. Coverage can continue upon the participant reaching Medicare eligibility. Coverage for dependents can continue upon the death of the retiree given that contributions continue.

Employees Covered by Benefit Terms

As of June 30, 2020 the following employees were covered by the benefit terms:

Active employees	42
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees currently receiving benefits	-
	-
Total	42

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 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (RHP) (Continued)

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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, 2019 using the following actuarial methods and assumptions:

Actuarial valuation date	July 1, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	3.00%
Discount rate	2.66%
Salary rate increase	4.00%
Healthcare inflation rate	HMO initial - 5.50%
	HMO ultimate - 4.50%
	PPO initial - 5.50%
	PPO ultimate - 4.50%
Mortality rates	PubG.H-2010 Mortality Table - General
Election at retirement	10% of active IMRF employees are assumed to elect coverage continuation at retirement.
Marital status	20% of active employees are assumed to be married and elect spousal coverage upon retirement. Males are assumed to be three years older than females.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. **Retiree Health Plan (RHP) (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 2.66% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2020.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net OPEB Liability (A) - (B)</u>
Balances at July 1, 2019	\$ 36,296	\$ -	\$ 36,296
Changes for the year:			
Service cost	6,325	-	6,325
Interest on the total OPEB liability	1,013	-	1,013
Difference between expected & actual experience	5,178	-	5,178
Assumptions and other inputs	11,548	-	11,548
Other changes	937	-	937
	<u>61,297</u>	<u>-</u>	<u>61,297</u>
Balances at June 30, 2020	\$ <u>61,297</u>	\$ <u>-</u>	\$ <u>61,297</u>

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 2.66%, 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</u>	<u>Current Discount Rate</u>	<u>1% Higher</u>
Total OPEB liability	\$ <u>64,227</u>	\$ <u>61,297</u>	\$ <u>58,495</u>

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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:

	1% Lower	Current Healthcare Rate	1% Higher
Total OPEB liability	\$ <u>57,278</u>	\$ <u>61,297</u>	\$ <u>65,660</u>

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

For the year ended June 30, 2020 the District recognized OPEB expense of \$12,116. At June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Difference between expected and actual experience	\$ 4,627	\$ -
Change of assumptions	<u>35,622</u>	<u>-</u>
Total deferred amounts to be recognized in OPEB expense in the future periods	<u>\$ 40,249</u>	<u>\$ -</u>

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows in these reporting years:

Year Ending June 30,	Net Deferred Outflows of Resources
2021	\$ 4,778
2022	4,778
2023	4,778
2024	4,778
2025	4,778
Thereafter	16,359
Total	\$ 40,249

3. Summary of OPEB Items

Below is a summary of the various OPEB items at June 30, 2020:

	THIS	RHP	Total
Deferred outflows of resources:			
Employer contributions	\$ 79,486	\$ -	\$ 79,486
Experience	-	4,627	4,627
Assumptions	3,630	35,622	39,252
Proportionate share	139,284	-	139,284
	\$ 222,400	\$ 40,249	\$ 262,649
OPEB liability	\$ 9,575,212	\$ 61,297	\$ 9,636,509

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	THIS	RHP	Total
Deferred inflows of resources:			
Experience	\$ 158,893	\$ -	\$ 158,893
Assumptions	1,097,631	-	1,097,631
Proportionate share	450,055	-	450,055
Investments	314	-	314
	\$ 1,706,893	\$ -	\$ 1,706,893

NOTE H - JOINT AGREEMENTS

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. It is also a member of the risk management pools described in Note J. 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, operation, scope of public service, and special financing relationships exercised by the joint agreement governing boards, these are not included as component units of the District.

The District entered an agreement with the Board of Commissions of the Glenview Park District that allows for School District 31 to lease space and grounds around Winkelman School for lawful Park District purposes. The original agreement was for 20 years ending May 16, 2010 and was extended for two additional terms of 10 years each ending May 16, 2030.

NOTE I - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases coverage against such risks and participates in the following public entity risk pools: Education Benefit Cooperative (EBC) for health benefit claims; School Employee Loss Fund (SELF) for worker's compensation claims; and 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. Settled claims have not exceeded coverage for the past three fiscal years.

Complete financial statements for the School Employee Loss Fund (SELF) can be obtained from its Treasurer.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE I - RISK MANAGEMENT (Continued)

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 four fiscal years.

NOTE J - CONTINGENCIES

1. Litigation

The District is a defendant in various tax appeal lawsuits and other litigation. Although the outcome of these lawsuits is not presently determinable, it is possible that the outcome could have an adverse effect on the financial condition of the District. With regard to other pending matters, the eventual outcome and related liability, if any, is not determinable at this time. No provision has been made in the accompanying financial statements for settlement costs, other than as noted above.

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, to be immaterial.

3. COVID-19

The direct and indirect impacts of the COVID-19 pandemic on the District's enrollment, vendors, operations, and financing arrangements are currently unknown, other than those mentioned below, as is the duration and severity of any impacts that the District may experience. Tax payors in Cook County have been granted an extension on the second installment payment for property tax (due August 1, 2020). Tax payors were given to October 1, 2020 to remit property tax payments without penalty, which will affect the timing of the District receiving those property taxes, and overall cash flows. While the District's evaluation is ongoing, management is currently unable to quantify the full effects that this pandemic will have on its operations, cash flows, and financial position; however, they may be significant. No adjustments have been made to these financial statements as a result of this uncertainty.

NOTE K - CONSTRUCTION COMMITMENTS

As of June 30, 2020, the District is committed to approximately \$148,082 in expenditures in the upcoming year for a renovation project. These expenditures will be paid during fiscal year 2021.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE L - PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment to properly record the value of construction in process at June 30, 2019. The revisions resulted in an adjustment to increase the value of capital assets and beginning net position of the District by \$858,306 on the government-wide financial statements.

NOTE M - SUBSEQUENT EVENT

Management has evaluated subsequent events through November 13, 2020, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than that described below, have occurred subsequent to the statement of position date that require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

West Northfield School District 31

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS Illinois Municipal Retirement Fund Six Most Recent Fiscal Years

	2020	2019	2018
Total pension liability			
Service cost	\$ 150,638	\$ 148,694	\$ 132,864
Interest on the total pension liability	527,399	515,362	501,675
Difference between expected and actual experience of the total pension liability	(50,143)	(50,609)	124,087
Assumption changes	-	180,242	(210,353)
Benefit payments and refunds	(401,383)	(381,968)	(365,429)
Net change in total pension liability	226,511	411,721	182,844
Total pension liability, beginning	7,399,847	6,988,126	6,805,282
Total pension liability, ending	<u>\$ 7,626,358</u>	<u>\$ 7,399,847</u>	<u>\$ 6,988,126</u>
Plan fiduciary net position			
Contributions, employer	\$ 136,987	\$ 159,493	\$ 156,120
Contributions, employee	68,799	67,582	64,159
Net investment income (loss)	1,186,419	(379,416)	1,091,285
Benefit payments, including refunds of employee contributions	(401,383)	(381,968)	(365,429)
Other (net transfer)	17,867	144,948	(322,359)
Net change in plan fiduciary net position	1,008,689	(389,361)	623,776
Plan fiduciary net position, beginning	6,232,303	6,621,664	5,997,888
Plan fiduciary net position, ending	<u>\$ 7,240,992</u>	<u>\$ 6,232,303</u>	<u>\$ 6,621,664</u>
Net pension liability	<u>\$ 385,366</u>	<u>\$ 1,167,544</u>	<u>\$ 366,462</u>
Plan fiduciary net position as a percentage of the total pension liability	94.95 %	84.22 %	94.76 %
Covered Valuation Payroll	\$ 1,528,883	\$ 1,501,823	\$ 1,425,759
Net pension liability as a percentage of covered valuation payroll	25.21 %	77.74 %	25.70 %

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>2017</u>	<u>2016</u>	<u>2015</u>
\$	139,842	\$ 142,986	\$ 149,654
	487,022	456,641	422,843
	(60,720)	163,544	(38,191)
	(14,661)	7,264	245,421
	<u>(374,548)</u>	<u>(334,543)</u>	<u>(300,715)</u>
	176,935	435,892	479,012
	6,628,347	6,192,455	5,713,433
\$	<u><u>6,805,282</u></u>	<u><u>6,628,347</u></u>	<u><u>6,192,445</u></u>
\$	138,297	\$ 146,889	\$ 134,273
	56,525	56,686	55,896
	390,262	28,358	340,352
	(374,548)	(334,543)	(300,715)
	<u>(2,281)</u>	<u>155,147</u>	<u>(127,516)</u>
	208,255	52,537	102,290
	5,789,633	5,737,096	5,634,806
\$	<u><u>5,997,888</u></u>	<u><u>5,789,633</u></u>	<u><u>5,737,096</u></u>
\$	<u><u>807,394</u></u>	<u><u>838,714</u></u>	<u><u>455,349</u></u>
	88.14 %	87.35 %	92.65 %
\$	1,256,103	\$ 1,259,691	\$ 1,258,038
	64.28 %	66.58 %	36.20 %

West Northfield School District 31
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
Six Most Recent Fiscal Years

Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2020	\$ 136,988	* \$ 136,987	\$ 1	\$ 1,528,883	8.96 %
2019	159,494	159,493	1	1,501,823	10.62
2018	156,121	156,120	1	1,425,759	10.95
2017	138,297	138,297	-	1,256,103	11.01
2016	133,653	146,889	(13,236)	1,259,691	11.66
2015	135,994	134,273	1,721	1,258,038	10.67

* Estimated based on contribution rate of 8.96% and covered valuation payroll of \$1,528,883.

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

West Northfield School District 31
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
Six Most Recent Fiscal Years

Fiscal year ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.0010909831 %	0.0011849548 %	0.0023558772 %
District's proportionate share of the net pension liability	\$ 884,876	\$ 923,611	\$ 1,799,846
State's proportionate share of the net pension liability associated with the District	<u>62,975,687</u>	<u>63,271,230</u>	<u>61,977,099</u>
Total	<u>\$ 63,860,563</u>	<u>\$ 64,194,841</u>	<u>\$ 63,776,945</u>
District's covered-employee payroll	\$ 8,525,428	\$ 8,489,592	\$ 8,370,668
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.38 %	10.88 %	21.50 %
Plan fiduciary net position as a percentage of the total pension liability	39.60 %	40.00 %	39.30 %

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pensions 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>2017</u>	<u>2016</u>	<u>2015</u>
0.0018095105 %	0.0018867923 %	0.0017499646 %
\$ 1,428,356	\$ 1,236,039	\$ 1,064,998

<u>65,734,967</u>	<u>50,002,609</u>	<u>43,134,039</u>
\$ <u>67,163,323</u>	\$ <u>51,238,648</u>	\$ <u>44,199,037</u>
\$ 8,277,863	\$ 7,719,938	\$ 6,993,465

17.26 % 16.01 % 15.23 %

36.40 % 41.50 % 43.00 %

West Northfield School District 31
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
Six Most Recent Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 49,447	\$ 49,234	\$ 97,061
Contributions in relation to the contractually required contribution	<u>(49,436)</u>	<u>(49,234)</u>	<u>(97,061)</u>
Contribution deficiency (excess)	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,639,774	\$ 8,525,428	\$ 8,489,592
Contributions as a percentage of covered-employee payroll	0.57 %	0.58 %	1.14 %

Note 1: Actuarial valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pensions 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>2017</u>	<u>2016</u>	<u>2015</u>
\$ 70,055	\$ 66,100	\$ 61,458
<u>(70,077)</u>	<u>(66,113)</u>	<u>(62,438)</u>
\$ <u>(22)</u>	\$ <u>(13)</u>	\$ <u>(980)</u>
\$ 8,277,863	\$ 7,719,938	\$ 6,993,465
0.85 %	0.86 %	0.89 %

West Northfield School District 31

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

Retiree Health Plan

Three Most Recent Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 6,325	\$ 3,710	\$ 3,486
Interest on the total OPEB liability	1,013	946	946
Difference between expected and actual experience of the total OPEB liability	5,178	-	-
Changes of assumptions and other inputs	11,548	-	-
Benefit payments, including the implicit rate subsidy	-	(1,465)	(1,496)
Other changes	937	619	29,550
Net change in total OPEB liability	<u>25,001</u>	<u>3,810</u>	<u>32,486</u>
Total OPEB liability, beginning	36,296	32,486	-
Total OPEB liability, ending	<u>\$ 61,297</u>	<u>\$ 36,296</u>	<u>\$ 32,486</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	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, beginning	-	-	-
Plan fiduciary net position, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability	<u>\$ 61,297</u>	<u>\$ 36,296</u>	<u>\$ 32,486</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %	0.00 %	0.00 %
Covered valuation payroll	1,479,422	\$ 1,403,687	\$ 1,403,687
Net OPEB liability as a percentage of covered valuation payroll	4.14 %	2.59 %	2.31 %

Note: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2020 therefore 10 years of information is not available.

West Northfield School District 31
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY
Teachers' Health Insurance Security Fund
Three Most Recent Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.0345960000 %	0.0358050000 %	0.0363890000 %
District's proportionate share of the net OPEB liability	\$ 9,575,212	\$ 9,433,076	\$ 9,442,883
State's proportionate share of the net OPEB liability associated with the District	<u>12,966,059</u>	<u>12,666,587</u>	<u>12,400,852</u>
Total	<u>\$ 22,541,271</u>	<u>\$ 22,099,663</u>	<u>\$ 21,843,735</u>
District's covered-employee payroll	\$ 8,525,428	\$ 8,489,592	\$ 8,370,668
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	112.31%	111.11%	112.81%
Plan fiduciary net position as a percentage of the total OPEB liability	0.25%	-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.

West Northfield School District 31
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Health Insurance Security Fund
Three Most Recent Fiscal Years

Fiscal year ended June 30,	2020	2019	2018
Contractually required contribution	\$ 78,434	\$ 74,708	\$ 70,314
Contributions in relation to the contractually required contribution	<u>78,228</u>	<u>74,693</u>	<u>70,318</u>
Contribution excess (due)	<u>\$ (206)</u>	<u>\$ (15)</u>	<u>\$ 4</u>
District's covered-employee payroll	8,639,774	8,525,428	8,489,592
Contributions as a percentage of covered-employee payroll	-0.91%	-0.88%	-0.83%

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

West Northfield School District 31
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2020
 With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 14,213,757	\$ 13,768,496	\$ (445,261)	\$ 13,368,528
Corporate personal property replacement taxes	186,000	185,937	(63)	273,210
Interest on investments	182,500	285,849	103,349	389,196
Sales to pupils - a la carte	5,000	8,527	3,527	11,159
Fees	75,450	126,286	50,836	125,125
Other district/school activity revenue	55,000	59,361	4,361	58,603
Rentals - regular textbook	138,000	111,127	(26,873)	108,242
Rentals	-	94,050	94,050	-
Contributions and donations from private sources	60,000	4,712	(55,288)	-
Other	<u>85,000</u>	<u>37,434</u>	<u>(47,566)</u>	<u>33,686</u>
Total local sources	<u>15,000,707</u>	<u>14,681,779</u>	<u>(318,928)</u>	<u>14,367,749</u>
State sources				
Evidence Based Funding Formula	806,000	806,448	448	805,360
Special Education - Private Facility Tuition	-	6,097	6,097	-
Special Education - Orphanage - Individual	17,000	19,902	2,902	10,560
Special Education - Orphanage - Summer Individual	-	5,387	5,387	5,424
State Free Lunch & Breakfast	-	491	491	-
Other restricted revenue from state sources	<u>750</u>	<u>750</u>	<u>-</u>	<u>750</u>
Total state sources	<u>823,750</u>	<u>839,075</u>	<u>15,325</u>	<u>822,094</u>

(Continued)

West Northfield School District 31

General Fund - Budgetary Basis

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

For the Year Ended June 30, 2020

With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Federal sources				
Summer Food Service Program	\$ -	\$ 16,949	\$ 16,949	\$ -
Title I - Low Income	205,688	181,336	(24,352)	193,941
Title IV - Student Support & Academic Enrichment Grant	2,006	12,420	10,414	2,006
Federal Special Education - Preschool Flow-Through	7,670	6,662	(1,008)	6,224
Federal Special Education - IDEA Flow Through	196,084	209,356	13,272	161,997
Federal Special Education - IDEA Room & Board	-	55,765	55,765	42,267
Title III - Instruction for English Learners & Immigrant Students	490	247	(243)	805
Title III - English Language Acquisition	31,900	8,541	(23,359)	33,326
Title II - Teacher Quality Fee-For-Service Program	38,281	7,341	(30,940)	47,760
	-	49,276	49,276	69,251
Other Restricted Revenue from Federal Sources	-	31,250	31,250	-
Other Restricted Grants Received from Federal Government through the State	<u>65,000</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>
Total federal sources	<u>547,119</u>	<u>579,143</u>	<u>32,024</u>	<u>557,577</u>
Total revenues	<u>16,371,576</u>	<u>16,099,997</u>	<u>(271,579)</u>	<u>15,747,420</u>

(Continued)

West Northfield School District 31
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2020
 With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Expenditures				
Instruction				
Regular programs				
Salaries	\$ 5,448,418	\$ 5,326,980	\$ 121,438	\$ 5,275,450
Employee benefits	841,362	818,735	22,627	774,332
Purchased services	24,550	25,546	(996)	30,120
Supplies and materials	301,835	267,119	34,716	229,991
Capital outlay	11,800	5,224	6,576	93,111
Other objects	3,900	1,858	2,042	1,660
Non-capitalized equipment	3,100	189,650	(186,550)	-
Termination benefits	19,999	25,929	5,930	18,867
Total	<u>6,654,964</u>	<u>6,661,041</u>	<u>5,783</u>	<u>6,423,531</u>
Special education programs				
Salaries	881,963	855,459	26,504	830,621
Employee benefits	176,267	178,438	(2,171)	158,633
Purchased services	94,500	11,932	82,568	21,092
Supplies and materials	37,202	24,989	12,213	6,362
Non-capitalized equipment	1,500	-	1,500	250
Termination benefits	7,612	7,612	-	7,211
Total	<u>1,199,044</u>	<u>1,078,430</u>	<u>120,614</u>	<u>1,024,169</u>

(Continued)

West Northfield School District 31

General Fund - Budgetary Basis

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

For the Year Ended June 30, 2020

With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
CTE programs				
Purchased services	\$ 1,650	\$ -	\$ 1,650	\$ -
Supplies and materials	11,800	8,619	3,181	9,939
Capital outlay	1,000	-	1,000	-
Other objects	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>15,450</u>	<u>8,619</u>	<u>6,831</u>	<u>9,939</u>
Interscholastic programs				
Salaries	174,500	182,955	(8,455)	166,822
Employee benefits	2,395	2,439	(44)	2,424
Purchased services	8,400	5,823	2,577	6,955
Supplies and materials	<u>25,550</u>	<u>16,909</u>	<u>8,641</u>	<u>20,911</u>
Total	<u>210,845</u>	<u>208,126</u>	<u>2,719</u>	<u>197,112</u>
Summer school programs				
Salaries	2,500	2,277	223	-
Employee benefits	20	34	(14)	-
Supplies and materials	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total	<u>2,620</u>	<u>2,311</u>	<u>309</u>	<u>-</u>
Gifted programs				
Salaries	186,080	185,658	422	177,861
Employee benefits	21,380	22,425	(1,045)	13,717
Purchased services	150	139	11	109
Supplies and materials	2,100	-	2,100	1,003
Termination benefits	<u>7,653</u>	<u>7,653</u>	<u>-</u>	<u>7,220</u>
Total	<u>217,363</u>	<u>215,875</u>	<u>1,488</u>	<u>199,910</u>

(Continued)

West Northfield School District 31

General Fund - Budgetary Basis

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

For the Year Ended June 30, 2020

With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Bilingual programs				
Salaries	\$ 755,365	\$ 746,577	\$ 8,788	\$ 642,583
Employee benefits	123,083	122,987	96	111,394
Purchased services	4,250	-	4,250	500
Supplies and materials	17,600	5,425	12,175	17,717
Termination benefits	<u>5,526</u>	<u>5,526</u>	<u>-</u>	<u>5,214</u>
Total	<u>905,824</u>	<u>880,515</u>	<u>25,309</u>	<u>777,408</u>
Special Education K-12 Programs				
Private Tuition	<u>80,000</u>	<u>126,239</u>	<u>(46,239)</u>	<u>79,065</u>
Total instruction	<u>9,286,110</u>	<u>9,181,156</u>	<u>116,814</u>	<u>8,711,134</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	265,260	252,293	12,967	174,158
Employee benefits	41,277	53,055	(11,778)	38,973
Purchased services	4,000	806	3,194	1,055
Supplies and materials	<u>2,200</u>	<u>585</u>	<u>1,615</u>	<u>1,419</u>
Total	<u>312,737</u>	<u>306,739</u>	<u>5,998</u>	<u>215,605</u>
Health services				
Salaries	43,466	39,816	3,650	36,095
Employee benefits	7,776	7,847	(71)	6,956
Purchased services	85,300	84,203	1,097	84,154
Supplies and materials	<u>4,500</u>	<u>1,493</u>	<u>3,007</u>	<u>3,685</u>
Total	<u>141,042</u>	<u>133,359</u>	<u>7,683</u>	<u>130,890</u>

(Continued)

West Northfield School District 31

General Fund - Budgetary Basis

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

For the Year Ended June 30, 2020

With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Psychological services				
Salaries	\$ 77,005	\$ 76,505	\$ 500	\$ 69,233
Employee benefits	12,697	12,795	(98)	12,199
Purchased services	108,000	75,064	32,936	40,966
Supplies and materials	<u>800</u>	<u>141</u>	<u>659</u>	<u>1,213</u>
Total	<u>198,502</u>	<u>164,505</u>	<u>33,997</u>	<u>123,611</u>
Speech pathology and audiology services				
Salaries	143,852	135,804	8,048	136,994
Employee benefits	25,253	24,745	508	24,382
Purchased services	57,500	6,440	51,060	106,861
Supplies and materials	<u>4,300</u>	<u>507</u>	<u>3,793</u>	<u>2,233</u>
Total	<u>230,905</u>	<u>167,496</u>	<u>63,409</u>	<u>270,470</u>
Other support services - pupils				
Salaries	63,000	67,183	(4,183)	54,400
Employee benefits	<u>900</u>	<u>917</u>	<u>(17)</u>	<u>701</u>
Total	<u>63,900</u>	<u>68,100</u>	<u>(4,200)</u>	<u>55,101</u>
Total pupils	<u>947,086</u>	<u>840,199</u>	<u>106,887</u>	<u>795,677</u>

(Continued)

West Northfield School District 31
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2020
 With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Instructional staff				
Improvement of instruction services				
Salaries	\$ 244,643	\$ 224,414	\$ 20,229	\$ 251,180
Employee benefits	49,030	18,239	30,791	48,161
Purchased services	95,900	69,600	26,300	160,571
Supplies and materials	10,018	12,978	(2,960)	26,162
Other objects	3,500	-	3,500	1,500
Total	<u>403,091</u>	<u>325,231</u>	<u>77,860</u>	<u>487,574</u>
Educational media services				
Salaries	175,593	175,138	455	145,300
Employee benefits	33,267	33,451	(184)	23,388
Purchased services	1,350	516	834	982
Supplies and materials	23,600	15,807	7,793	15,053
Capital outlay	500	-	500	-
Non-capitalized equipment	500	-	500	-
Total	<u>234,810</u>	<u>224,912</u>	<u>9,898</u>	<u>184,723</u>
Assessment and testing				
Salaries	-	-	-	197
Employee benefits	-	-	-	3
Purchased services	14,000	10,850	3,150	10,738
Supplies and materials	7,000	1,659	5,341	2,804
Total	<u>21,000</u>	<u>12,509</u>	<u>8,491</u>	<u>13,742</u>
Total instructional staff	<u>658,901</u>	<u>562,652</u>	<u>96,249</u>	<u>686,039</u>

(Continued)

West Northfield School District 31

General Fund - Budgetary Basis

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

For the Year Ended June 30, 2020

With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
General administration				
Board of education services				
Salaries	\$ 13,416	\$ 8,415	\$ 5,001	\$ 10,591
Employee benefits	985	3,344	(2,359)	717
Purchased services	187,800	166,670	21,130	161,707
Supplies and materials	6,500	8,569	(2,069)	2,435
Other objects	4,000	-	4,000	-
Total	212,701	186,998	25,703	175,450
Executive administration services				
Salaries	279,450	278,949	501	382,238
Employee benefits	73,055	84,172	(11,117)	103,289
Purchased services	4,200	10,310	(6,110)	7,079
Supplies and materials	4,500	3,318	1,182	7,213
Other objects	9,000	12,481	(3,481)	12,266
Termination benefits	101,507	-	101,507	101,507
Total	471,712	389,230	82,482	613,592
Special area administrative services				
Salaries	164,565	163,062	1,503	160,216
Employee benefits	53,192	45,649	7,543	42,524
Purchased services	2,500	695	1,805	475
Supplies and materials	400	528	(128)	157
Other objects	500	230	270	410
Total	221,157	210,164	10,993	203,782

(Continued)

West Northfield School District 31

General Fund - Budgetary Basis

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

For the Year Ended June 30, 2020

With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Tort immunity services				
Purchased services	\$ 115,015	\$ 100,465	\$ 14,550	\$ 103,579
Total	115,015	100,465	14,550	103,579
Total general administration	1,020,585	886,857	133,728	1,096,403
School administration				
Office of the principal services				
Salaries	576,582	523,314	53,268	557,613
Employee benefits	145,798	131,303	14,495	154,565
Purchased services	11,000	14,533	(3,533)	14,931
Supplies and materials	12,250	16,744	(4,494)	8,176
Other objects	2,050	487	1,563	1,239
Total	747,680	686,381	61,299	736,524
Total school administration	747,680	686,381	61,299	736,524
Business				
Direction of business support services				
Salaries	182,100	182,097	3	172,141
Employee benefits	58,465	58,084	381	54,787
Purchased services	4,000	2,864	1,136	3,730
Supplies and materials	250	78	172	163
Capital outlay	-	-	-	-
Other objects	500	530	(30)	490
Total	245,315	243,653	1,662	231,311

(Continued)

West Northfield School District 31

General Fund - Budgetary Basis

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

For the Year Ended June 30, 2020

With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Fiscal services				
Salaries	\$ 136,627	\$ 138,007	\$ (1,380)	\$ 129,884
Employee benefits	12,487	12,485	2	12,098
Purchased services	14,750	13,337	1,413	12,652
Supplies and materials	750	927	(177)	507
Other objects	250	120	130	120
Total	164,864	164,876	(12)	155,261
Pupil transportation services				
Purchased services	-	-	-	324
Total	-	-	-	324
Food services				
Purchased services	-	54,181	(54,181)	-
Supplies and materials	15,000	9,130	5,870	12,525
Capital outlay	1,000	-	1,000	-
Total	16,000	63,311	(47,311)	12,525
Internal services				
Purchased services	110,350	96,205	14,145	113,564
Supplies and materials	15,000	17,190	(2,190)	15,937
Total	125,350	113,395	11,955	129,501
Total business	551,529	585,235	(33,706)	528,922

(Continued)

West Northfield School District 31
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2020
 With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Central				
Information services				
Salaries	\$ 10,000	\$ 14,431	\$ (4,431)	\$ 10,259
Purchased services	7,750	5,740	2,010	3,924
Supplies and materials	300	226	74	53
Other objects	-	285	(285)	-
Total	<u>18,050</u>	<u>20,682</u>	<u>(2,632)</u>	<u>14,236</u>
Staff services				
Salaries	14,934	11,446	3,488	12,334
Employee benefits	2,965	2,965	-	2,872
Purchased services	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>1,000</u>
Total	<u>20,899</u>	<u>14,411</u>	<u>6,488</u>	<u>16,206</u>
Data processing services				
Salaries	200,178	228,041	(27,863)	191,307
Employee benefits	31,645	35,735	(4,090)	30,295
Purchased services	179,135	142,998	36,137	147,663
Supplies and materials	82,400	70,956	11,444	41,872
Capital outlay	145,900	425,427	(279,527)	77,669
Non-capitalized equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,967</u>
Total	<u>639,258</u>	<u>903,157</u>	<u>(263,899)</u>	<u>502,773</u>
Total central	<u>678,207</u>	<u>938,250</u>	<u>(260,043)</u>	<u>533,215</u>

(Continued)

West Northfield School District 31

General Fund - Budgetary Basis

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

For the Year Ended June 30, 2020

With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Other supporting services				
Supplies and materials	\$ 1,000	\$ -	\$ 1,000	\$ -
Total	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total support services	<u>4,604,988</u>	<u>4,499,574</u>	<u>105,414</u>	<u>4,376,780</u>
Community services				
Salaries	13,093	606	12,487	5,041
Purchased services	20,000	21,465	(1,465)	21,720
Supplies and materials	<u>1,716</u>	<u>2,556</u>	<u>(840)</u>	<u>325</u>
Total	<u>34,809</u>	<u>24,627</u>	<u>10,182</u>	<u>27,086</u>
Payments to other districts and government units				
Payments for special education programs				
Purchased services	85,939	85,939	-	35,000
Other objects	<u>1,722,363</u>	<u>2,480,121</u>	<u>(757,758)</u>	<u>2,391,969</u>
Total	<u>1,808,302</u>	<u>2,566,060</u>	<u>(757,758)</u>	<u>2,426,969</u>
Total payments to other districts and other government units	<u>1,808,302</u>	<u>2,566,060</u>	<u>(757,758)</u>	<u>2,426,969</u>
Provision for contingencies	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>15,754,209</u>	<u>16,271,417</u>	<u>(505,348)</u>	<u>15,541,969</u>
Excess (deficiency) of revenues over expenditures	<u>617,367</u>	<u>(171,420)</u>	<u>(776,927)</u>	<u>205,451</u>

(Continued)

West Northfield School District 31
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2020
 With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Other financing sources (uses)				
Capital lease proceeds	\$ -	\$ 477,697	\$ (477,697)	\$ 85,260
Permanent transfer from working cash fund - abatement	(1,000,000)	(1,000,000)	-	-
Transfer to debt service fund for principal on capital leases	-	(139,573)	(139,573)	(164,078)
Transfer to debt service fund for interest on capital leases	-	(7,036)	(7,036)	(9,522)
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(668,912)</u>	<u>(624,306)</u>	<u>(88,340)</u>
Net change to fund balance	<u>\$ (382,633)</u>	(840,332)	<u>\$ (457,699)</u>	117,111
Fund balance, beginning of year		<u>13,419,649</u>		<u>13,302,538</u>
Fund balance, end of year		<u>\$ 12,579,317</u>		<u>\$ 13,419,649</u>

(Concluded)

West Northfield School District 31
 Operations and Maintenance Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2020
 With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 1,369,757	\$ 1,352,972	\$ (16,785)	\$ 1,284,539
Corporate personal property replacement taxes	55,000	55,000	-	25,000
Rentals	75,240	2,800	(72,440)	56,730
Other	1,250	-	(1,250)	-
Total local sources	<u>1,501,247</u>	<u>1,410,772</u>	<u>(90,475)</u>	<u>1,366,269</u>
Total revenues	<u>1,501,247</u>	<u>1,410,772</u>	<u>(90,475)</u>	<u>1,366,269</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction services				
Purchased services	20,000	18,500	1,500	46,600
Capital outlay	20,000	-	20,000	6,608
Total	<u>40,000</u>	<u>18,500</u>	<u>21,500</u>	<u>53,208</u>
Operation and maintenance of plan services				
Salaries	482,580	450,893	31,687	465,288
Employee benefits	130,325	130,310	15	121,239
Purchased services	403,000	353,116	49,884	360,909
Supplies and materials	378,838	257,318	121,520	374,590
Capital outlay	63,500	45,634	17,866	22,283
Other objects	250	250	-	-
Non-capitalized equipment	19,500	6,005	13,495	19,450
Total	<u>1,477,993</u>	<u>1,243,526</u>	<u>234,467</u>	<u>1,363,759</u>
Total business	<u>1,517,993</u>	<u>1,262,026</u>	<u>255,967</u>	<u>1,416,967</u>
Total support services	<u>1,517,993</u>	<u>1,262,026</u>	<u>255,967</u>	<u>1,416,967</u>

(Continued)

West Northfield School District 31
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Provision for contingencies	\$ 20,000	\$ -	\$ 20,000	\$ -
Total expenditures	<u>1,537,993</u>	<u>1,262,026</u>	<u>275,967</u>	<u>1,416,967</u>
Excess (deficiency) of revenues over expenditures	<u>(36,746)</u>	<u>148,746</u>	<u>185,492</u>	<u>(50,698)</u>
Other financing sources (uses)				
Permanent transfer from working cash fund - abatement	-	1,000,000	(1,000,000)	-
Transfer to capital projects fund	<u>-</u>	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (36,746)</u>	148,746	<u>\$ 185,492</u>	(50,698)
Fund balance, beginning of year		<u>823,030</u>		<u>873,728</u>
Fund balance, end of year		<u>\$ 971,776</u>		<u>\$ 823,030</u>

(Concluded)

West Northfield School District 31
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 526,829	\$ 612,164	\$ 85,335	\$ 461,553
Corporate personal property replacement taxes	50,000	50,000	-	40,000
Regular transportation fees from pupils or parents - in state	<u>140,000</u>	<u>106,912</u>	<u>(33,088)</u>	<u>156,622</u>
Total local sources	<u>716,829</u>	<u>769,076</u>	<u>52,247</u>	<u>658,175</u>
State sources				
Transportation - Special Education	<u>244,145</u>	<u>333,320</u>	<u>89,175</u>	<u>178,413</u>
Total state sources	<u>244,145</u>	<u>333,320</u>	<u>89,175</u>	<u>178,413</u>
Total revenues	<u>960,974</u>	<u>1,102,396</u>	<u>141,422</u>	<u>836,588</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	<u>868,750</u>	<u>936,852</u>	<u>(68,102)</u>	<u>961,785</u>
Total	<u>868,750</u>	<u>936,852</u>	<u>(68,102)</u>	<u>961,785</u>
Total expenditures	<u>868,750</u>	<u>936,852</u>	<u>(68,102)</u>	<u>961,785</u>

(Continued)

West Northfield School District 31
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	<u>\$ 92,224</u>	<u>165,544</u>	<u>\$ 73,320</u>	<u>(125,197)</u>
Net change in fund balance	<u>\$ 92,224</u>	165,544	<u>\$ 73,320</u>	(125,197)
Fund balance, beginning of year		<u>388,397</u>		<u>513,594</u>
Fund balance, end of year		<u>\$ 553,941</u>		<u>\$ 388,397</u>

(Concluded)

West Northfield School District 31
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 421,462	\$ 172,862	\$ (248,600)	\$ 160,830
Social security/Medicare only levy	-	221,151	221,151	214,500
Corporate personal property replacement taxes	<u>9,000</u>	<u>6,740</u>	<u>(2,260)</u>	<u>11,260</u>
Total local sources	<u>430,462</u>	<u>400,753</u>	<u>(29,709)</u>	<u>386,590</u>
Total revenues	<u>430,462</u>	<u>400,753</u>	<u>(29,709)</u>	<u>386,590</u>
Expenditures				
Instruction				
Regular programs	105,461	98,746	6,715	103,146
Special education programs	38,825	38,104	721	37,744
Interscholastic programs	4,205	4,744	(539)	3,670
Summer school programs	20	33	(13)	-
Gifted programs	900	828	72	724
Bilingual programs	<u>14,274</u>	<u>14,224</u>	<u>50</u>	<u>13,609</u>
Total instruction	<u>163,685</u>	<u>156,679</u>	<u>7,006</u>	<u>158,893</u>

(Continued)

West Northfield School District 31
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Support services				
Pupils				
Attendance and social work services	\$ 6,510	\$ 6,520	\$ (10)	\$ 5,334
Health services	7,080	6,838	242	6,019
Psychological services	1,100	1,097	3	991
Speech pathology and audiology services	2,075	1,880	195	1,919
Other support services -pupils	<u>2,730</u>	<u>1,904</u>	<u>826</u>	<u>1,773</u>
Total pupils	<u>19,495</u>	<u>18,239</u>	<u>1,256</u>	<u>16,036</u>
Instructional staff				
Improvement of instruction services	4,315	5,843	(1,528)	5,460
Educational media services	5,455	3,629	1,826	3,032
Assessment and testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total instructional staff	<u>9,770</u>	<u>9,472</u>	<u>298</u>	<u>8,495</u>
General administration				
Board of education services	592	575	17	575
Executive administration services	16,630	17,685	(1,055)	17,515
Special area administrative services	<u>8,790</u>	<u>8,562</u>	<u>228</u>	<u>8,294</u>
Total general administration	<u>26,012</u>	<u>26,822</u>	<u>(810)</u>	<u>26,384</u>
School administration				
Office of the principal services	<u>35,970</u>	<u>31,383</u>	<u>4,587</u>	<u>34,635</u>
Total school administration	<u>35,970</u>	<u>31,383</u>	<u>4,587</u>	<u>34,635</u>

(Continued)

West Northfield School District 31
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Business				
Direction of business support services	\$ 4,662	\$ 4,006	\$ 656	\$ 3,897
Fiscal services	23,370	21,310	2,060	20,346
maintenance of plant services	<u>82,845</u>	<u>78,079</u>	<u>4,766</u>	<u>75,701</u>
Total business	<u>110,877</u>	<u>103,395</u>	<u>7,482</u>	<u>99,944</u>
Central				
Information services	770	1,104	(334)	785
Staff services	2,475	1,956	519	2,136
Data processing services	<u>33,550</u>	<u>39,144</u>	<u>(5,594)</u>	<u>32,961</u>
Total central	<u>36,795</u>	<u>42,204</u>	<u>(5,409)</u>	<u>35,882</u>
Total support services	<u>238,919</u>	<u>231,515</u>	<u>7,404</u>	<u>221,376</u>
Community services	<u>-</u>	<u>1,402</u>	<u>(1,402)</u>	<u>563</u>
Total expenditures	<u>402,604</u>	<u>389,596</u>	<u>13,008</u>	<u>380,832</u>
Excess of revenues over expenditures	<u>\$ 27,858</u>	<u>11,157</u>	<u>\$ (16,701)</u>	<u>5,758</u>
Net change in fund balance	<u>\$ 27,858</u>	<u>11,157</u>	<u>\$ (16,701)</u>	<u>5,758</u>
Fund balance, beginning of year		<u>177,287</u>		<u>171,529</u>
Fund balance, end of year		<u>\$ 188,444</u>		<u>\$ 177,287</u>

(Concluded)

West Northfield School District 31

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the District does not budget for "on-behalf" contributions from the State of Illinois for the employer's share of the Teacher Retirement Pension and the Teachers' Health Insurance Security Fund OPEB. 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.

- 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) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- e) Management is authorized to transfer budget amounts, provided that 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 a 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.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 24, 2019.
- g) All budget appropriations lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The following funds had expenditures in excess of budget at June 30, 2020:

<u>Fund</u>	<u>Variance</u>
General	\$ 505,348
Transportation	68,102

West Northfield School District 31
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

3. BUDGET RECONCILIATION

The Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund (GAAP basis) includes "on-behalf" payments received and made for the amounts contributed by the State of Illinois for the employer's share of the Teachers' Retirement System pension. The District does not budget for these amounts. The differences between the budget and GAAP basis are as follows:

	Revenues	Expenditures
General fund - budgetary basis	\$ 16,099,997	16,271,417
To adjust for on-behalf payments received	3,970,786	-
To adjust for on-behalf payments made	-	3,970,786
	\$ 20,070,783	\$ 20,242,203

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

For the 2019, 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.

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 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.

West Northfield School District 31

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 IMRF CONTRIBUTION RATE* (Continued)

Methods and Assumptions Used to Determine the 2019 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): 24-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 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25%, 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 2017 calculation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, 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 Blue Collar Healthy 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-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

West Northfield School District 31
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 IMRF CONTRIBUTION RATE* (Continued)

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation.

Change in Assumptions:

For the 2019 and 2018 measurement years, 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%.

6. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 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, 2018
Measurement Date	June 30, 2019
Fiscal Year End	June 30, 2020

Methods and Assumptions Used to Determine the 2019 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal, used to measure the Total OPEB Liability
Asset Valuation Method	Market value
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Single equivalent discount rate	3.13%
Price Inflation	2.50%
Salary Increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

West Northfield School District 31
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

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

Methods and Assumptions Used to Determine the 2019 Contribution Rate (Continued):

Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2018, 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-2017.
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, 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 0.31% 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 3.62% used in the Fiscal Year 2019 valuation to 3.13%, 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".

7. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2020 RHP CONTRIBUTION RATE

Valuation Date:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Fiscal Year End	June 30, 2020

West Northfield School District 31
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

7. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2020 RHP CONTRIBUTION RATE (Continued)

Methods and Assumptions Used to Determine the 2020 Contribution Rate:

Actuarial Cost Method	Entry age normal (Alternative Measurement Method)
Amortization Method	Straight-line
Remaining Amortization Period	9.40 years
Municipal Bond Index	2.66%
Asset Valuation Method	Market value
Investment Rate of Return	Not applicable
Price Inflation	3.00%
Salary Increases	4.00%
Election at Retirement	10% of active IMRF employees are assumed to elect coverage continuation at retirement.
Mortality	PubG.H-2010 Mortality Table - General
Healthcare Cost Trend Rates	HMO initial - 5.50% HMO ultimate - 4.50% PPO initial - 5.50% PPO ultimate - 4.50%

Change in Assumptions:

The Discount Rate was changed from 2.79% used in the Fiscal Year 2019 valuation to 2.66%, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of June 30, 2020.

SUPPLEMENTARY FINANCIAL INFORMATION

West Northfield School District 31
 General Fund
 COMBINING BALANCE SHEET
June 30, 2020

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
ASSETS				
Cash and investments	\$ 5,862,630	\$ 34	\$ 5,930,255	\$ 11,792,919
Receivables (net of allowance for uncollectibles):				
Interest	6,545	-	-	6,545
Property taxes	7,278,080	-	131	7,278,211
Replacement taxes	52,590	-	-	52,590
Intergovernmental	122,831	-	-	122,831
Prepaid items	31,287	-	-	31,287
	<u>13,353,963</u>	<u>34</u>	<u>5,930,386</u>	<u>19,284,383</u>
Total assets	<u>\$ 13,353,963</u>	<u>\$ 34</u>	<u>\$ 5,930,386</u>	<u>\$ 19,284,383</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 32,371	\$ -	\$ -	\$ 32,371
Other current liabilities	26,643	-	-	26,643
Unearned revenue	163,757	-	-	163,757
	<u>222,771</u>	<u>-</u>	<u>-</u>	<u>222,771</u>
Total liabilities	<u>222,771</u>	<u>-</u>	<u>-</u>	<u>222,771</u>
DEFERRED INFLOWS				
Unavailable interest revenue	948	-	-	948
Property taxes levied for a future period	6,481,255	-	92	6,481,347
	<u>6,482,203</u>	<u>-</u>	<u>92</u>	<u>6,482,295</u>
Total deferred inflows	<u>6,482,203</u>	<u>-</u>	<u>92</u>	<u>6,482,295</u>
FUND BALANCES				
Nonspendable	31,287	-	-	31,287
Restricted	-	34	-	34
Unassigned	6,617,702	-	5,930,294	12,547,996
	<u>6,648,989</u>	<u>34</u>	<u>5,930,294</u>	<u>12,579,317</u>
Total fund balance	<u>6,648,989</u>	<u>34</u>	<u>5,930,294</u>	<u>12,579,317</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 13,353,963</u>	<u>\$ 34</u>	<u>\$ 5,930,386</u>	<u>\$ 19,284,383</u>

West Northfield School District 31
 General Fund
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2020

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
Revenues				
Property taxes	\$ 13,767,863	\$ -	\$ 633	\$ 13,768,496
Replacement taxes	185,937	-	-	185,937
State aid	4,809,861	-	-	4,809,861
Federal aid	579,143	-	-	579,143
Interest	257,623	-	28,226	285,849
Other	441,497	-	-	441,497
	<u>20,041,924</u>	<u>-</u>	<u>28,859</u>	<u>20,070,783</u>
Expenditures				
Current:				
Instruction:				
Regular programs	6,655,817	-	-	6,655,817
Special programs	1,204,669	-	-	1,204,669
Other instructional programs	1,315,446	-	-	1,315,446
State retirement contributions	3,970,786	-	-	3,970,786
Support services:				
Pupils	840,199	-	-	840,199
Instructional staff	562,652	-	-	562,652
General administration	886,857	-	-	886,857
School administration	686,381	-	-	686,381
Business	532,147	-	-	532,147
Central	512,823	-	-	512,823
Community services	24,627	-	-	24,627
Nonprogrammed charges	2,566,060	-	-	2,566,060
Capital outlay	483,739	-	-	483,739
	<u>20,242,203</u>	<u>-</u>	<u>-</u>	<u>20,242,203</u>
Excess (deficiency) of revenues over expenditures	<u>(200,279)</u>	<u>-</u>	<u>28,859</u>	<u>(171,420)</u>

(Continued)

West Northfield School District 31
 General Fund
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2020

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
Other financing sources (uses)				
Transfer (out)	\$ (146,609)	\$ -	\$ (1,000,000)	\$ (1,146,609)
Capital lease proceeds	<u>477,697</u>	<u>-</u>	<u>-</u>	<u>477,697</u>
Total other financing sources (uses)	<u>331,088</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(668,912)</u>
Net change in fund balance	130,809	-	(971,141)	(840,332)
Fund balance, beginning of year	<u>6,518,180</u>	<u>34</u>	<u>6,901,435</u>	<u>13,419,649</u>
Fund balance, end of year	<u>\$ 6,648,989</u>	<u>\$ 34</u>	<u>\$ 5,930,294</u>	<u>\$ 12,579,317</u>

(Concluded)

West Northfield School District 31
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 1,005,802	\$ 855,010	\$ (150,792)	\$ 831,785
Corporate personal property replacement taxes	<u>-</u>	<u>134,264</u>	<u>134,264</u>	<u>50,000</u>
Total local sources	<u>1,005,802</u>	<u>989,274</u>	<u>(16,528)</u>	<u>881,785</u>
Total revenues	<u>1,005,802</u>	<u>989,274</u>	<u>(16,528)</u>	<u>881,785</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds and other - interest	<u>510,316</u>	<u>432,100</u>	<u>78,216</u>	<u>448,642</u>
Total debt service - interest	<u>510,316</u>	<u>432,100</u>	<u>78,216</u>	<u>448,642</u>
Principal payments on long-term debt	<u>566,485</u>	<u>564,166</u>	<u>2,319</u>	<u>649,078</u>
Other debt service				
Other objects	<u>-</u>	<u>789</u>	<u>(789)</u>	<u>1,524</u>
Total	<u>-</u>	<u>789</u>	<u>(789)</u>	<u>1,524</u>
Total debt service	<u>1,076,801</u>	<u>997,055</u>	<u>79,746</u>	<u>1,099,244</u>
Total expenditures	<u>1,076,801</u>	<u>997,055</u>	<u>79,746</u>	<u>1,099,244</u>
Deficiency of revenues over expenditures	<u>(70,999)</u>	<u>(7,781)</u>	<u>63,218</u>	<u>(217,459)</u>

(Continued)

West Northfield School District 31
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Other financing sources				
Transfer to pay principal on capital leases	\$ -	\$ 139,573	\$ (139,573)	\$ 164,078
Transfer to pay interest on capital leases	<u>-</u>	<u>7,036</u>	<u>(7,036)</u>	<u>9,522</u>
Total other financing sources	<u>-</u>	<u>146,609</u>	<u>(146,609)</u>	<u>173,600</u>
Net change in fund balance	<u>\$ (70,999)</u>	138,828	<u>\$ 209,827</u>	(43,859)
Fund balance, beginning of year		<u>1,068,544</u>		<u>1,112,403</u>
Fund balance, end of year		<u>\$ 1,207,372</u>		<u>\$ 1,068,544</u>

(Concluded)

West Northfield School District 31
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2020
 With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020			2019 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
Interest on investments	\$ 40,000	\$ 17,860	\$ (22,140)	\$ 135,527
Contributions and donations from private sources	-	120,000	120,000	-
Impact fees from municipal or county governments	<u>50,000</u>	<u>72,490</u>	<u>22,490</u>	<u>49,962</u>
Total local sources	<u>90,000</u>	<u>210,350</u>	<u>120,350</u>	<u>185,489</u>
Total revenues	<u>90,000</u>	<u>210,350</u>	<u>120,350</u>	<u>185,489</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Capital outlay	<u>6,475,000</u>	<u>5,492,653</u>	<u>982,347</u>	<u>4,025,739</u>
Total	<u>6,475,000</u>	<u>5,492,653</u>	<u>982,347</u>	<u>4,025,739</u>
Total support services	<u>6,475,000</u>	<u>5,492,653</u>	<u>982,347</u>	<u>4,025,739</u>
Provision for contingencies	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
Total expenditures	<u>6,550,000</u>	<u>5,492,653</u>	<u>1,057,347</u>	<u>4,025,739</u>
Deficiency of revenues over expenditures	<u>(6,460,000)</u>	<u>(5,282,303)</u>	<u>1,177,697</u>	<u>(3,840,250)</u>

(Continued)

West Northfield School District 31
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2020
 With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance From Final Budget	2019 Actual
	Original and Final Budget	Actual		
Other financing sources				
Permanent transfer from working cash fund - abatement	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Permanent transfer to capital projects fund	<u>-</u>	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>-</u>
Total other financing sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (5,460,000)</u>	(4,282,303)	<u>\$ 1,177,697</u>	(3,840,250)
Fund balance, beginning of year		<u>4,674,050</u>		<u>8,514,300</u>
Fund balance, end of year		<u>\$ 391,747</u>		<u>\$ 4,674,050</u>

(Concluded)

West Northfield School District 31
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2019
Assets				
Cash and cash equivalents	\$ 23,964	\$ 23,905	\$ 26,755	\$ 21,114
Liabilities				
Due to student groups				
District				
PTC Fundraising	\$ 50	\$ 1,781	\$ 1,781	\$ 50
Winter Benefit	-	12,284	12,284	-
Interest	-	5	-	5
Total District	50	14,070	14,065	55
Winkleman				
Misc.	1,519	1,595	981	2,133
Student Council	3,173	120	638	2,655
Green Team	194	-	-	194
Schoola.com	153	-	-	153
Pictures	5,495	1,570	5,010	2,055
Interest	11	-	-	11
Total Winkleman	10,545	3,285	6,629	7,201
Field School				
Miscellaneous	884	565	650	799
Pictures	1,361	591	-	1,952
WCWIO	87	-	-	87
6th Grade	493	-	-	493
7th Grade	76	-	-	76
8th Grade	872	219	-	1,091
Student Council	1,721	1,830	1,792	1,759
Computer Fair	1	-	-	1
Play	3,271	1,811	2,048	3,034
Cheer Fund	279	295	291	283
5K Run	18	59	-	77
Interest	216	-	-	216
Senior Grant	3,695	1,180	1,280	3,595
Eagle Scout	395	-	-	395
Total Field School	13,369	6,550	6,061	13,858
Total due to student groups	\$ 23,964	\$ 23,905	\$ 26,755	\$ 21,114

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

West Northfield School District 31
PROPERTY TAX RATES - LEVIES AND COLLECTIONS
LAST FIVE TAX LEVY YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assessed Valuation	\$ <u>675,663,444</u>	\$ <u>598,973,369</u>	\$ <u>611,806,992</u>	\$ <u>596,179,292</u>	\$ <u>513,583,834</u>
Rates Extended					
Educational	2.0785	2.3196	2.2145	2.2676	2.5630
Operations and Maintenance	0.2072	0.2235	0.2125	0.1845	0.2531
Debt Service	0.1292	0.1439	0.1380	0.1392	0.1601
Transportation	0.1036	0.0860	0.0736	0.0503	0.0643
Municipal Retirement	0.0222	0.0344	0.0212	0.0168	0.0175
Social Security	0.0355	0.0344	0.0392	0.0403	0.0487
Working Cash	0.0001	0.0001	0.0001	0.0001	0.0001
Total rates extended	<u>2.5763</u>	<u>2.8419</u>	<u>2.6991</u>	<u>2.6988</u>	<u>3.1068</u>
Levies Extended					
Educational	\$ 14,043,774	\$ 13,894,080	\$ 13,548,522	\$ 13,518,976	\$ 13,163,388
Operations and Maintenance	1,400,000	1,339,000	1,300,000	1,100,000	1,300,000
Debt Service	872,873	861,827	844,250	829,885	822,347
Transportation	700,000	515,000	450,000	300,000	330,000
Municipal Retirement	150,000	206,000	130,000	100,000	90,000
Social Security	240,000	206,000	240,000	240,000	250,000
Working Cash	500	515	500	500	500
Total levies extended	<u>\$ 17,407,147</u>	<u>\$ 17,022,422</u>	<u>\$ 16,513,272</u>	<u>\$ 16,089,361</u>	<u>\$ 15,956,235</u>
Total collections	<u>\$ 8,212,003</u>	<u>\$ 16,779,605</u>	<u>\$ 16,212,001</u>	<u>\$ 15,810,460</u>	<u>\$ 15,757,511</u>
Percentage of extensions collected	<u>47.18%</u>	<u>98.57%</u>	<u>98.18%</u>	<u>98.27%</u>	<u>98.75%</u>

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

West Northfield School District 31
OPERATING COSTS AND TUITION CHARGE
JUNE 30, 2020 and 2019

Operating costs per pupil	<u>2020</u>	<u>2019</u>
Average Daily Attendance (ADA):	<u>857.90</u>	<u>807.70</u>
Operating costs:		
Educational	\$ 16,271,417	\$ 15,494,552
Operations and Maintenance	1,262,026	1,416,967
Debt Service	997,055	1,099,244
Transportation	936,852	961,785
Municipal Retirement/Social Security	<u>389,596</u>	<u>380,832</u>
Subtotal	<u>19,856,946</u>	<u>19,353,380</u>
Less Revenues/Expenditures of Nonregular Programs:		
Tuition	126,239	79,065
Debt service - payments of principal on long-term debt	564,166	649,078
Summer school	2,344	-
Community Services	26,029	27,649
Capital outlay	476,285	199,671
Non-capitalized equipment	195,655	33,667
Payments to other Districts and Gov't Units	<u>2,566,060</u>	<u>2,379,552</u>
Subtotal	<u>3,956,778</u>	<u>3,368,682</u>
Operating costs	<u>\$ 15,900,168</u>	<u>\$ 15,984,698</u>
Operating costs per pupil - based on ADA	<u>\$ 18,534</u>	<u>\$ 19,790</u>
Tuition Charge		
Operating costs	\$ 15,900,168	\$ 15,984,698
Less - revenues from specific programs, such as special education or lunch programs	<u>1,841,869</u>	<u>1,657,212</u>
Net operating costs	14,058,299	14,327,486
Depreciation allowance	<u>1,130,845</u>	<u>831,440</u>
Allowance tuition costs	<u>\$ 15,189,144</u>	<u>\$ 15,158,926</u>
Tuition charge per pupil - based on ADA	<u>\$ 17,705</u>	<u>\$ 18,768</u>