

**West Northfield School District 31**  
**Northbrook, Illinois**  
**Annual Financial Report**  
**Year Ended June 30, 2017**



**West Northfield School District 31**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2017

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# 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, 2017, 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)



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*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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois Pension data on pages 63 through 66, budgetary comparison schedules and notes to the required supplementary information on pages 67 through 86 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, 2017 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.





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*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, 2017 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 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, 2017 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

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, 2016 (not presented herein), and have issued our report thereon dated October 12, 2016, 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, 2016 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 2016 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 2016 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, 2016.

The Other Supplemental Information 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.

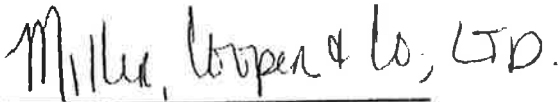


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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2017, 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 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.



Certified Public Accountants

Deerfield, Illinois  
October 12, 2017



**West Northfield School District 31**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

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, 2017. 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. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- The District continues to maintain a healthy financial position with an unrestricted net position making up 49% of the total net position, which is slightly lower than last year.
- General revenues accounted for \$17,380 of revenues, or 68% of all revenues. Property taxes, including amounts levied for debt service, account for 93% of General Revenues. This is a 4% decrease, as a percentage of General Revenues, from fiscal year 2016. Program specific revenues accounted for \$8,127 or 32%, of the total revenues of \$25,506.
- The District had \$27,269 in program expenditures related to governmental activities. However, only \$7,716 was offset by state and federal reimbursements or grants, which included the TRS "on-behalf" payments of \$6,549. The increase in program expenditures relates mainly to the anticipated settlement agreement with a taxpayer. See Note K for more information.
- The District has \$3,360 remaining due on its long-term general obligation bonds, as of June 30, 2017 with \$700 due within one year.

**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.

*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.

**West Northfield School District 31**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

**Overview of the Financial Statements (Continued)**

*Government-wide financial statements (Continued)*

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 revenues and expenses 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, 2017**

**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**

The District's combined net position for governmental activities was lower on June 30, 2017 than the previous year, decreasing \$1,763, or 8.99%, to \$17,850. The unrestricted portion of the net position decreased 14.9% over last year's \$10,357. Current liabilities increased by \$2,862 due to the settlement agreement discussed in Note K offset by a decrease in construction in progress.

**West Northfield School District 31**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

**District-Wide Financial Analysis (Continued)**

<i>TABLE 1: Condensed Statements of Net Position (in thousands of dollars)</i>		
	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
<b>Current and other assets</b>	\$ 25,834	\$ 25,472
<b>Capital Assets, net</b>	<u>8,693</u>	<u>8,862</u>
<b>Total Assets</b>	<u>34,527</u>	<u>34,334</u>
<b>Deferred Outflow of Resources:</b>		
<b>Deferred outflows related to pension liabilities</b>	<u>724</u>	<u>732</u>
<b>Total Deferred Outflow of Resources</b>	<u>724</u>	<u>732</u>
<b>Liabilities:</b>		
<b>Current Liabilities</b>	3,842	980
<b>Long-term Liabilities</b>	<u>6,008</u>	<u>6,593</u>
<b>Total Liabilities</b>	<u>9,850</u>	<u>7,573</u>
<b>Deferred Inflow of Resources:</b>		
<b>Pension liabilities</b>	74	45
<b>Property taxes levied for a future period</b>	<u>7,477</u>	<u>7,835</u>
<b>Total Deferred Inflow of Resources</b>	<u>7,551</u>	<u>7,880</u>
<b>Net Position:</b>		
<b>Net investment in capital assets</b>	5,446	5,516
<b>Restricted</b>	3,594	3,740
<b>Unrestricted</b>	<u>8,810</u>	<u>10,357</u>
<b>Total Net Position</b>	<u>\$ 17,850</u>	<u>\$ 19,613</u>



**West Northfield School District 31**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

**District-Wide Financial Analysis (Continued)**

<i>TABLE 2:</i>		
<i>Changes in Net Position – Governmental Activities</i>		
<i>(in thousands of dollars)</i>		
	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
<i>Program Revenues:</i>		
<b>Charges for services</b>	\$ 411	\$ 374
<b>Operating grants and contributions</b>	7,716	5,071
<i>General Revenues:</i>		
<b>Property &amp; Replacement Taxes</b>	16,734	15,179
<b>State-aid formula grants</b>	409	370
<b>Other</b>	<u>237</u>	<u>141</u>
<b>Total Revenues</b>	<u>25,506</u>	<u>21,135</u>
<b>Expenses:</b>		
<b>Instruction</b>	17,166	14,261
<b>Pupil and instructional staff services</b>	1,347	1,433
<b>Administration and business</b>	2,405	2,017
<b>Transportation</b>	551	469
<b>Operations and maintenance</b>	1,315	1,278
<b>Other</b>	<u>4,485</u>	<u>1,639</u>
<b>Total Expenses</b>	<u>27,269</u>	<u>21,097</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>(1,763)</u>	<u>38</u>
<b>Increase (decrease) in net position</b>		
	\$ (1,763)	\$ 38

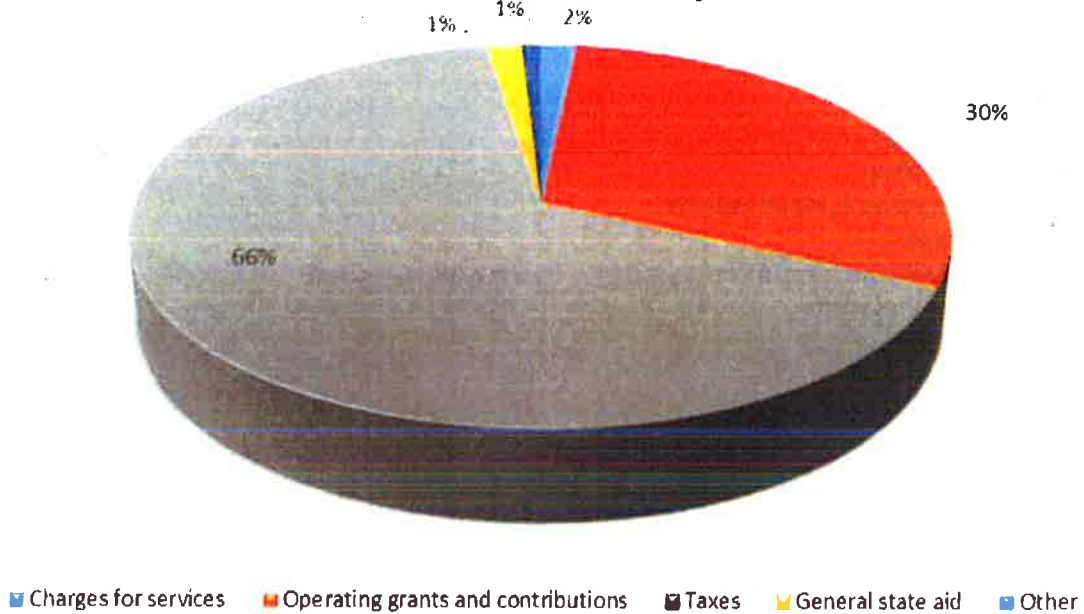
Property and replacement taxes accounted for the largest portion of the District's revenues, contributing 66% of governmental activity revenues. The remainder of revenues came from General State Aid, state and federal grants, and other local sources, including registration fees. The total cost of programs was \$27,269, with approximately 63% of those costs being directly related to instruction and support services for students.

Revenues in the governmental activities of the District of \$25,506 were \$1,763 lower than expenses. The decrease reflected in this statement's net position illustrates a 21% increase in revenues. This primarily stems from an increase in state retirement contributions. The 29.3% increase in overall expenses is due to increases in state retirement contributions and the anticipated settlement agreement with a taxpayer of \$3,250 (see Note K).

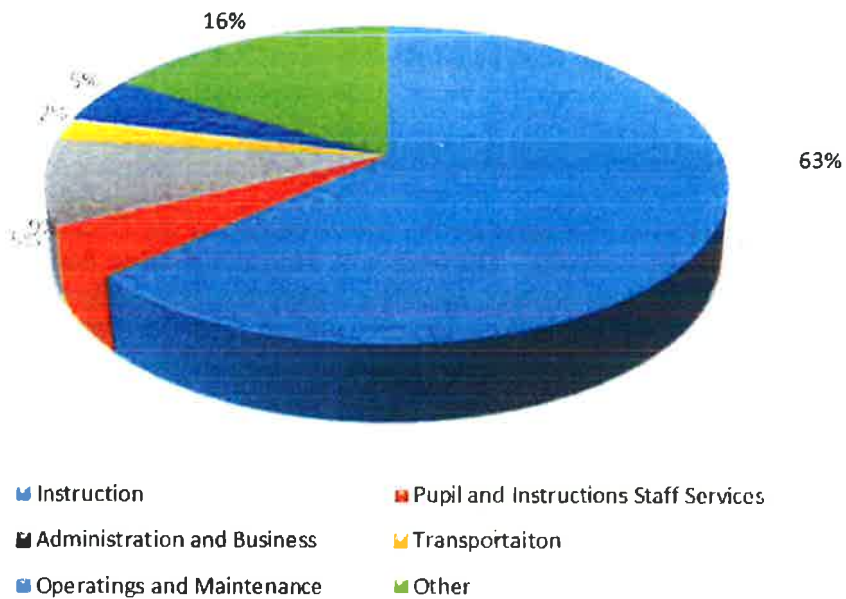
**West Northfield School District 31  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2017**

**District-Wide Financial Analysis (Continued)**

**District-Wide Revenues by Source**



**District-Wide Expenses by Function**



**West Northfield School District 31**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

**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 \$14,509 compared to the prior year's total fund balance of \$16,661, reflecting a 12.9% decrease.

**General Fund Budgetary Highlights**

The General Fund on the Governmental Funds report consists of activity related to the Education Account, Working Cash Account, and the Tort Immunity and Judgment Account. Revenues in the General Fund exceeded the prior year's by \$3,894, primarily as a result of an increase in state aid, mainly Teachers' Retirement System (TRS) "on behalf" payments made by the state and an increase in property tax revenues. Expenditures were \$5,618 more primarily due to the same TRS "on behalf" state contributions when reflected as the corresponding expense, the \$3,250 settlement agreement with a taxpayer (see Note K for further details), as well as an increase in non-programmed charges.

**Capital Assets and Debt Administration**

*Capital assets*

By the end of fiscal year 2017, the District had compiled total capital assets of approximately \$8,693, net of accumulated depreciation, from a broad range of assets including buildings, land, and equipment. Construction in Progress reflects \$13, which is reflective of architect fees related to the school and nurse office renovations at both buildings, as well as the addition of secure entry ways at the middle school and the district office.

<b>TABLE 3:</b>		
<i>Capital Assets (net of depreciation)</i>		
<i>(in thousands of dollars)</i>		
	<u>2017</u>	<u>2016</u>
<b>Land</b>	\$ 81	\$ 81
<b>Construction in progress</b>	13	767
<b>Buildings and improvements</b>	8,179	7,574
<b>Equipment and other</b>	<u>420</u>	<u>440</u>
<b>Total</b>	<b>\$ 8,693</b>	<b>\$ 8,862</b>

**West Northfield School District 31**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

**Capital Assets and Debt Administration (Continued)**

*Long-term liabilities*

The District has \$3,360 in long-term bonded debt, which is a 16% decrease from the prior year, with \$700 due within one year. More detailed information on long-term debt can be found in Note F of the basic financial statements. The net pension liabilities from both pension systems, IMRF and TRS, reflect a 7.7% increase.

<b>TABLE 4:</b>		
<i>Outstanding Long-Term Liabilities</i>		
<i>(in thousands of dollars)</i>		
	<u>2017</u>	<u>2016</u>
<b>General obligation bonds</b>	\$ 3,360	\$ 4,005
<b>Unamortized premium</b>	66	74
<b>Capital leases</b>	261	361
<b>OPEB</b>	-	9
<b>Compensated absences</b>	86	69
<b>IMRF net pension liability</b>	807	839
<b>TRS net pension liability</b>	<u>1,428</u>	<u>1,236</u>
<b>Total</b>	<u>\$ 6,008</u>	<u>\$ 6,593</u>

**Factors bearing on the District's Future**

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

- The District continues to monitor the impact the current economic climate has on its finances. The rate of return on investments has been increasing though at a slow rate. The Consumer Price Index has shown growth, as well.
- 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 began in 2013, at 15% for year eleven, and 20% in year twelve, plus the equalization factor. The District is anticipating the full amount of tax revenue from this development in 2026.
- GlenStar Properties has completed the development located at Willow and Sanders and those additional receipts were captured during the 2015 and 2016 levy process. There is also potential for further development on that property. To date, the District has not received any current information indicating improvements to the remaining area.

**West Northfield School District 31**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

**Factors bearing on the District's Future (Continued)**

- The development on the Mission Hills Golf Course, Provenance, has been in progress and the District began receiving impact fees as certificates of occupancy are expected to be received. The development continues to show progress each month. This development, by Red Seal Development Corporation, is expected to consist of 21 single-family homes, 82 townhomes, and 34 duplex units in unincorporated Cook County. It is located within 1.5 miles of the corporate limits of the Village of Northbrook. Based on the original fiscal study, the EAV of the development is anticipated to be over \$22 million at full build out.
- The District continues to work with stakeholders involved in large property tax appeals in order to minimize the impact to the District. The District has been actively negotiating the corporate property tax appeals for the tax years 2004-2006 and 2007-2009. The District is committed to work towards a resolution for these two triennials. The financial statements for this fiscal year include the cost of a potential settlement agreement (see Note K).
- Additionally, the District remains involved in a very manageable, successful process to protect its assets from future large property tax appeals by meeting with the stakeholders proactively to agree on the value of the properties involved. For the tax years 2010-2012, 2013-2015, and 2016-2018 settlement agreements were reached with regard to the valuation of the three main campuses on the Allstate property that are involved in the appeals process. A smaller, fourth property was added to the 2016-2018 Settlement Agreement.
- The District and its legal counsel will continue to engage in this proactive approach to agree on the value of these properties on a triennial basis, prior to the distribution of tax bills. The next effort will occur in 2019. This process has greatly mitigated the possibility of negative outcomes from large tax appeals. These agreements protect the District's revenues and could eliminate the negative impact on the school district's finances for those years, as appeals by any party can only be made if there is a significant change to the properties. The parties involved in these settlement agreements plan to continue this proactive approach to protect the District's assets and provide a fair platform for all involved.
- This District continues to monitor the state policies and potential and/or realized changes with legislation, mainly those involving the cost shift for pensions and pension reform, State funding, and property taxes. All three of these components took a step forward with recently passed legislation.
- Future employer health care costs are also being monitored due to health care reform under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. The District continues to work with its insurance cooperative in order to remain proactive.
- In 2015, bonds were issued mainly for the replacement of the HVAC at both buildings and to implement some of the Life Safety Repairs. The HVAC updates have been completed in both buildings and life safety repairs have been made to the extent afforded by the remaining bond issuance.

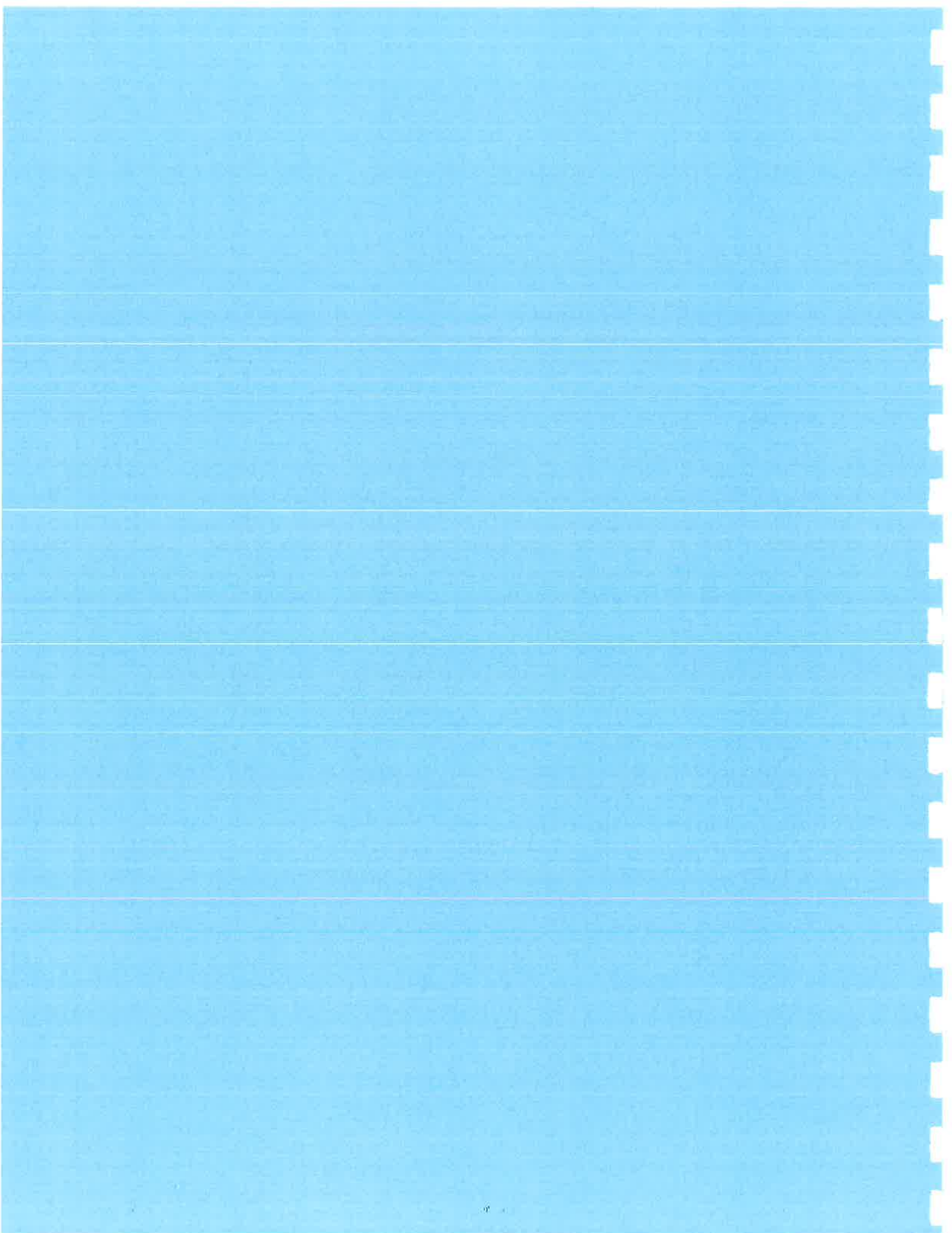
**West Northfield School District 31**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

**Requests for Information**

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

If you have questions about this report, or need additional financial information, contact the District's Chief School Business Official, at 847-313-4413.

**BASIC FINANCIAL STATEMENTS**





**West Northfield School District 31**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
June 30, 2017

**ASSETS**

Cash and investments	\$	17,676,025
Receivables (net of allowance for uncollectibles):		
Interest		20,967
Property taxes		7,484,904
Replacement taxes		68,905
Intergovernmental		557,569
Prepaid items		26,116
Capital assets:		
Land		81,393
Construction in progress		13,167
Depreciable buildings, property, and equipment, net		<u>8,598,136</u>
<b>Total assets</b>		<u><b>34,527,182</b></u>

**DEFERRED OUTFLOW OF RESOURCES**

Deferred outflows related to pension liabilities		<u>724,239</u>
<b>Total deferred outflows</b>		<u><b>724,239</b></u>

**LIABILITIES**

Accounts payable		3,543,803
Other current liabilities		30,936
Interest payable		4,646
Unearned revenue		262,154
Long-term liabilities:		
Due within one year		800,527
Due after one year		<u>5,207,868</u>
<b>Total liabilities</b>		<u><b>9,849,934</b></u>

**DEFERRED INFLOW OF RESOURCES**

Deferred inflows related to pension liabilities		74,382
Property taxes levied for a future period		<u>7,476,685</u>
<b>Total deferred inflows</b>		<u><b>7,551,067</b></u>

**NET POSITION**

Net investment in capital assets		5,446,371
Restricted For:		
Operations and maintenance		1,108,446
Debt service		1,074,362
Student transportation		410,366
Retirement benefits		213,632
Capital projects		787,404
Tort immunity		34
Unrestricted		<u>8,809,805</u>
<b>Total net position</b>	<b>\$</b>	<u><b>17,850,420</b></u>

The accompanying notes are an integral part of this statement.

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## West Northfield School District 31

### STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction:				
Regular programs	\$ 6,125,973	\$ 252,840	\$ 283,853	\$ (5,589,280)
Special programs	3,181,706	-	652,584	(2,529,122)
Other instructional programs	1,308,246	3,900	51,546	(1,252,800)
State retirement contributions	6,549,325	-	6,549,325	-
Support services:				
Pupils	624,223	-	-	(624,223)
Instructional staff	722,733	-	6,859	(715,874)
General administration	916,668	-	-	(916,668)
School administration	680,613	-	-	(680,613)
Business	808,015	12,693	12,419	(782,903)
Transportation	551,313	100,351	159,048	(291,914)
Operations and maintenance	1,315,323	41,324	-	(1,273,999)
Central	421,076	-	-	(421,076)
Other supporting services (see Note K)	3,250,000	-	-	(3,250,000)
Community services	12,468	-	-	(12,468)
Interest and fees	104,731	-	-	(104,731)
Unallocated depreciation	696,088	-	-	(696,088)
Total governmental activities	<u>\$ 27,268,501</u>	<u>\$ 411,108</u>	<u>\$ 7,715,634</u>	<u>(19,141,759)</u>
General revenues:				
Taxes:				
				13,533,375
				1,876,718
				837,674
				486,305
				409,111
				105,937
				130,306
				<u>17,379,426</u>
				(1,762,333)
				<u>19,612,753</u>
				<u>\$ 17,850,420</u>

The accompanying notes are an integral part of this statement.

**West Northfield School District 31**

Governmental Funds

BALANCE SHEET

June 30, 2017

	General	Operations and Maintenance	Transportation
<b>ASSETS</b>			
Cash and investments	\$ 13,873,082	\$ 1,107,911	\$ 527,065
Receivables (net of allowance for uncollectibles):			
Interest	20,967	-	-
Property taxes	6,289,466	511,770	139,630
Replacement taxes	59,905	-	-
Intergovernmental	476,732	-	80,837
Prepaid Items	26,116	-	-
Total assets	\$ 20,746,268	\$ 1,619,681	\$ 747,532
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 3,323,077	\$ -	\$ 118,559
Other current liabilities	30,909	27	-
Unearned revenue	183,024	-	79,130
Total liabilities	3,537,010	27	197,689
<b>DEFERRED INFLOWS</b>			
Interest revenue to be collected in a future period	11,509	-	-
Property taxes levied for a future period	6,282,560	511,208	139,477
Total deferred inflows	6,294,069	511,208	139,477
<b>FUND BALANCES</b>			
Nonspendable	26,116	-	-
Restricted	34	1,108,446	410,366
Unassigned	10,889,039	-	-
Total fund balance	10,915,189	1,108,446	410,366
Total liabilities, deferred inflows, and fund balance	\$ 20,746,268	\$ 1,619,681	\$ 747,532

The accompanying notes are an integral part of this statement.

Municipal Retirement / Soc. Sec.	Debt Service	Capital Projects	Total
\$ 204,458	\$ 1,073,938	\$ 889,571	\$ 17,676,025
-	-	-	20,967
157,956	386,082	-	7,484,904
9,000	-	-	68,905
-	-	-	557,569
-	-	-	26,116
<u>\$ 371,414</u>	<u>\$ 1,460,020</u>	<u>\$ 889,571</u>	<u>\$ 25,834,486</u>
\$ -	\$ -	\$ 102,167	\$ 3,543,803
-	-	-	30,936
-	-	-	262,154
-	-	102,167	3,836,893
-	-	-	11,509
157,782	385,658	-	7,476,685
157,782	385,658	-	7,488,194
-	-	-	26,116
213,632	1,074,362	787,404	3,594,244
-	-	-	10,889,039
213,632	1,074,362	787,404	14,509,399
<u>\$ 371,414</u>	<u>\$ 1,460,020</u>	<u>\$ 889,571</u>	<u>\$ 25,834,486</u>

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**West Northfield School District 31**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
Year Ended June 30, 2017

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

Total fund balances - governmental funds	\$	14,509,399
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.		8,692,696
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	\$ 552,531	
Deferred outflows of 2017 employer contributions related to pensions	<u>171,708</u>	724,239
Deferred inflows of resources related to pensions		(74,382)
Certain revenue receivables of the District recognized in the statement of net position do not provide current financial resources and are deferred in the governmental funds balance sheet.		11,509
Interest payable included in the statement of net position is not related to a current period expenditure and, therefore, is not included in the governmental fund balance sheet.		(4,646)
Long-term liabilities, including bonds payable, capital leases, pension liabilities, other postemployment benefits and compensated absences included in the statement of net position are not due and payable in the current period and, therefore, are not included in the governmental funds balance sheet.		<u>(6,008,395)</u>
Net position - governmental activities	\$	<u><u>17,850,420</u></u>

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, 2017

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
<b>Revenues</b>				
Property taxes	\$ 13,533,375	\$ 1,212,907	\$ 318,874	\$ 344,937
Replacement taxes	229,699	-	50,000	9,000
State aid	7,343,501	-	159,048	-
Federal aid	622,196	-	-	-
Interest	96,383	-	-	-
Other	376,354	42,695	100,351	-
<b>Total revenues</b>	<b>22,201,508</b>	<b>1,255,602</b>	<b>628,273</b>	<b>353,937</b>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular programs	5,995,433	-	-	88,406
Special programs	1,216,992	-	-	39,827
Other instructional programs	1,280,613	-	-	20,140
State retirement contributions	6,549,325	-	-	-
<b>Support services:</b>				
Pupils	593,179	-	-	14,504
Instructional staff	687,837	-	-	11,261
General administration	888,696	-	-	24,174
School administration	644,777	-	-	32,623
Business	435,202	-	-	22,451
Transportation	-	-	551,313	-
Operations and maintenance	-	1,186,385	-	75,030
Central	363,778	-	-	32,200
Other supporting services	3,250,000	-	-	-
Community services	12,468	-	-	-
Nonprogrammed charges	1,918,512	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	131,144	88,582	-	-
<b>Total expenditures</b>	<b>23,967,956</b>	<b>1,274,967</b>	<b>551,313</b>	<b>360,616</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,766,448)</b>	<b>(19,365)</b>	<b>76,960</b>	<b>(6,679)</b>
<b>Other financing sources</b>				
Transfers in	-	-	-	-
Transfers (out)	(200,714)	-	-	-
Capital lease proceeds	84,300	-	-	-
<b>Total other financing sources</b>	<b>(116,414)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(1,882,862)</b>	<b>(19,365)</b>	<b>76,960</b>	<b>(6,679)</b>
<b>Fund balance, beginning of year</b>	<b>12,798,051</b>	<b>1,127,811</b>	<b>333,406</b>	<b>220,311</b>
<b>Fund balance, end of year</b>	<b>\$ 10,915,189</b>	<b>\$ 1,108,446</b>	<b>\$ 410,366</b>	<b>\$ 213,632</b>

The accompanying notes are an integral part of this statement.



Debt Service	Capital Projects	Total
\$ 837,674	\$ -	\$ 16,247,767
197,606	-	486,305
-	-	7,502,549
-	-	622,196
-	445	96,828
-	22,014	541,414
<u>1,035,280</u>	<u>22,459</u>	<u>25,497,059</u>
-	-	6,083,839
-	-	1,256,819
-	-	1,300,753
-	-	6,549,325
-	-	607,683
-	-	699,098
-	-	912,870
-	-	677,400
-	-	457,653
-	-	551,313
-	-	1,261,415
-	-	395,978
-	-	3,250,000
-	-	12,468
-	-	1,918,512
829,097	-	829,097
115,171	-	115,171
-	633,660	853,386
<u>944,268</u>	<u>633,660</u>	<u>27,732,780</u>
<u>91,012</u>	<u>(611,201)</u>	<u>(2,235,721)</u>
200,714	-	200,714
-	-	(200,714)
-	-	84,300
<u>200,714</u>	<u>-</u>	<u>84,300</u>
291,726	(611,201)	(2,151,421)
<u>782,636</u>	<u>1,398,605</u>	<u>16,660,820</u>
\$ <u>1,074,362</u>	\$ <u>787,404</u>	\$ <u>14,509,399</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, 2017

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

Net change in fund balances - total governmental funds \$ (2,151,421)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period. (169,209)

Accrued interest reported in the statement of activities does not require the use of current financial resources, and, therefore, is not reported as an expenditure in the governmental funds. 1,663

Certain revenues included in the statement of activities do not provide current financial resources and, therefore, are deferred in the fund statements. 9,109

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 liability (168,852)

Deferred outflow and inflows of resources related to TRS pension liability 131,123

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. 585,254

Change in net position - governmental activities \$ (1,762,333)

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, 2017

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	<b>Student Activity Fund</b>
<hr/>	
<b>ASSETS</b>	
Cash and investments	\$ <u>29,069</u>
<b>LIABILITIES</b>	
Due to student groups	\$ <u>29,069</u>

The accompanying notes are an integral part of this statement.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**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.

Also, the District is not 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, 2017

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**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 and intergovernmental revenues.

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 within one year. 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 .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, 2017

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**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 and transfers from other funds.

*Transportation Fund* - accounts for all revenues and expenditures used 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, 2017

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

c. **Fiduciary Funds**

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

*The 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. Revenues 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, replacement taxes, interest, and intergovernmental grant 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, 2017

---

**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(s). At June 30, 2017, the District has deferred outflows of resources related to pension liabilities (see Note G). In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period(s). At June 30, 2017, the District had deferred inflows of resources related to property taxes levied for a future period, interest revenue to be collected in a future period(s), and pension liabilities.

6. **Deposits and Investments**

The Illinois Compiled Statutes require the District to utilize the investment services of the 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, 2017

**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. Interest costs incurred during construction are not capitalized as part of capital assets.

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.

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 constructed. 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

**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 in the period incurred.

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 cost and losses on refunding are reported as debt service expenditures.

**West Northfield School District 31**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. When a certified employee resigns from the District, unused sick days are reported to the Teachers' Retirement System (TRS).

The liability for accrued vacation, at June 30, 2017, was \$85,489 and is recorded as a long-term liability in the Statement of Net Position. 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.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**14. Budgetary Data**

Budgets are adopted on a basis consistent with generally accepted accounting principles except for the General Fund which does not budget for on-behalf payments from the state of Illinois. 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 are legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items 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 does not have any committed fund balances at June 30, 2017.
- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Director of Business Services/CSBO. The District does not have any assigned fund balances at June 30, 2017.
- 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.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

15. **Fund Balance** (Continued)

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

The nonspendable fund balance in the General Fund consists of \$26,116 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**

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

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

1. **Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position**

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities included in the statement of net position are not due and payable in the current period and, therefore, are not included in the governmental funds balance sheet.” The details of this difference are as follows:

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
(Continued)

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position (Continued)

Bonds payable	\$ (3,360,000)
Compensated absences	(85,489)
Capital leases	(261,325)
Premium on bonds	(65,831)
IMRF net pension liability	(807,394)
TRS net pension liability	<u>(1,428,356)</u>
Net adjustment to reduce fund balances - governmental funds to arrive at net position - governmental activities	<u>\$ (6,008,395)</u>

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

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

Capital outlay	\$ 584,235
Depreciation expense	(696,088)
Loss on disposal of assets	<u>(57,356)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ (169,209)</u>

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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

(Continued)

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

Another element of that reconciliation states that "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. Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is issued. However, these amounts are deferred and amortized in the statement of activities. This is the amount of the current year, net effect of these differences." The details of this difference are as follows:

Principal payments	
General obligation bonds	\$ 645,000
Capital lease	184,097
Amortization of bond premium	8,777
Capital lease additions	(84,300)
IMRF net pension liability, net	31,320
TRS net pension liability, net	(192,317)
Other postemployment benefits (net change)	8,661
Compensated absences (net change)	<u>(15,984)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ 585,254</u>

**NOTE C - DEPOSITS AND INVESTMENTS**

The District's investment policy is in line with State Statues. 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.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE C - DEPOSITS AND INVESTMENTS** (Continued)

As explained in Note A, the Illinois Compiled Statutes require the District to utilize the investment services of the 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.

At June 30, 2017, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 17,676,025	\$ 29,069	\$ 17,705,094

For disclosure purposes, this amount is segregated into four components at June 30, 2017, as follows:

	<u>Total</u>
Deposits with financial institutions*	\$ 14,610,308
Illinois Funds	230,531
Illinois Trust	2,250,000
Illinois School District Liquid Asset Fund Plus	614,255
	\$ 17,705,094

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

1. 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 part of a common pool for all of the school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by District. Cash for all funds, including cash applicable to the Debt Service Fund and the Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE C - DEPOSITS AND INVESTMENTS (Continued)**

**1. Cash and Investments Under the Custody of the Township Treasurer (Continued)**

The Treasurer also holds money market type accounts and deposits with financial institutions, including certificates of deposit. As of June 30, 2017, the value of all cash and investments held by the Treasurer's office was \$15,494,200.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

**2. 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):

		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Illinois Trust	\$ 2,250,000	n/a	Daily	1 day
ISDLAF+	\$ 614,255	n/a	Daily	1 day
Illinois Funds	\$ 230,531	n/a	Daily	1 day

**3. 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.



**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE C - DEPOSITS AND INVESTMENTS** (Continued)

3. **Credit Risk** (Continued)

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 for which the investment could 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 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.

4. **Cash and Investments in the Custody of the District**

At June 30, 2017, the carrying value of the District's student activity, imprest, c-pay, and flexible benefit funds was \$303,533, all of which was deposited with financial institutions.

5. **Concentration of Credit Risk**

The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District's Investment Officer (Treasurer) to meet the District's ongoing need for safety, liquidity, and rate of return.

6. **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, 2017, the bank balance of the District's deposits with financial institutions totaled \$14,845,505, all of which was fully insured or collateralized.

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 secured by private insurance or collateral.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE D - PROPERTY TAXES RECEIVABLE**

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 15, 2016. 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. The District's annual property tax levy is subject to two statutory limitations; individual fund rate ceilings and the Property Tax Extension Limitation Law (PTELL).

The PTELL limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELL 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 CPI applicable to the 2016 and 2015 levies was 0.7% and 0.8%, respectively.

The Cook County Assessor is responsible for the assessment of all taxable real 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 2.8032 for 2016.

The County Assessor 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 2016 tax levy was \$596,179,292.

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 approximately August 1 during the following year. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment bill is based on (1) the current levy, (2) assessment, and (3) equalization, and any changes from the prior year.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE D - PROPERTY TAXES RECEIVABLE** (Continued)

The portion of the 2016 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 is reflected as deferred revenue.

**NOTE E - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases/ Transfers	Decreases/ Transfers	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 81,393	\$ -	\$ -	\$ 81,393
Construction in process	767,002	13,167	767,002	13,167
<b>Total capital assets, not being depreciated</b>	<b>848,395</b>	<b>13,167</b>	<b>767,002</b>	<b>94,560</b>
Capital assets, being depreciated				
Buildings	18,154,033	1,245,755	389,750	19,010,038
Building improvements	1,627,276	1,027	-	1,628,303
Equipment	2,219,655	91,288	12,108	2,298,835
Vehicles	69,646	-	17,798	51,848
<b>Total capital assets, being depreciated</b>	<b>22,070,610</b>	<b>1,338,070</b>	<b>419,656</b>	<b>22,989,024</b>
Less accumulated depreciation for:				
Buildings	10,992,409	522,475	335,185	11,179,699
Building improvements	1,214,676	64,945	-	1,279,621
Equipment	1,810,246	104,400	9,317	1,905,329
Vehicles	39,769	4,268	17,798	26,239
<b>Total accumulated depreciation</b>	<b>14,057,100</b>	<b>696,088</b>	<b>362,300</b>	<b>14,390,888</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,013,510</b>	<b>641,982</b>	<b>57,356</b>	<b>8,598,136</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 8,861,905</b>	<b>\$ 655,149</b>	<b>\$ 824,358</b>	<b>\$ 8,692,696</b>

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE F - LONG-TERM LIABILITIES**

The following is the long-term liability activity for the District for the year ended June 30, 2017.

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable	\$ 4,005,000	\$ -	\$ 645,000	\$ 3,360,000	\$ 700,000
Capital Leases	361,122	84,300	184,097	261,325	100,527
Unamortized premium	74,608	-	8,777	65,831	-
Compensated absences	69,505	97,546	81,562	85,489	-
Other postemployment benefits	8,661	-	8,661	-	-
IMRF net pension liability	838,714	176,935	208,255	807,394	-
TRS net pension liability	1,236,039	208,056	15,739	1,428,356	-
	<u>\$ 6,593,649</u>	<u>\$ 566,837</u>	<u>\$ 1,152,091</u>	<u>\$ 6,008,395</u>	<u>\$ 800,527</u>

1. General Obligation Bonds Payable

The summary of activity in bonds payable for the year ended June 30, 2017 is as follows:

	<u>Bonds Payable</u> <u>July 1, 2016</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Bonds Payable</u> <u>June 30, 2017</u>
\$2,985,000 GO Limited School Bonds Series 2015A, dated July 9, 2015, due December 1, 2024, interest at 3.00%.	\$ 2,985,000	\$ -	\$ -	\$ 2,985,000
\$1,020,000 Taxable GO Limited School Bonds Series 2015B, dated July 9, 2015, due December 1, 2017, interest at 1.00% - 1.20%.	1,020,000	-	645,000	375,000
	<u>\$ 4,005,000</u>	<u>\$ -</u>	<u>\$ 645,000</u>	<u>\$ 3,360,000</u>

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE F - LONG-TERM LIABILITIES (Continued)**

1. General Obligation Bonds Payable (Continued)

At June 30, 2017, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	700,000	86,925	786,925
2019	-	79,800	79,800
2020	-	79,800	79,800
2021	-	79,800	79,800
2022	765,000	68,325	833,325
2023-2025	1,895,000	69,075	1,964,075
<b>Total</b>	<b>\$ 3,360,000</b>	<b>\$ 463,725</b>	<b>\$ 3,823,725</b>

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$1,074,362 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, 2017, the statutory debt limit for the District was \$41,136,371, of which \$37,515,046 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 repaid from the Debt Service Fund.

At June 30, 2017, the District's future cash flow requirements for retirement of leases payable principal and interest were as follows:

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE F - LONG-TERM LIABILITIES** (Continued)

2. Capital Leases (Continued)

Year Ending Jun 30	Principal	Interest	Total
2018	\$ 100,527	11,424	111,951
2019	105,365	6,586	111,951
2020	55,433	1,512	56,945
	\$ 261,325	\$ 19,522	\$ 280,847

**NOTE G - 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 <http://trs.illinois.gov/pubs/cafr.htm>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

*Benefits Provided*

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

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE G - PENSION LIABILITIES** (Continued)

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

**General Information About the Pension Plan** (Continued)

*Benefits Provided* (Continued)

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

Essentially all Tier I retirees receive an annual 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.

*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, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). 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, 2017, 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 expenditures of \$6,455,574 in pension contributions from the state of Illinois.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE G - PENSION LIABILITIES** (Continued)

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

**General Information About the Pension Plan** (Continued)

*Contributions* (Continued)

**2.2 Formula Contributions**

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$48,550, and are deferred because they were paid after the June 30, 2016 measurement date.

**Federal and Special Trust Fund Contributions**

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$125,873 were paid from federal and special trust funds that required employer contributions of \$48,511. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

**Early Retirement Cost Contributions**

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the District paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.



**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - PENSION LIABILITIES (Continued)**

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

**General Information About the Pension Plan (Continued)**

*Contributions (Continued)*

Early Retirement Cost Contributions (Continued)

The District is also 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, 2017, 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.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 1,428,356
State's proportionate share of the net pension liability associated with the District	<u>65,734,967</u>
 Total	 <u><u>\$ 67,163,323</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. 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, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2016, the District's proportion was 0.0018095105 percent, which was in decrease of 0.0000772818 from its proportion measured as of June 30, 2015.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - 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)**

For the year ended June 30, 2017, the District recognized pension expense of \$6,613,851 and revenue of \$6,455,574 for support provided by the state. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,561	\$ 969
Change in assumptions	122,674	-
Net difference between projected and actual earnings on pension plan investments	40,354	-
Employer Contributions subsequent to the measurement date		
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>78,202</u>	<u>40,996</u>
 Total deferred amounts to be recognized in pension expense in the future periods	 <u>251,791</u>	 <u>41,965</u>
 District contributions subsequent to the measurement date	 <u>97,061</u>	 <u>-</u>
	 <u>\$ 348,852</u>	 <u>\$ 41,965</u>

The District reported \$97,061 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - 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)

<u>Year ending June 30:</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 57,668
2019	57,668
2020	58,973
2021	31,540
2022	<u>3,977</u>
Total	<u>\$ 209,826</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2016 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

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - PENSION LIABILITIES (Continued)**

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

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

**Actuarial Assumptions (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	14.4 %	6.94 %
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds core	10.7	2.44
International debt developed	5.3	1.70
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private equity	14.0	10.63
<b>Total</b>	<b>100 %</b>	

**Discount Rate**

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. 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.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - PENSION LIABILITIES (Continued)**

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

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

Discount Rate (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not 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. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was less than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

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 6.83 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 (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate:

	<u>1% Decrease (5.83%)</u>	<u>Current Discount (6.83%)</u>	<u>1% Increase (7.83%)</u>
District's proportionate share of the net pension liability	\$ 1,746,937	\$ 1,428,356	\$ 1,168,160

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE G - PENSION LIABILITIES** (Continued)

2. **Illinois Municipal Retirement Fund**

**Plan Description**

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

**Benefits Provided**

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

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

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

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE G - PENSION LIABILITIES (Continued)**

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

**Employees Covered by Benefit Terms**

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	55
Inactive plan members entitled to but not yet receiving benefits	151
Active plan members	39
Total	245

**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 2016 was 11.01%. For the fiscal year ended June 30, 2017 the District contributed \$141,232 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, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - PENSION LIABILITIES (Continued)**

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

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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-2014 (base year 2014). 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, 2017

**NOTE G - PENSION LIABILITIES (Continued)**

2. Illinois Municipal Retirement Fund (Continued)

**Actuarial Assumptions (Continued)**

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65% - 7.35%
Cash Equivalents	1%	2.25%
Total	100%	

**Single Discount Rate**

A Single Discount Rate of 7.50% 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 plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - 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, 2016:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 6,628,347	\$ 5,789,633	\$ 838,714
Changes for the year:			
Service cost	139,842	-	139,842
Interest on the total pension liability	487,022	-	487,022
Difference between expected and actual experience of the total pension liability	(60,720)	-	(60,720)
Changes of assumptions	(14,661)	-	(14,661)
Contributions - Employer	-	138,297	(138,297)
Contributions - Employees	-	56,525	(56,525)
Net investment income	-	390,262	(390,262)
Benefit payments, including refunds of employee contributions	(374,548)	(374,548)	-
Other (net transfer)	-	(2,281)	2,281
Net changes	<u>176,935</u>	<u>208,255</u>	<u>(31,320)</u>
Balances at December 31, 2016	<u>\$ 6,805,282</u>	<u>\$ 5,997,888</u>	<u>\$ 807,394</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 7.50%, 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 (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
Net pension liability	<u>\$ 1,593,975</u>	<u>\$ 807,394</u>	<u>\$ 150,045</u>

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - 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, 2017, the District recognized pension expense of \$278,764. At June 30, 2017, the District reported deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 26,112
Change of assumptions	-	6,305
Net difference between projected and actual earnings on pension plan investments	<u>300,740</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>300,740</u>	<u>32,417</u>
Pension contributions made subsequent to the measurement date	<u>74,647</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 375,387</u>	<u>\$ 32,417</u>

The District reported \$74,647 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, 2018.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE G - PENSION LIABILITIES** (Continued)

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

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

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

Year Ending June 30,	Net Deferred Outflows of Resources
<u>                    </u>	<u>                    </u>
2018	\$ 70,242
2019	102,660
2020	87,994
2021	7,427
2021	-
Thereafter	<u>-</u>
Total	<u>\$ 268,323</u>

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE G - PENSION LIABILITIES** (Continued)

3. **Summary of Pension Items**

Below is a summary of the various pension items:

	<u>TRS</u>	<u>IMRF</u>	<u>Total</u>
Deferred outflows of resources:			
Employer contributions	\$ 97,061	\$ 74,647	\$ 171,708
Experience	10,561	-	10,561
Assumptions	122,674	-	122,674
Proportionate share	78,202	-	78,202
Investments	40,354	300,740	341,094
	<u>\$ 348,852</u>	<u>\$ 375,387</u>	<u>\$ 724,239</u>
Net pension liability	<u>\$ 1,428,356</u>	<u>\$ 807,394</u>	<u>\$ 2,235,750</u>
Deferred inflows of resources:			
Experience	969	26,112	27,081
Assumptions	-	6,305	6,305
Proportionate share	40,996	-	40,996
	<u>\$ 41,965</u>	<u>\$ 32,417</u>	<u>\$ 74,382</u>

4. **Social Security/Medicare**

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

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE H - OTHER POSTEMPLOYMENT BENEFITS**

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

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 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.

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

The 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.

**On behalf contributions to the THIS Fund**

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$93,751, and the District recognized revenue and expenditures of this amount during the year.

**District contributions to the THIS Fund**

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$70,314 to the THIS Fund, which was 100 percent of the required contribution.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE H - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

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

**Further Information on the THIS Fund**

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

2. **Retiree Health Plan**

The District provided postemployment benefits to one individual. The agreement terminated during fiscal year 2017, when the individual reached the age of 65. The amount paid by the District, for the year ended June 30, 2017 was \$8,661.

**NOTE I - JOINT AGREEMENTS**

The District is a member of the Northern Suburban Special Education District (NSSED), 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 an additional term of 10 years ending May 16, 2020.

**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE J - 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 business office at 1111 South Dee Road, Park Ridge, Illinois 60068.

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

**NOTE K - CONTINGENCIES**

1. Litigation

The District is a defendant in various tax objection lawsuits, the outcome of which is presently not determinable. Although the District will continue to vigorously defend these lawsuits, an unfavorable outcome could have a significant effect on future tax revenues. The District plans to settle one property tax objection lawsuit for approximately \$3,250,000, which will be paid during the fiscal year ending June 30, 2018. This amount has been recorded as a liability, in accounts payable, at June 30, 2017.

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.



**West Northfield School District 31**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017

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**NOTE L - CONSTRUCTION COMMITMENTS**

As of June 30, 2017, the District is committed to approximately \$16,000 in expenditures in the upcoming year for a single demolition project. These expenditures will be paid during fiscal year 2018.

**NOTE M - INTERFUND TRANSFERS**

The following is a schedule of interfund transfers:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Principal Purpose</u>
Education	Debt Service	\$ 184,097	To pay principal on capital leases
Education	Debt Service	16,617	To pay interest on capital leases

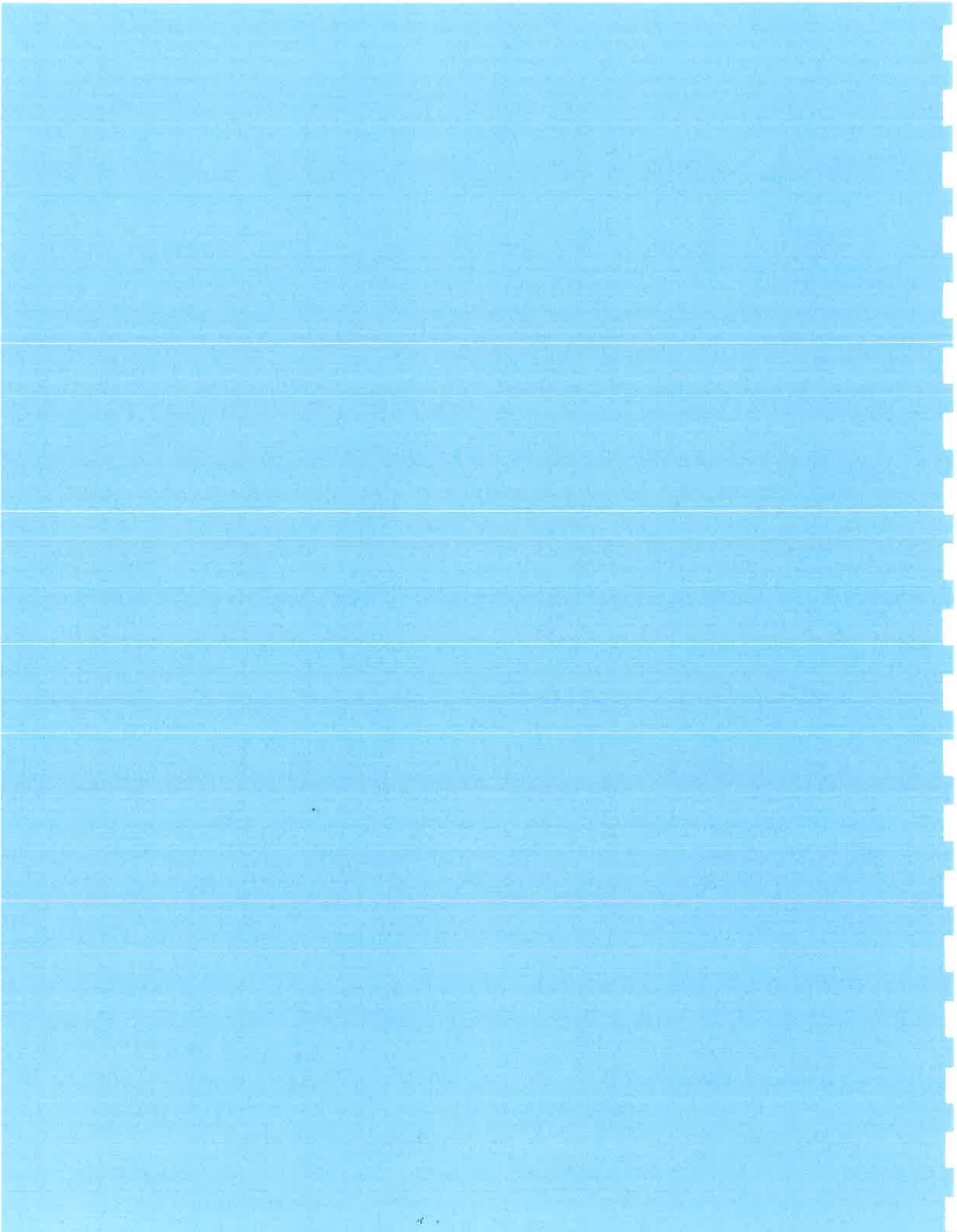
**NOTE N - SUBSEQUENT EVENT**

Management has evaluated subsequent events through October 12, 2017, 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.

Subsequent to year-end, the District entered into a three year capital lease agreement for tablets. Three payments in the amount of \$31,698 will be made annually, beginning on July 15, 2017.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**



**West Northfield School District 31**  
**MULTIYEAR SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**MOST RECENT CALENDAR YEARS**  
**Illinois Municipal Retirement Fund**  
June 30, 2017

Calendar year ended December 31,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 139,842	\$ 142,986	\$ 149,654
Interest on the total pension liability	487,022	456,641	422,843
Difference between expected and actual experience of the total pension liability	(60,720)	163,544	(38,191)
Assumption changes	(14,661)	7,264	245,421
Benefit payments and refunds	<u>(374,548)</u>	<u>(334,543)</u>	<u>(300,715)</u>
Net change in total pension liability	176,935	435,892	479,012
Total pension liability, beginning	<u>6,628,347</u>	<u>6,192,455</u>	<u>5,713,433</u>
Total pension liability, ending	<u><u>\$ 6,805,282</u></u>	<u><u>\$ 6,628,347</u></u>	<u><u>\$ 6,192,445</u></u>
<b>Plan fiduciary net position</b>			
Contributions, employer	\$ 138,297	\$ 146,889	\$ 134,273
Contributions, employee	56,525	56,686	55,896
Net investment income	390,262	28,358	340,352
Benefit payments, including refunds of employee contributions	(374,548)	(334,543)	(300,715)
Other (net transfer)	<u>(2,281)</u>	<u>155,147</u>	<u>(127,516)</u>
Net change in plan fiduciary net position	208,255	52,537	102,290
Plan fiduciary net position, beginning	<u>5,789,633</u>	<u>5,737,096</u>	<u>5,634,806</u>
Plan fiduciary net position, ending	<u><u>\$ 5,997,888</u></u>	<u><u>\$ 5,789,633</u></u>	<u><u>\$ 5,737,096</u></u>
<b>Net pension liability (asset)</b>	<u><u>\$ 807,394</u></u>	<u><u>\$ 838,714</u></u>	<u><u>\$ 455,349</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	88.14 %	87.35 %	92.65 %
<b>Covered Valuation Payroll</b>	\$ 1,256,103	\$ 1,259,691	\$ 1,242,127
<b>Net pension liability as a percentage of covered valuation payroll</b>	64.28 %	66.58 %	36.66 %

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 CONTRIBUTIONS**  
 Illinois Municipal Retirement Fund  
June 30, 2017

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Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 138,297 *	\$ 138,297	-	\$ 1,256,103	11.01 %
2015	133,653	\$ 146,889	(13,236)	1,259,691	11.66
2014	134,274	134,273	1	1,242,127	10.81

\* Estimated based on contribution rate of 11.01% and covered valuation payroll of \$1,256,103.

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**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**Teachers' Retirement System of the State of Illinois**  
June 30, 2017

Fiscal year ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0018095105 %	0.0018867923 %	0.0017499646 %
District's proportionate share of the net pension liability (asset)	\$ 1,428,356	\$ 1,236,039	\$ 1,064,998
State's proportionate share of the net pension liability (asset) associated with the District	<u>65,734,967</u>	<u>50,002,609</u>	<u>43,134,039</u>
Total	<u>\$ 67,163,323</u>	<u>\$ 51,238,648</u>	<u>\$ 44,199,037</u>
District's covered-employee payroll	\$ 8,277,863	\$ 7,719,938	\$ 6,993,465
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	17.26 %	16.01 %	15.23 %
Plan fiduciary net position as a percentage of the total pension liability	36.40 %	41.50 %	43.00 %

Note 1: The amounts presented were determined as of the prior fiscal-year end.

Note 2: 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**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**Teachers' Retirement System of the State of Illinois**  
June 30, 2017

Fiscal year ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 70,055	\$ 66,100	\$ 61,458
Contributions in relation to the contractually required contribution	<u>(70,077)</u>	<u>(66,113)</u>	<u>(62,438)</u>
Contribution excess	<u>\$ (22)</u>	<u>\$ (13)</u>	<u>\$ (980)</u>
District's covered-employee payroll	\$ 8,370,668	\$ 8,277,863	\$ 7,719,938
Contributions as a percentage of covered-employee payroll	0.84 %	0.80 %	0.81 %

Note: The District implemented GASB 68 beginning with it's fiscal year ended June 30, 2015 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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 13,828,706	\$ 13,533,375	\$ (295,331)	\$ 12,385,697
Corporate personal property replacement taxes	210,000	229,699	19,699	220,292
Summer school tuition from pupils or parents	1,700	3,900	2,200	2,400
Interest on investments	32,500	96,383	63,883	42,601
Sales to pupils - a la carte	5,500	12,693	7,193	5,599
Fees	73,600	118,446	44,846	127,235
Other district/school activity revenue	43,000	43,075	75	44,373
Rentals - regular textbook	114,000	91,319	(22,681)	85,709
Contributions and donations from private sources	30,000	30,000	-	53,320
Refund of prior years' expenditures	-	-	-	113
Other	50,000	76,921	26,921	21,412
<b>Total local sources</b>	<u>14,389,006</u>	<u>14,235,811</u>	<u>(153,195)</u>	<u>12,988,751</u>
<b>State sources</b>				
General State Aid	406,000	409,111	3,111	369,502
Special Education - Extraordinary	90,000	117,573	27,573	119,929
Special Education - Personnel	150,000	216,526	66,526	206,573
Special Education - Orphanage - Individual	-	5,203	5,203	-
Special Education - Orphanage - Summer Individual	-	8,869	8,869	-
Special Education - Summer School	1,800	1,647	(153)	1,814
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	95,921	35,247	(60,674)	51,751
Other state sources	750	-	(750)	62
<b>Total state sources</b>	<u>744,471</u>	<u>794,176</u>	<u>49,705</u>	<u>749,631</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Federal sources</b>				
Special Milk Program	\$ 10,000	\$ 12,419	\$ 2,419	\$ 13,447
Title I - Low Income	211,599	280,348	68,749	120,535
Federal - Special Education - Pre-School Flow Through	5,827	7,386	1,559	5,827
Federal - Special Education - I.D.E.A. - Flow Through	149,468	134,675	(14,793)	138,949
Federal - Special Education - I.D.E.A. - Room and Board	-	62,730	62,730	-
Emergency Immigrant Assistance	4,351	360	(3,991)	5,930
Title III - English Language Acquisition	24,503	15,939	(8,564)	3,360
Title II - Teacher Quality	12,899	6,859	(6,040)	16,729
Medicaid Matching Funds - Fee-For-Service-Program	75,000	97,975	22,975	78,881
Other federal sources	-	3,505	3,505	-
<b>Total federal sources</b>	<u>493,647</u>	<u>622,196</u>	<u>128,549</u>	<u>383,658</u>
<b>Total revenues</b>	<u>15,627,124</u>	<u>15,652,183</u>	<u>25,059</u>	<u>14,122,040</u>
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular programs</b>				
Salaries	5,078,700	4,971,944	106,756	4,899,639
Employee benefits	843,416	818,202	25,214	719,621
Purchased services	5,300	1,852	3,448	3,225
Supplies and materials	190,943	175,688	15,255	154,296
Capital outlay	9,000	3,000	6,000	3,010
Other objects	3,225	1,938	1,287	2,289
Non-capitalized equipment	2,100	713	1,387	643
Termination benefits	20,000	25,096	(5,096)	18,265
<b>Total</b>	<u>6,152,684</u>	<u>5,998,433</u>	<u>154,251</u>	<u>5,800,988</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Special education programs</b>				
Salaries	\$ 930,000	\$ 871,752	\$ 58,248	\$ 874,971
Employee benefits	126,336	194,709	(68,373)	180,076
Purchased services	20,500	35,355	(14,855)	16,786
Supplies and materials	43,550	33,784	9,766	23,982
Capital outlay	5,000	-	5,000	3,415
Non-capitalized equipment	1,500	-	1,500	429
Termination benefits	6,395	6,391	4	-
Total	<u>1,133,281</u>	<u>1,141,991</u>	<u>(8,710)</u>	<u>1,099,659</u>
<b>CTE programs</b>				
Purchased services	8,000	398	7,602	-
Supplies and materials	10,800	7,181	3,619	7,081
Capital outlay	-	-	-	39,923
Non-capitalized equipment	2,500	-	2,500	-
Total	<u>21,300</u>	<u>7,579</u>	<u>13,721</u>	<u>47,004</u>
<b>Interscholastic programs</b>				
Salaries	187,450	160,056	27,394	151,060
Employee benefits	2,430	1,935	495	1,859
Purchased services	9,500	6,291	3,209	7,007
Supplies and materials	23,040	21,844	1,196	20,216
Total	<u>222,420</u>	<u>190,126</u>	<u>32,294</u>	<u>180,142</u>
<b>Summer school programs</b>				
Salaries	6,500	1,788	4,712	6,555
Employee benefits	-	25	(25)	85
Supplies and materials	150	-	150	72
Total	<u>6,650</u>	<u>1,813</u>	<u>4,837</u>	<u>6,712</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Gifted programs</b>				
Salaries	\$ 108,070	\$ 108,585	\$ (515)	\$ 107,344
Employee benefits	9,437	9,494	(57)	9,137
Purchased services	200	129	71	129
Supplies and materials	1,900	625	1,275	417
Termination benefits	-	5,707	(5,707)	-
<b>Total</b>	<u>119,607</u>	<u>124,540</u>	<u>(4,933)</u>	<u>117,027</u>
<b>Bilingual programs</b>				
Salaries	791,194	778,645	12,549	721,245
Employee benefits	158,293	149,473	8,820	134,103
Purchased services	5,972	12,735	(6,763)	446
Supplies and materials	25,624	6,258	19,366	14,710
Termination benefits	7,088	9,444	(2,356)	6,686
<b>Total</b>	<u>988,171</u>	<u>956,555</u>	<u>31,616</u>	<u>877,190</u>
Special education programs K-12 - private tuition	50,000	75,001	(25,001)	47,465
<b>Total instruction</b>	<u>8,694,113</u>	<u>8,496,038</u>	<u>198,075</u>	<u>8,176,187</u>
<b>Support services</b>				
<b>Pupils</b>				
<b>Attendance and social work services</b>				
Salaries	170,310	157,961	12,349	154,258
Employee benefits	26,139	36,321	(10,182)	34,595
Purchased services	10,000	1,783	8,217	4,547
Supplies and materials	2,300	3,717	(1,417)	2,066
<b>Total</b>	<u>208,749</u>	<u>199,782</u>	<u>8,967</u>	<u>195,466</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Health services</b>				
Salaries	\$ 109,000	\$ 39,112	\$ 69,888	\$ 94,150
Employee benefits	22,555	942	21,613	21,026
Purchased services	23,100	7,579	15,521	535
Supplies and materials	2,200	2,799	(599)	1,771
Other objects	800	152	648	482
Non-capitalized equipment	500	-	500	-
Total	<u>158,155</u>	<u>50,584</u>	<u>107,571</u>	<u>117,964</u>
<b>Psychological services</b>				
Salaries	66,950	66,441	509	160,388
Employee benefits	11,510	11,609	(99)	19,554
Purchased services	15,000	32,751	(17,751)	14,054
Supplies and materials	2,800	2,806	(6)	2,103
Total	<u>96,260</u>	<u>113,607</u>	<u>(17,347)</u>	<u>196,099</u>
<b>Speech pathology and audiology services</b>				
Salaries	129,500	125,742	3,758	122,035
Employee benefits	22,935	23,119	(184)	21,692
Purchased services	53,000	44,411	8,589	3,191
Supplies and materials	1,500	418	1,082	721
Total	<u>206,935</u>	<u>193,690</u>	<u>13,245</u>	<u>147,639</u>
<b>Other support services - pupils</b>				
Salaries	59,500	35,207	24,293	46,779
Employee benefits	625	309	316	484
Total	<u>60,125</u>	<u>35,516</u>	<u>24,609</u>	<u>47,263</u>
Total pupils	<u>730,224</u>	<u>593,179</u>	<u>137,045</u>	<u>704,431</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
<b>Instructional staff</b>				
Improvement of instruction services				
Salaries	\$ 324,265	\$ 263,280	\$ 60,985	\$ 216,224
Employee benefits	50,015	46,976	3,039	44,645
Purchased services	143,793	83,165	60,628	105,066
Supplies and materials	9,400	3,884	5,516	4,299
Other objects	3,000	2,577	423	1,660
Total	<u>530,473</u>	<u>399,882</u>	<u>130,591</u>	<u>371,894</u>
Educational media services				
Salaries	198,135	198,107	28	204,409
Employee benefits	32,022	29,732	2,290	31,359
Purchased services	1,350	870	480	828
Supplies and materials	36,400	32,345	4,055	20,025
Capital outlay	4,500	3,350	1,150	-
Non-capitalized equipment	500	-	500	-
Termination benefits	6,680	6,679	1	11,451
Total	<u>279,587</u>	<u>271,083</u>	<u>8,504</u>	<u>268,072</u>
Assessment and testing				
Salaries	1,200	997	203	870
Purchased services	14,000	11,238	2,762	11,238
Supplies and materials	6,100	4,637	1,463	4,440
Total	<u>21,300</u>	<u>16,872</u>	<u>4,428</u>	<u>16,548</u>
Total instructional staff	<u>831,360</u>	<u>687,837</u>	<u>143,523</u>	<u>656,514</u>
General administration				
Board of education services				
Salaries	3,096	13,096	(10,000)	3,006
Employee benefits	-	3,854	(3,854)	-
Purchased services	154,500	97,217	57,283	116,229
Supplies and materials	5,300	3,422	1,878	3,658
Other objects	7,000	6,807	193	6,722
Total	<u>169,896</u>	<u>124,396</u>	<u>45,500</u>	<u>129,615</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Executive administration services				
Salaries	\$ 346,210	\$ 346,067	\$ 143	\$ 328,338
Employee benefits	82,943	82,376	567	75,622
Purchased services	6,600	5,539	1,061	5,609
Supplies and materials	4,400	3,315	1,085	4,066
Other objects	7,000	5,611	1,389	6,056
Non-capitalized equipment	16,465	-	16,465	-
Termination benefits	-	16,464	(16,464)	15,532
Total	<u>463,618</u>	<u>459,372</u>	<u>4,246</u>	<u>435,223</u>
Special area administrative services				
Salaries	151,395	150,079	1,316	147,417
Employee benefits	50,825	49,019	1,806	47,166
Purchased services	2,000	1,672	328	1,297
Supplies and materials	500	463	37	286
Other objects	500	249	251	49
Total	<u>205,220</u>	<u>201,482</u>	<u>3,738</u>	<u>196,215</u>
Tort immunity services				
Purchased services	<u>128,800</u>	<u>103,446</u>	<u>25,354</u>	<u>92,852</u>
Total	<u>128,800</u>	<u>103,446</u>	<u>25,354</u>	<u>92,852</u>
Total general administration	<u>967,534</u>	<u>888,696</u>	<u>78,838</u>	<u>853,905</u>
School administration				
Office of the principal services				
Salaries	468,765	473,714	(4,949)	447,543
Employee benefits	149,665	146,774	2,891	140,803
Purchased services	9,600	9,061	539	682
Supplies and materials	9,850	9,204	646	9,414
Other objects	1,300	610	690	449
Termination benefits	6,400	5,414	986	10,167
Total	<u>645,580</u>	<u>644,777</u>	<u>803</u>	<u>609,058</u>
Total school administration	<u>645,580</u>	<u>644,777</u>	<u>803</u>	<u>609,058</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
<b>Business</b>				
Direction of business support services				
Salaries	\$ 158,215	\$ 156,807	\$ 1,408	\$ 154,399
Employee benefits	50,095	49,937	158	48,223
Purchased services	2,500	1,344	1,156	1,484
Supplies and materials	350	120	230	36
Other objects	500	30	470	350
Total	<u>211,660</u>	<u>208,238</u>	<u>3,422</u>	<u>204,492</u>
Fiscal services				
Salaries	107,700	99,739	7,961	108,303
Employee benefits	19,321	14,073	5,248	20,944
Purchased services	13,400	14,618	(1,218)	11,257
Supplies and materials	500	316	184	292
Other objects	500	-	500	770
Total	<u>141,421</u>	<u>128,746</u>	<u>12,675</u>	<u>141,566</u>
Food services				
Supplies and materials	15,100	12,945	2,155	12,945
Capital outlay	5,000	-	5,000	1,949
Total	<u>20,100</u>	<u>12,945</u>	<u>7,155</u>	<u>14,894</u>
Internal services				
Purchased services	86,350	73,544	12,806	81,700
Supplies and materials	15,500	11,729	3,771	14,477
Total	<u>101,850</u>	<u>85,273</u>	<u>16,577</u>	<u>96,177</u>
Total business	<u>475,031</u>	<u>435,202</u>	<u>39,829</u>	<u>457,129</u>
<b>Central</b>				
Information services				
Salaries	4,500	3,570	930	4,015
Purchased services	8,750	-	8,750	5,925
Supplies and materials	300	-	300	-
Total	<u>13,550</u>	<u>3,570</u>	<u>9,980</u>	<u>9,940</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Staff services				
Salaries	\$ 11,031	\$ 11,312	\$ (281)	\$ 9,932
Employee benefits	2,716	2,782	(66)	2,551
Purchased services	2,500	392	2,108	1,969
Other objects	250	-	250	-
Total	<u>16,497</u>	<u>14,486</u>	<u>2,011</u>	<u>14,452</u>
Data processing services				
Salaries	185,350	162,558	22,792	168,101
Employee benefits	32,604	27,100	5,504	29,071
Purchased services	159,275	118,441	40,834	124,872
Supplies and materials	71,500	37,623	33,877	48,698
Capital outlay	102,000	128,144	(26,144)	514,659
Total	<u>550,729</u>	<u>473,866</u>	<u>76,863</u>	<u>885,401</u>
Total central	<u>580,776</u>	<u>491,922</u>	<u>88,854</u>	<u>909,793</u>
Other supporting services				
Supplies and materials	-	-	-	95
Other objects	-	3,250,000	(3,250,000)	-
Total	<u>-</u>	<u>3,250,000</u>	<u>(3,250,000)</u>	<u>95</u>
Total support services	<u>4,230,505</u>	<u>6,991,613</u>	<u>(2,761,108)</u>	<u>4,190,925</u>
Community services				
Purchased services	4,500	11,748	(7,248)	4,262
Supplies and materials	5,651	720	4,931	4,930
Total	<u>10,151</u>	<u>12,468</u>	<u>(2,317)</u>	<u>9,192</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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Payments for special education programs				
Other objects	\$ 1,923,827	\$ 1,918,512	\$ 5,315	\$ 1,788,216
Total	<u>1,923,827</u>	<u>1,918,512</u>	<u>5,315</u>	<u>1,788,216</u>
Total payments to other districts and other government units	<u>1,923,827</u>	<u>1,918,512</u>	<u>5,315</u>	<u>1,788,216</u>
Provision for contingencies	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Total expenditures	<u>14,888,596</u>	<u>17,418,631</u>	<u>(2,530,035)</u>	<u>14,164,520</u>
Excess (deficiency) of revenues over expenditures	<u>738,528</u>	<u>(1,766,448)</u>	<u>(2,504,976)</u>	<u>(42,480)</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	-	-	-	1,000,000
Permanent transfer to Operations and Maintenance Fund	-	-	-	(4,000,000)
Principal on bonds sold	-	-	-	4,005,000
Premium on bonds sold	-	-	-	83,385
Capital lease proceeds	-	84,300	84,300	427,812
Transfer to Debt Service Fund for principal on capital leases	-	(184,097)	(184,097)	(192,953)
Transfer to Debt Service Fund for interest on capital leases	<u>-</u>	<u>(16,617)</u>	<u>(16,617)</u>	<u>(15,198)</u>
Total other financing sources (uses)	<u>-</u>	<u>(116,414)</u>	<u>(116,414)</u>	<u>1,308,046</u>
Net change to fund balance	<u>\$ 738,528</u>	<u>(1,882,862)</u>	<u>\$(2,621,390)</u>	1,265,566
Fund balance, beginning of year		<u>12,798,051</u>		<u>11,532,485</u>
Fund balance, end of year		<u>\$ 10,915,189</u>		<u>\$ 12,798,051</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, 2017**  
**With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 1,365,654	\$ 1,212,907	\$ (152,747)	\$ 1,243,133
Rentals	3,500	41,324	37,824	3,445
Other	25,000	1,371	(23,629)	22,813
Total local sources	<u>1,394,154</u>	<u>1,255,602</u>	<u>(138,552)</u>	<u>1,269,391</u>
Total revenues	<u>1,394,154</u>	<u>1,255,602</u>	<u>(138,552)</u>	<u>1,269,391</u>
<b>Expenditures</b>				
<b>Support services</b>				
Facilities acquisition and construction services				
Purchased services	5,000	-	5,000	4,500
Capital outlay	20,000	8,975	11,025	-
Total	<u>25,000</u>	<u>8,975</u>	<u>16,025</u>	<u>4,500</u>
Operation and maintenance of plant services				
Salaries	431,480	411,247	20,233	386,767
Employee benefits	120,985	118,644	2,341	102,872
Purchased services	408,250	304,010	104,240	348,759
Supplies and materials	366,270	344,285	21,985	323,724
Capital outlay	83,400	79,607	3,793	11,864
Other objects	250	-	250	-
Non-capitalized equipment	20,500	8,199	12,301	7,756
Total	<u>1,431,135</u>	<u>1,265,992</u>	<u>165,143</u>	<u>1,181,742</u>
Total business	<u>1,456,135</u>	<u>1,274,967</u>	<u>181,168</u>	<u>1,186,242</u>
Total support services	<u>1,456,135</u>	<u>1,274,967</u>	<u>181,168</u>	<u>1,186,242</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Provision for contingencies	\$ 20,000	\$ -	\$ 20,000	\$ -
Total expenditures	<u>1,476,135</u>	<u>1,274,967</u>	<u>201,168</u>	<u>1,186,242</u>
Excess (deficiency) of revenues over expenditures	<u>(81,981)</u>	<u>(19,365)</u>	<u>62,616</u>	<u>83,149</u>
Other financing sources (uses)				
Permanent transfer from Working Cash Fund - abatement	-	-	-	3,000,000
Other uses not classified elsewhere	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (81,981)</u>	<u>(19,365)</u>	<u>\$ 62,616</u>	<u>83,149</u>
Fund balance, beginning of year		<u>1,127,811</u>		<u>1,044,662</u>
Fund balance, end of year		<u>\$ 1,108,446</u>		<u>\$ 1,127,811</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, 2017**  
**With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 346,666	\$ 318,874	\$ (27,792)	\$ 283,589
Corporate personal property replacement taxes	50,000	50,000	-	41,000
Regular transportation fees from pupils or parents	<u>95,000</u>	<u>100,351</u>	<u>5,351</u>	<u>104,773</u>
<b>Total local sources</b>	<u>491,666</u>	<u>469,225</u>	<u>(22,441)</u>	<u>429,362</u>
<b>State sources</b>				
Transportation - Special Education	<u>90,000</u>	<u>159,048</u>	<u>69,048</u>	<u>121,866</u>
<b>Total state sources</b>	<u>90,000</u>	<u>159,048</u>	<u>69,048</u>	<u>121,866</u>
<b>Total revenues</b>	<u>581,666</u>	<u>628,273</u>	<u>46,607</u>	<u>551,228</u>
<b>Expenditures</b>				
<b>Support services</b>				
Pupil transportation services Purchased services	<u>541,500</u>	<u>551,313</u>	<u>(9,813)</u>	<u>469,113</u>
<b>Total support services</b>	<u>541,500</u>	<u>551,313</u>	<u>(9,813)</u>	<u>469,113</u>
<b>Total expenditures</b>	<u>541,500</u>	<u>551,313</u>	<u>(9,813)</u>	<u>469,113</u>
Excess of revenues over expenditures	<u>\$ 40,166</u>	76,960	<u>\$ 36,794</u>	82,115
Fund balance, beginning of year		<u>333,406</u>		<u>251,291</u>
Fund balance, end of year		<u>\$ 410,366</u>		<u>\$ 333,406</u>

**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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 105,490	\$ 96,526	\$ (8,964)	\$ 90,670
Social security/Medicare only levy	251,679	248,411	(3,268)	250,698
Corporate personal property replacement taxes	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Total local sources	<u>366,169</u>	<u>353,937</u>	<u>(12,232)</u>	<u>350,368</u>
Total revenues	<u>366,169</u>	<u>353,937</u>	<u>(12,232)</u>	<u>350,368</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular programs	94,310	88,406	5,904	83,735
Special education programs	46,860	39,827	7,033	41,282
Interscholastic programs	6,881	5,877	1,004	4,415
Summer school programs	95	22	73	112
Gifted programs	5	11	(6)	4
Bilingual programs	<u>13,898</u>	<u>14,230</u>	<u>(332)</u>	<u>11,155</u>
Total instruction	<u>162,049</u>	<u>148,373</u>	<u>13,676</u>	<u>140,703</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services	\$ 4,400	\$ 4,015	\$ 385	\$ 3,925
Health services	12,990	6,249	6,741	20,984
Psychological services	975	944	31	2,300
Speech pathology and audiology services	1,882	1,809	73	1,750
Other support services -pupils	<u>2,225</u>	<u>1,487</u>	<u>738</u>	<u>1,446</u>
Total pupils	<u>22,472</u>	<u>14,504</u>	<u>7,968</u>	<u>30,405</u>
Instructional staff				
Improvement of instruction services	7,045	7,501	(456)	6,664
Educational media services	<u>5,534</u>	<u>3,760</u>	<u>1,774</u>	<u>3,847</u>
Total instructional staff	<u>12,579</u>	<u>11,261</u>	<u>1,318</u>	<u>10,511</u>
General administration				
Board of education services	577	565	12	548
Executive administration services	17,573	17,271	302	16,651
Special area administrative services	<u>5,910</u>	<u>6,338</u>	<u>(428)</u>	<u>6,112</u>
Total general administration	<u>24,060</u>	<u>24,174</u>	<u>(114)</u>	<u>23,311</u>
School administration				
Office of the principal services	<u>33,277</u>	<u>32,623</u>	<u>654</u>	<u>31,217</u>
Total school administration	<u>33,277</u>	<u>32,623</u>	<u>654</u>	<u>31,217</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Business</b>				
Direction of business support services	\$ 4,350	\$ 4,041	\$ 309	\$ 4,111
Fiscal services	20,099	18,410	1,689	19,702
Operation and maintenance of plant services	<u>81,005</u>	<u>75,030</u>	<u>5,975</u>	<u>69,772</u>
Total business	<u>105,454</u>	<u>97,481</u>	<u>7,973</u>	<u>93,585</u>
<b>Central</b>				
Planning, research, development				
Information services	345	273	72	307
Staff services	2,153	1,995	158	1,786
Data processing services	<u>34,595</u>	<u>29,932</u>	<u>4,663</u>	<u>30,766</u>
Total central	<u>37,093</u>	<u>32,200</u>	<u>4,893</u>	<u>32,859</u>
Total support services	<u>234,935</u>	<u>212,243</u>	<u>22,692</u>	<u>221,888</u>
Total expenditures	<u>396,984</u>	<u>360,616</u>	<u>36,368</u>	<u>362,591</u>
Deficiency of revenues over expenditures	<u>(30,815)</u>	<u>(6,679)</u>	<u>24,136</u>	<u>(12,223)</u>
Fund balance, beginning of year		<u>220,311</u>		<u>232,534</u>
Fund balance, end of year		<u>\$ 213,632</u>		<u>\$ 220,311</u>

(Concluded)



**West Northfield School District 31**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2017

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**1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS**

Budgets are adopted on a basis consistent with generally accepted accounting principles except for the General Fund which does not budget for on-behalf payments from the state of Illinois. 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. The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided 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.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) The budget amounts shown in the financial statements are as originally adopted, by the Board of Education, on September 29, 2016.
- g) All budget appropriations lapse at the end of the fiscal year.

**2. EXPENDITURES IN EXCESS OF BUDGETS**

The following fund had expenditures in excess of budget at June 30, 2017:

<u>Fund</u>	<u>Variance</u>
Debt Service	\$ 24,683
General Fund	\$ 2,530,035
Transportation	\$ 9,813

**West Northfield School District 31**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2017

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**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:

	<u>Revenues</u>	<u>Expenditures</u>
General fund - budgetary basis	\$ 15,652,183	\$ 17,418,631
To adjust for on-behalf payments received	6,549,325	-
To adjust for on-behalf payments made	-	6,549,325
	<u>\$ 22,201,508</u>	<u>\$ 23,967,956</u>

**4. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

Changes of Assumptions

For the 2016 measurement year, 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.

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

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

**West Northfield School District 31**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2017

**5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2016 IMRF CONTRIBUTION RATE\***

**Valuation Date:**

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

**Methods and Assumptions Used to Determine the 2016 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 members): 27-year closed period until remaining period reaches 15 years (then 15-year rolling 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 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 calculation pursuant to an experience study of the period 2011-2013.

**West Northfield School District 31**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2017

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**5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2016 IMRF CONTRIBUTION RATE\*** (Continued)

**Mortality**

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

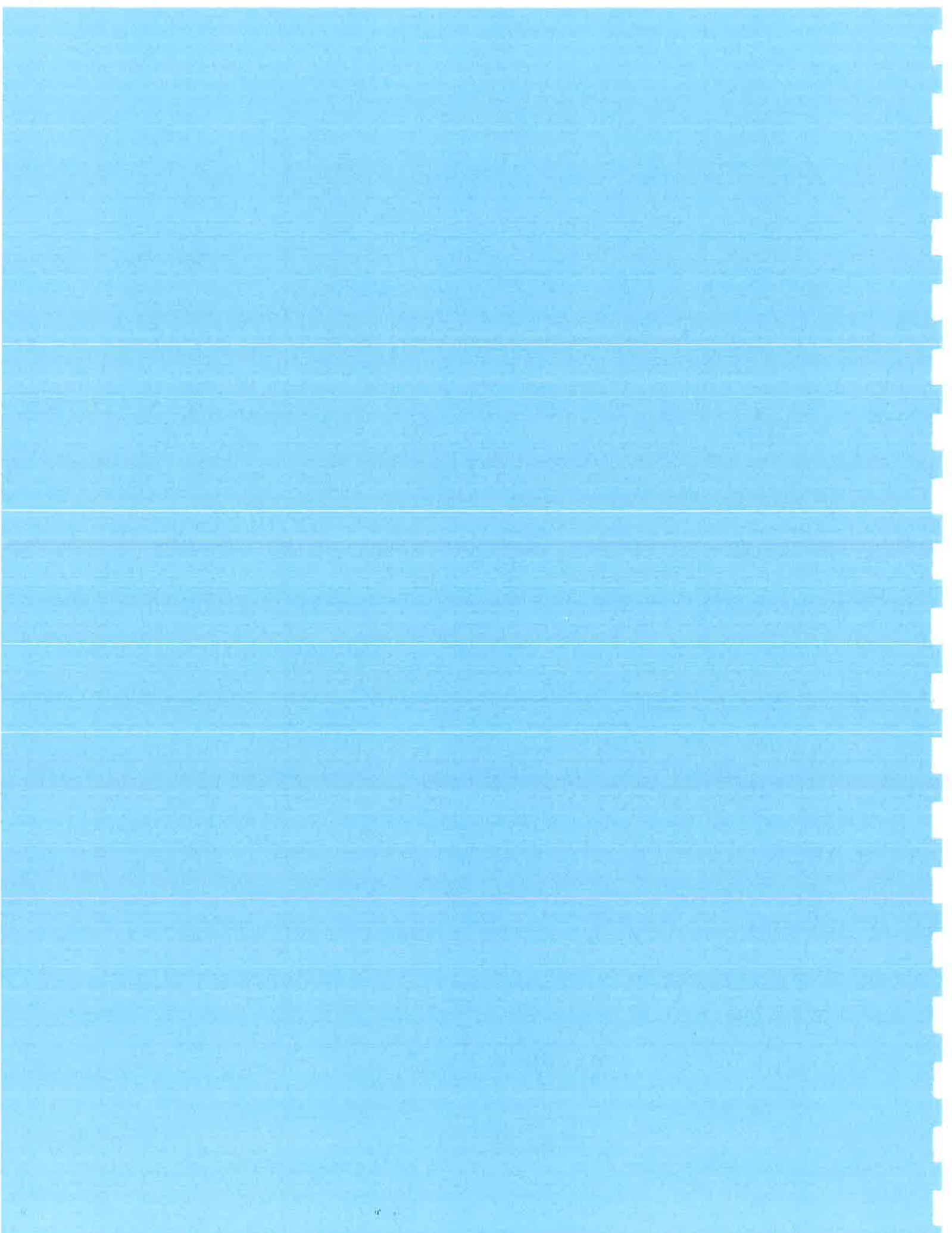
**Other Information:**

**Notes**

There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation.

**SUPPLEMENTARY FINANCIAL INFORMATION**



**West Northfield School District 31**

General Fund  
COMBINING BALANCE SHEET  
June 30, 2017

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
<b>ASSETS</b>				
Cash and investments	\$ 5,777,445	\$ 34	\$ 8,095,603	\$ 13,873,082
Receivables (net of allowance for uncollectibles):				
Interest	20,967	-	-	20,967
Property taxes	6,289,329	-	137	6,289,466
Replacement taxes	59,905	-	-	59,905
Intergovernmental	476,732	-	-	476,732
Prepaid items	26,116	-	-	26,116
<u>Total assets</u>	<u>\$ 12,650,494</u>	<u>\$ 34</u>	<u>\$ 8,095,740</u>	<u>\$ 20,746,268</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 3,323,077	\$ -	\$ -	\$ 3,323,077
Other current liabilities	30,909	-	-	30,909
Unearned revenue	183,024	-	-	183,024
<u>Total liabilities</u>	<u>3,537,010</u>	<u>-</u>	<u>-</u>	<u>3,537,010</u>
<b>DEFERRED INFLOWS</b>				
Unavailable interest revenue	11,509	-	-	11,509
Property taxes levied for a future period	6,282,423	-	137	6,282,560
<u>Total deferred inflows</u>	<u>6,293,932</u>	<u>-</u>	<u>137</u>	<u>6,294,069</u>
<b>FUND BALANCES</b>				
Nonspendable	26,116	-	-	26,116
Restricted	-	34	-	34
Unassigned	2,793,436	-	8,095,603	10,889,039
<u>Total fund balance</u>	<u>2,819,552</u>	<u>34</u>	<u>8,095,603</u>	<u>10,915,139</u>
<u>Total liabilities, deferred inflows,     and fund balance</u>	<u>\$ 12,650,494</u>	<u>\$ 34</u>	<u>\$ 8,095,740</u>	<u>\$ 20,746,268</u>

# West Northfield School District 31

## General Fund

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

For the Year Ended June 30, 2017

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
<b>Revenues</b>				
Property taxes	\$ 13,532,808	\$ -	\$ 567	\$ 13,533,375
Replacement taxes	229,699	-	-	229,699
State aid	7,343,501	-	-	7,343,501
Federal aid	622,196	-	-	622,196
Interest	96,383	-	-	96,383
Other	<u>376,354</u>	<u>-</u>	<u>-</u>	<u>376,354</u>
Total revenues	<u>22,200,941</u>	<u>-</u>	<u>567</u>	<u>22,201,508</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular programs	5,995,433	-	-	5,995,433
Special programs	1,216,992	-	-	1,216,992
Other instructional programs	1,280,613	-	-	1,280,613
State retirement contributions	6,549,325	-	-	6,549,325
<b>Support services:</b>				
Pupils	593,179	-	-	593,179
Instructional staff	687,837	-	-	687,837
General administration	888,696	-	-	888,696
School administration	644,777	-	-	644,777
Business	435,202	-	-	435,202
Central	363,778	-	-	363,778
Other supporting services	3,250,000	-	-	3,250,000
Community services	12,468	-	-	12,468
Nonprogrammed charges	1,918,512	-	-	1,918,512
Capital outlay	<u>131,144</u>	<u>-</u>	<u>-</u>	<u>131,144</u>
Total expenditures	<u>23,967,956</u>	<u>-</u>	<u>-</u>	<u>23,967,956</u>
Excess (deficiency) of revenues over expenditures	<u>(1,767,015)</u>	<u>-</u>	<u>567</u>	<u>(1,766,448)</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, 2017

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
Other financing sources				
Capital lease proceeds	\$ 84,300	\$ -	\$ -	\$ 84,300
Total other financing sources	(116,414)	-	-	(116,414)
Net change in fund balance	(1,883,429)	-	567	(1,882,862)
Fund balance, beginning of year	4,702,981	34	8,095,036	12,798,051
Fund balance, end of year	\$ 2,819,552	\$ 34	\$ 8,095,603	\$ 10,915,189

(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, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 845,240	\$ 837,674	\$ (7,566)	\$ 581,051
Corporate personal property replacement taxes	<u>80,000</u>	<u>197,606</u>	<u>117,606</u>	<u>74,325</u>
Total local sources	<u>925,240</u>	<u>1,035,280</u>	<u>110,040</u>	<u>655,376</u>
Total revenues	<u>925,240</u>	<u>1,035,280</u>	<u>110,040</u>	<u>655,376</u>
<b>Expenditures</b>				
<b>Debt service</b>				
<b>Debt services - interest</b>				
Bonds and certificates - interest	114,355	113,892	463	93,113
Other interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,200</u>
Total debt service - interest	<u>114,355</u>	<u>113,892</u>	<u>463</u>	<u>108,313</u>
Principal payments on long-term debt	<u>805,230</u>	<u>829,097</u>	<u>(23,867)</u>	<u>537,953</u>
Other debt service				
Other objects	<u>-</u>	<u>1,279</u>	<u>(1,279)</u>	<u>85,556</u>
Total	<u>-</u>	<u>1,279</u>	<u>(1,279)</u>	<u>85,556</u>
Total debt service	<u>919,585</u>	<u>944,268</u>	<u>(24,683)</u>	<u>731,822</u>
Total expenditures	<u>919,585</u>	<u>944,268</u>	<u>(24,683)</u>	<u>731,822</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	\$ 5,655	\$ 91,012	\$ 85,357	\$ (76,446)
Other financing sources (uses)				
Transfer to pay for principal on capital leases	-	184,097	184,097	192,953
Transfer to pay for interest on capital leases	-	16,617	16,617	15,198
Total other financing sources (uses)	-	200,714	200,714	208,151
Net change in fund balance	\$ 5,655	291,726	\$ 286,071	131,705
Fund balance, beginning of year		782,636		650,931
Fund balance, end of year		\$ 1,074,362		\$ 782,636

(Concluded)

**West Northfield School District 31**  
 Capital Projects Fund  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2017  
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
<b>Revenues</b>				
<b>Local sources</b>				
Interest on investments	\$ 1,500	\$ 445	\$ (1,055)	\$ 5,556
Impact fees from municipal or county governments	<u>-</u>	<u>22,014</u>	<u>22,014</u>	<u>-</u>
Total revenues	<u>1,500</u>	<u>22,459</u>	<u>20,959</u>	<u>5,556</u>
<b>Expenditures</b>				
<b>Support services</b>				
Facilities acquisition and construction services				
Capital outlay	<u>1,625,000</u>	<u>633,660</u>	<u>991,340</u>	<u>2,107,385</u>
Total support services	<u>1,625,000</u>	<u>633,660</u>	<u>991,340</u>	<u>2,107,385</u>
Provision for contingencies	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>-</u>
Total expenditures	<u>1,750,000</u>	<u>633,660</u>	<u>1,116,340</u>	<u>2,107,385</u>
Deficiency of revenues over expenditures	<u>(1,748,500)</u>	<u>(611,201)</u>	<u>1,137,299</u>	<u>(2,101,829)</u>
<b>Other financing sources</b>				
Transfer from Operations and Maintenance Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>

(Continued)

**West Northfield School District 31**  
**Capital Projects Fund**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2017**  
**With Comparative Actual Amounts for the Year Ended June 30, 2016**

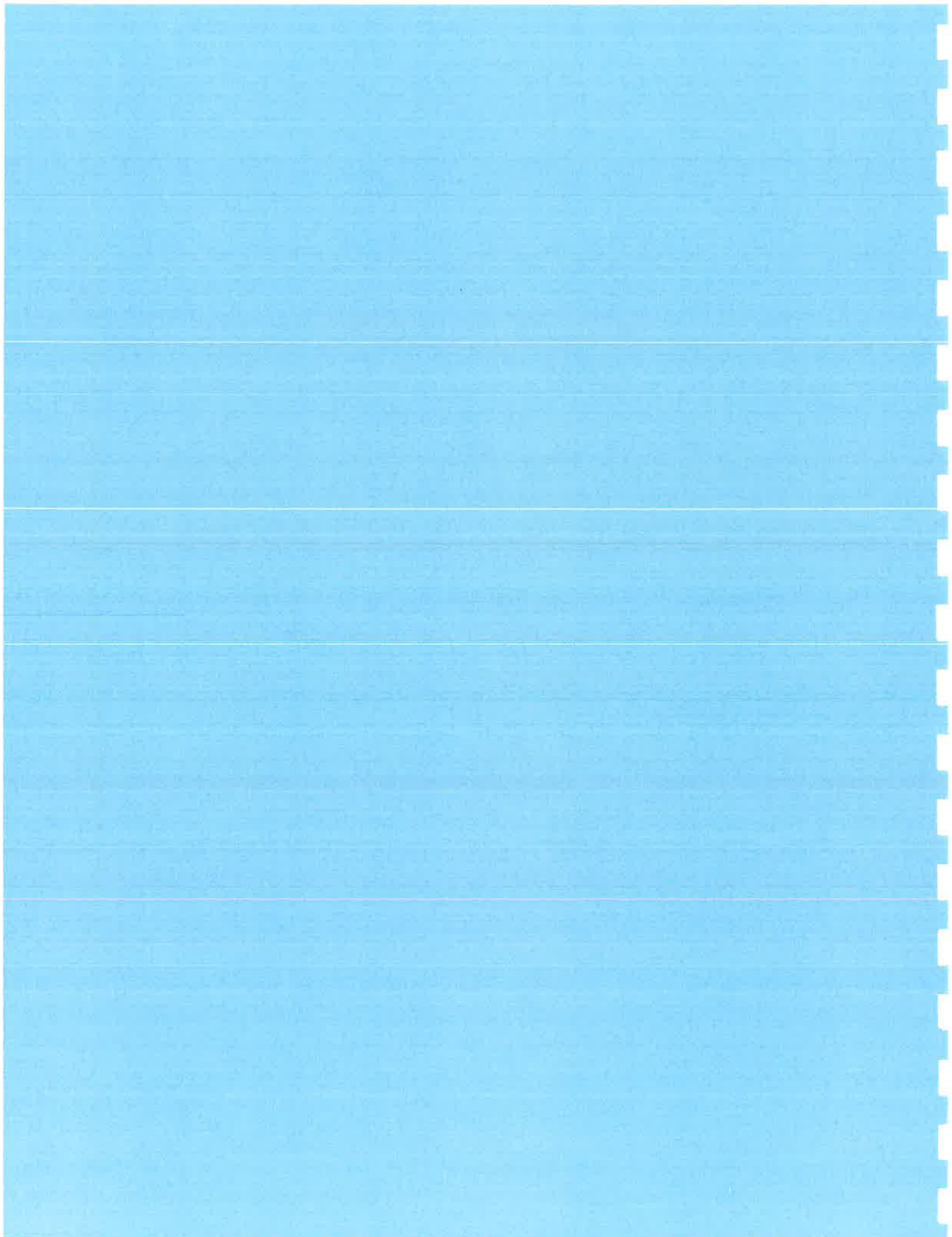
	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Net change in fund balance	<u>\$ (1,748,500)</u>	(611,201)	<u>\$ 1,137,299</u>	898,171
Fund balance (deficit), beginning of year		<u>1,398,605</u>		<u>500,434</u>
Fund balance (deficit), end of year		<u>\$ 787,404</u>		<u>\$ 1,398,605</u>

(Concluded)

**West Northfield School District 31**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND - STUDENT ACTIVITY FUNDS**  
Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 35,008	\$ 47,953	\$ 53,892	\$ 29,069
<b>Liabilities</b>				
Due to student groups				
District				
PTC Fundraising	\$ -	\$ 22,236	\$ 22,236	\$ -
Winter Benefit	-	119	119	-
<b>Total District</b>	<u>-</u>	<u>22,355</u>	<u>22,355</u>	<u>-</u>
Winkleman				
Misc.	7,572	11,058	14,975	3,655
Student Council	3,166	253	246	3,173
Schoola.com	24	129	-	153
Pictures	4,141	1,473	2,678	2,936
Interest	11	-	-	11
<b>Total Winkleman</b>	<u>14,914</u>	<u>12,913</u>	<u>17,899</u>	<u>9,928</u>
Field School				
Miscellaneous	-	2,780	2,064	716
Pictures	4,490	739	454	4,775
WCWIO	87	-	-	87
6th Grade	493	-	-	493
7th Grade	76	-	-	76
8th Grade	872	-	-	872
Student Council	2,309	1,929	1,672	2,566
Computer Fair	1	-	-	1
Play	1,905	1,557	938	2,524
Cheer Fund	254	310	512	52
5K Run	3,449	4,161	5,998	1,612
Interest	204	9	-	213
Senior Grant	5,954	1,200	2,000	5,154
<b>Total Field School</b>	<u>20,094</u>	<u>12,685</u>	<u>13,638</u>	<u>19,141</u>
<b>Total due to student groups</b>	<u>\$ 35,008</u>	<u>\$ 47,953</u>	<u>\$ 53,892</u>	<u>\$ 29,069</u>

**OTHER SUPPLEMENTAL INFORMATION**  
**(Unaudited)**





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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed Valuation	\$ <u>596,179,292</u>	\$ <u>513,583,834</u>	\$ <u>516,403,282</u>	\$ <u>505,935,060</u>	\$ <u>568,579,540</u>
<b>Rates Extended</b>					
Educational	2.2676	2.5630	2.4639	2.4961	2.0283
Operations and Maintenance	0.1845	0.2531	0.2517	0.1977	0.2638
Debt Service	0.1392	0.1601	0.0723	0.1315	0.1362
Transportation	0.0503	0.0643	0.0503	0.0494	0.0317
Municipal Retirement	0.0168	0.0175	0.0194	0.0168	0.0162
Social Security	0.0403	0.0487	0.0533	0.0543	0.0484
Working Cash	0.0001	0.0001	0.0001	0.0001	-
Total rates extended	<u>2.6988</u>	<u>3.1068</u>	<u>2.9110</u>	<u>2.9459</u>	<u>2.5246</u>
<b>Levies Extended</b>					
Educational	\$ 13,518,976	\$ 13,163,388	\$ 12,723,510	\$ 12,628,851	\$ 11,532,400
Operations and Maintenance	1,100,000	1,300,000	1,300,000	1,000,000	1,500,000
Debt Service	829,885	822,347	373,359	665,417	774,270
Transportation	300,000	330,000	260,000	250,000	180,000
Municipal Retirement	100,000	90,000	100,000	85,000	92,000
Social Security	240,000	250,000	275,000	274,500	275,000
Working Cash	500	500	500	500	-
Total levies extended	<u>\$ 16,089,361</u>	<u>\$ 15,956,235</u>	<u>\$ 15,032,369</u>	<u>\$ 14,904,268</u>	<u>\$ 14,353,670</u>
Total collections	<u>\$ 8,443,518</u>	<u>\$ 15,757,511</u>	<u>\$ 14,771,476</u>	<u>\$ 14,904,268</u>	<u>\$ 14,242,317</u>
Percentage of extensions collected	<u>52.48%</u>	<u>98.75%</u>	<u>98.26%</u>	<u>100.00%</u>	<u>99.22%</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Operating costs per pupil</b>		
Average Daily Attendance (ADA):	<u>804.54</u>	<u>817.70</u>
<b>Operating costs:</b>		
Educational	\$ 17,418,631	\$ 14,164,520
Operations and Maintenance	1,274,967	1,186,242
Debt Service	944,268	731,822
Transportation	551,313	469,113
Municipal Retirement/Social Security	<u>360,616</u>	<u>362,591</u>
Subtotal	<u>20,549,795</u>	<u>16,914,288</u>
<b>Less Revenues/Expenditures of Nonregular Programs:</b>		
Tuition	75,001	47,465
Debt service - payments of principal on long-term debt	829,097	537,953
Summer school	1,835	6,824
Community Services	12,468	9,192
Capital outlay	223,076	574,820
Non-capitalized equipment	8,912	8,828
Payments to other Districts and Gov't Units	<u>1,918,512</u>	<u>1,788,216</u>
Subtotal	<u>3,068,901</u>	<u>2,973,298</u>
Operating costs	<u>\$ 17,480,894</u>	<u>\$ 13,940,990</u>
Operating costs per pupil - based on ADA	<u>\$ 21,728</u>	<u>\$ 17,049</u>
<b>Tuition Charge</b>		
Operating costs	\$ 17,480,894	\$ 13,940,990
Less - revenues from specific programs, such as special education or lunch programs	<u>1,566,131</u>	<u>1,250,960</u>
Net operating costs	15,914,763	12,690,030
Depreciation allowance	<u>696,088</u>	<u>620,912</u>
Allowance tuition costs	<u>\$ 16,610,851</u>	<u>\$ 13,310,942</u>
Tuition charge per pupil - based on ADA	<u>\$ 20,646</u>	<u>\$ 16,279</u>