

West Northfield School District 31

Annual Financial Report

Year Ended June 30, 2013

West Northfield School District 31
 ANNUAL FINANCIAL REPORT
 For the Year Ended June 30, 2013

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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, 2013, 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

West Northfield School District 31's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Northfield School District 31, as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the Illinois Municipal Retirement Fund historical data on page 46, the budgetary comparison schedules on pages 47 through 62, and notes to required supplementary information on page 63 and 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are 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 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 in the 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.

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 has been subjected to the auditing procedures applied in the audit of the 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 supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information (Continued)

We also 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, 2012 (not presented herein), and have issued our report thereon dated November 14, 2012, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. 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, 2012 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 2012 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 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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, 2012.

The Other Supplemental Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 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
November 21, 2013

**West Northfield School District 31
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

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, 2013. 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 28% of the total net position.
- General revenues accounted for \$12,666 in revenue, or 81% of all revenues. Program specific revenues in the form of state categorical reimbursements and state/federal grants accounted for \$2,722 or 17% of total revenues of \$15,623.
- The District had \$15,067 in program expenditures related to government activities. However, only \$2,722 of these program expenses was offset by state and federal reimbursements or grants.
- The District has \$1,645 remaining due on its long-term general obligation bonds, as of June 30, 2013.

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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

**West Northfield School District 31
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Government-wide financial statements (continued)

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

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

**West Northfield School District 31
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Notes to the basic financial statements

The notes to the financial statements provide additional information that is essential to a full 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 noncertified employees.

District-Wide Financial Analysis

The District's combined Statement of Net Position (formerly Statement of Net Assets) was higher on June 30, 2013 than the previous year, increasing 2.9% to \$19,943.

<i>TABLE 1:</i>		
<i>Condensed Statements of Net Position (formerly Statement of Net Assets)</i>		
<i>(in thousands of dollars)</i>		
	<u>2012</u>	<u>2013</u>
Assets:		
Current and other assets	\$ 15,864	\$18,106
Capital Assets	<u>12,164</u>	<u>11,988</u>
Total Assets	<u>28,028</u>	<u>30,094</u>
Liabilities:		
Current Liabilities	6,750	9,010
Long-term debt outstanding	<u>1,900</u>	<u>1,141</u>
Total Liabilities	<u>8,650</u>	<u>10,151</u>
Net Position:		
Invested in capital assets, net of related debt	11,776	11,692
Restricted	1,997	2,715
Unrestricted	<u>5,606</u>	<u>5,536</u>
Total Net Position	\$ 19,379	\$19,943

The increase in the District's net position is due primarily to the 27% reduction of long-term debt outstanding and the increase in property tax receipts.

**West Northfield School District 31
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

TABLE 2: <i>Changes in Net Position</i> <i>(in thousands of dollars)</i>		
	<u>2012</u>	<u>2013</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 270	\$ 244
Operating grants and contributions	2,541	2,722
General Revenues:		
Taxes	12,002	12,129
General state aid	288	302
Other	<u>138</u>	<u>235</u>
Total Revenues	<u>15,239</u>	<u>15,632</u>
Expenses:		
Instruction	9,014	9,770
Pupil and instructional staff services	966	1,015
Administration and business	1,772	1,870
Transportation	406	365
Operations and maintenance	964	1,053
Other	<u>1,012</u>	<u>994</u>
Total Expenses	<u>14,134</u>	<u>15,067</u>
Excess of revenues over expenses	<u>1,105</u>	<u>565</u>
Increase in net position	\$ 1,015	\$565

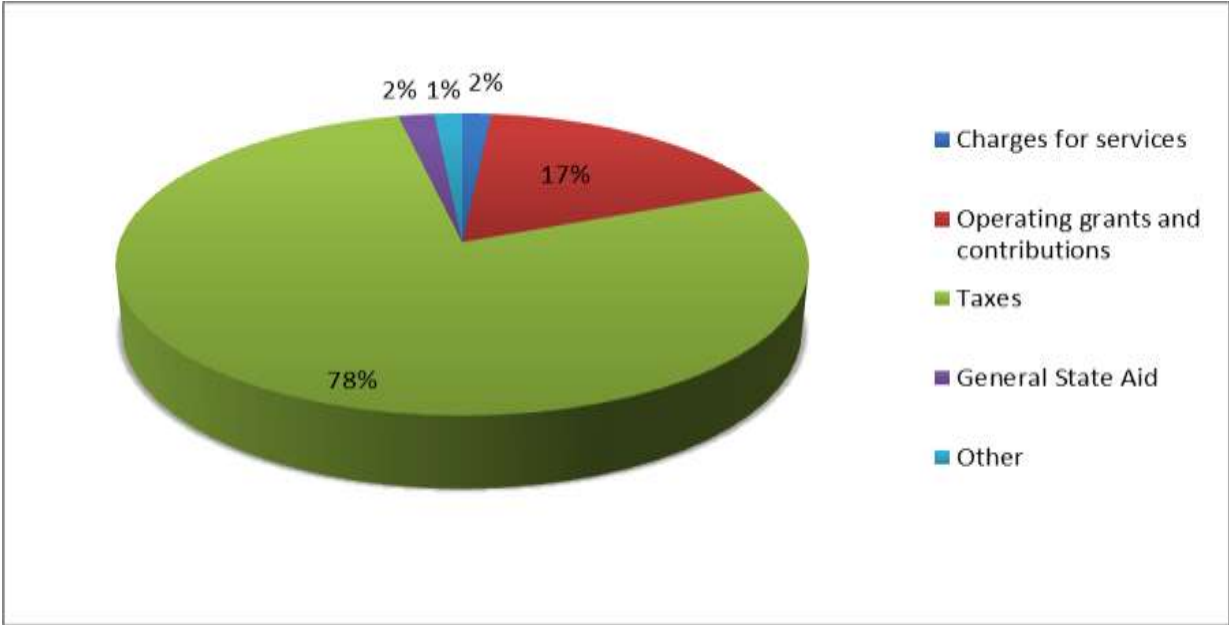
Property and replacement taxes accounted for the largest portion of the District's revenues, contributing 78% of governmental activity revenues. The remainder of revenues came from General State Aid, state and federal grants, and other sources. The total cost of all the District's programs was \$15,067, with approximately 96% of that being directly related to instruction and support services for students.

Revenues in the governmental activities of the District of \$15,632 were \$565 higher than expenses. The increase in net position was higher in fiscal year 2013 primarily due to property and replacement tax receipts, and state aid. The increase in overall expenses of approximately 7% was due primarily to an 8.4% increase in instructional costs, which includes state retirement contributions.

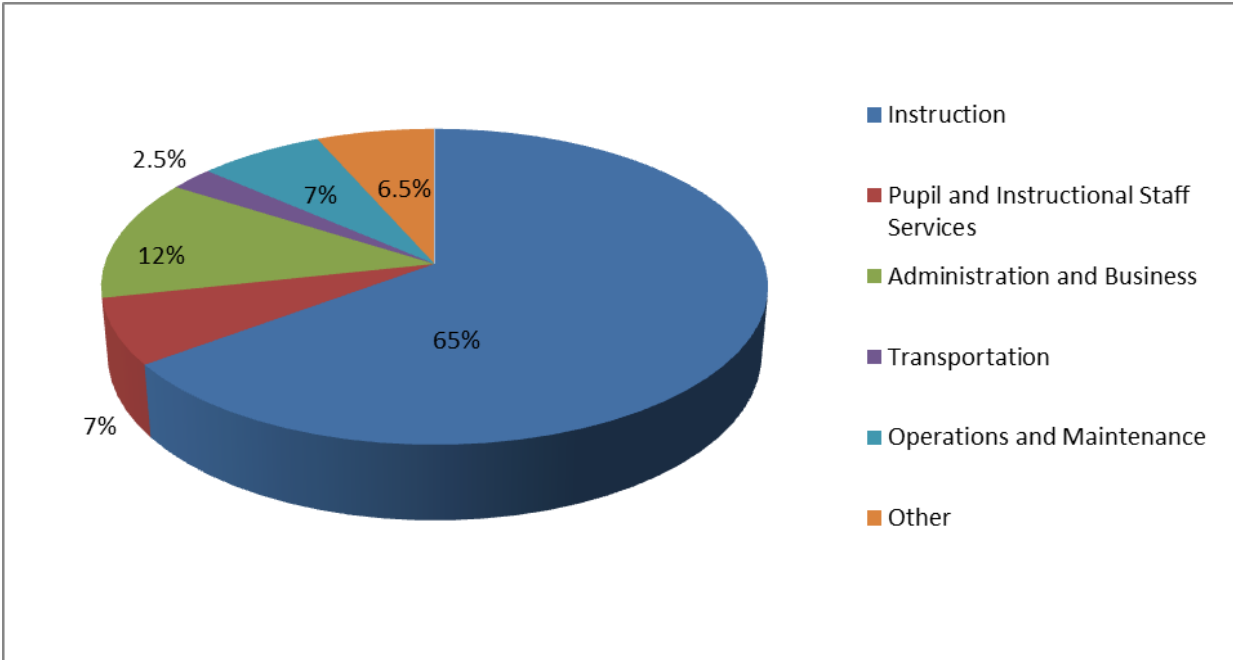
Overall, the percentages for revenues and expenses varied minimally and basically remain unchanged from the prior year.

**West Northfield School District 31
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

District-Wide Revenues by Source



District-Wide Expenses by Function



**West Northfield School District 31
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Financial Analysis of the District's Funds

The strong financial performance of the District as a whole is reflected in its government funds as well. As the District completed the year, its government funds reported combined fund balances of \$9.96 million, which is .02% lower than last year's fund balance.

General Fund Budgetary Highlights

The General Fund on the Governmental Funds report consists of activity related to the Education Fund, Working Cash Fund, and the Tort Fund. Revenues exceeded the prior year's general fund by \$983, primarily as a result of an increase in property tax receipts and state aid, which includes Teachers' Retirement System (TRS) on behalf payments made by the state. Expenditures were \$978 more primarily due to the same TRS state contributions, other instructional program costs, as well as non-programmed charges.

Capital Assets and Debt Administration

Capital assets

By the end of 2013, the District had compiled a total investment of \$11,988, net of accumulated depreciation, in a broad range of capital assets including buildings, land, and equipment. Total depreciation expense for the year was \$539. More detailed information about capital assets can be found in Note G of the basic financial statements.

TABLE 3:		
<i>Capital Assets (net of depreciation)</i>		
<i>(in thousands of dollars)</i>		
	<u>2012</u>	<u>2013</u>
Land and construction in progress	\$ 81	\$ 81
Buildings and improvements	10,407	10,234
Equipment and other	<u>1,676</u>	<u>1,673</u>
Total	\$12, 164	\$11,988

**West Northfield School District 31
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Long-term debt

The District has \$1,645 in long-term bonded debt with \$695 due within one year. More detailed information on long-term debt can be found in Note H of the basic financial statements.

TABLE 4: <i>Outstanding Long-Term Debt</i> <i>(in thousands of dollars)</i>		
	<u>2012</u>	<u>2013</u>
General obligation bonds	\$1,645	\$ 950
Capital leases	255	152
OPEB	<u>0</u>	<u>39</u>
Total	\$ 1,900	\$ 1,141

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 continues to remain low.
- The expected receipts from the passage of the referendum have now been realized due to the district's ability to get legislation passed specifically for West Northfield School District 31 in the form of an amendment to PTELL. This amendment allowed the additional \$1.55 million increase approved by the voters in the successful referendum to be added to the prior year's property tax extensions. These additional receipts were received in the fall of the 2013-14 school year and as with a successful referendum, the effect of this will be included in the property tax extension base moving forward.
- The District continues to work with stakeholders currently involved in large property tax appeals in order to minimize the impact to the District, while having secured a manageable process for the future. Currently, the largest of the property tax appeals (Allstate) continues in the litigation process for the 2004 through 2006 tax years, with the 2007 through 2009 triennial to follow. For the 2010 through 2012 tax years, and most recently, the 2013 through 2015 tax years, a settlement agreement was reached with regard to the valuation of the three Allstate properties that are involved in the appeals.
- The district has greatly mitigated possible outcomes by meeting on a triennial basis with these stakeholders in order to determine a fair value of the properties before the tax bills are distributed. This agreement protects the district's revenues in regards to those tax years and eliminates the impact on the school district's finances, 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 protecting the district's assets and providing a fair platform for all. At this point in time, there is no indication of any timeframe in which the 2004-2006 triennial will conclude its litigation.

**West Northfield School District 31
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Factors bearing on the District's Future (continued)

- In the fall of 2013, tax year 2012, the district also received new property tax receipts from a prorated, partial assessment of the Astellas Pharmaceutical Corporation properties. For tax year 2013, the Astellas Corporation is exercising the first year of the 7(b) tax incentive that was awarded through the Village of Glenview. As anticipated, after the tax incentive was applied, the original assessments were significantly reduced.
- The GlenStar development project, located adjacent to the Astellas Pharmaceutical Corporation, has received the approval of the Village of Glenview and construction has begun on the residential section, as well as a portion of the commercial property development. The residential component is to consist of 290 studio, one-bedroom, and two-bedroom apartments. Occupancy permits should be issued by mid-2014 for the residential portion of the development. The plans approved for the commercial development include a fitness center, bank, 90,000 square foot grocery store, day care center, and other business establishments. The district has received a developer fee in the amount of \$171,000 from the residential developer. If the development continues to progress as originally planned, the district may be able to anticipate annual revenues in excess of \$1,500,000. To date, this development is not expected to receive any type of tax incentive by the village.
- Within district boundaries, there is a 20-unit townhome development currently under construction. The original plan included three residential buildings in a two- and three-story format. Groundbreaking took place in December 2012 and the project is nearing completion. This is additional new property that will increase the district's EAV once on the tax rolls.
- The District is monitoring State fiscal policies including pension reform, which would negatively impact District funding and increase costs in the future.
- Future employer health care costs are unknown due to health care reform under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. The District is working with its insurance carriers to stay proactive.

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 Director of Business Services at 847-313-4413.

BASIC FINANCIAL STATEMENTS

West Northfield School District 31
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2013

ASSETS

Cash and investments	\$	9,888,053
Receivables (net of allowance for uncollectibles):		
Interest		3,212
Property taxes		7,923,618
Replacement taxes		76,531
Intergovernmental		190,519
Prepaid items		23,652
Capital assets:		
Land		81,393
Depreciable buildings, property, and equipment, net		<u>11,906,788</u>
 Total assets		 <u>30,093,766</u>

LIABILITIES

Accounts payable		44,115
Other current liabilities		21,722
Unearned revenue		8,074,104
Long-term liabilities:		
Due within one year		869,637
Due after one year		<u>1,140,956</u>
 Total liabilities		 <u>10,150,534</u>

NET POSITION

Invested in capital assets, net of related debt		11,691,561
Restricted For:		
Operations and maintenance		747,988
Debt service		702,635
Student transportation		179,936
Retirement benefits		131,477
Tort immunity		34
Capital projects		953,705
Unrestricted		<u>5,535,896</u>
 Total net position	 \$	 <u>19,943,232</u>

The accompanying notes are an integral part of this statement.

West Northfield School District 31

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 4,894,640	\$ 130,805	\$ 85,220	\$ (4,678,615)
Special programs	2,024,164	-	533,653	(1,490,511)
Other instructional programs	927,882	2,100	33,991	(891,791)
State retirement contributions	1,923,069	-	1,923,069	-
Support services:				
Pupils	662,890	-	-	(662,890)
Instructional staff	352,577	-	9,985	(342,592)
General administration	862,591	-	-	(862,591)
School administration	596,877	-	-	(596,877)
Business	410,284	3,473	11,809	(395,002)
Transportation	364,792	103,108	123,803	(137,881)
Operations and maintenance	1,052,535	4,590	-	(1,047,945)
Central	384,521	-	-	(384,521)
Community services	800	-	-	(800)
Interest and fees	69,801	-	-	(69,801)
Unallocated depreciation	539,438	-	-	(539,438)
Total governmental activities	<u>\$ 15,066,861</u>	<u>\$ 244,076</u>	<u>\$ 2,721,530</u>	<u>(12,101,255)</u>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				9,115,474
Real estate taxes, levied for specific purposes				1,926,884
Real estate taxes, levied for debt service				689,795
Personal property replacement taxes				396,593
State aid-formula grants				302,026
Investment earnings				12,297
Miscellaneous				222,835
Total general revenues				<u>12,665,904</u>
Change in net position				564,649
Net position, beginning of year				<u>19,378,583</u>
Net position, end of year				<u>\$ 19,943,232</u>

The accompanying notes are an integral part of this statement.

West Northfield School District 31

Governmental Funds

BALANCE SHEET

June 30, 2013

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 7,156,798	\$ 748,363	\$ 195,075	\$ 131,477
Receivables (net of allowance for uncollectibles):				
Interest	3,161	-	51	-
Property taxes	6,366,399	828,111	99,264	202,469
Replacement taxes	76,531	-	-	-
Intergovernmental	159,561	-	30,958	-
Prepaid items	<u>23,652</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 13,786,102</u>	<u>\$ 1,576,474</u>	<u>\$ 325,348</u>	<u>\$ 333,946</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 43,740	\$ 375	\$ -	\$ -
Other current liabilities	21,722	-	-	-
Deferred revenue	<u>6,471,992</u>	<u>828,111</u>	<u>145,412</u>	<u>202,469</u>
Total liabilities	<u>6,537,454</u>	<u>828,486</u>	<u>145,412</u>	<u>202,469</u>
Fund balances:				
Nonspendable	23,652	-	-	-
Restricted	34	747,988	179,936	131,477
Unassigned	<u>7,224,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>7,248,648</u>	<u>747,988</u>	<u>179,936</u>	<u>131,477</u>
Total liabilities and fund balance	<u>\$ 13,786,102</u>	<u>\$ 1,576,474</u>	<u>\$ 325,348</u>	<u>\$ 333,946</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Total
\$ 702,635	\$ 953,705	\$ 9,888,053
-	-	3,212
427,375	-	7,923,618
-	-	76,531
-	-	190,519
-	-	23,652
<u>\$ 1,130,010</u>	<u>\$ 953,705</u>	<u>\$ 18,105,585</u>
\$ -	\$ -	\$ 44,115
-	-	21,722
<u>427,375</u>	<u>-</u>	<u>8,075,359</u>
<u>427,375</u>	<u>-</u>	<u>8,141,196</u>
-	-	23,652
702,635	953,705	2,715,775
<u>-</u>	<u>-</u>	<u>7,224,962</u>
<u>702,635</u>	<u>953,705</u>	<u>9,964,389</u>
<u>\$ 1,130,010</u>	<u>\$ 953,705</u>	<u>\$ 18,105,585</u>

West Northfield School District 31
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2013

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

Total fund balances - governmental funds	\$ 9,964,389
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.	11,988,181
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.	1,255
Long-term liabilities, including bonds payable, capital leases, 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>(2,010,593)</u>
Net position - governmental activities	<u><u>\$ 19,943,232</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, 2013

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 9,115,474	\$ 1,454,990	\$ 144,973	\$ 326,921
Replacement taxes	76,531	-	100,001	9,000
State aid	2,550,157	-	123,803	-
Federal aid	349,596	-	-	-
Interest	11,042	-	-	-
Other	270,334	9,360	103,108	-
Total revenues	<u>12,373,134</u>	<u>1,464,350</u>	<u>471,885</u>	<u>335,921</u>
Expenditures				
Current:				
Instruction:				
Regular programs	4,845,598	-	-	68,747
Special programs	901,151	-	-	34,498
Other instructional programs	913,349	-	-	14,533
State retirement contributions	1,923,069	-	-	-
Support services:				
Pupils	639,206	-	-	23,684
Instructional staff	347,213	-	-	5,364
General administration	833,526	-	-	29,065
School administration	527,185	-	-	30,477
Business	405,583	-	-	22,437
Transportation	-	-	364,792	-
Operations and maintenance	-	965,241	-	63,314
Central	348,800	-	-	35,721
Community services	800	-	-	-
Nonprogrammed charges	1,088,515	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	185,580	23,980	-	-
Total expenditures	<u>12,959,575</u>	<u>989,221</u>	<u>364,792</u>	<u>327,840</u>
Excess (deficiency) of revenues over expenditures	<u>(586,441)</u>	<u>475,129</u>	<u>107,093</u>	<u>8,081</u>
Other financing sources (uses)				
Transfers in	1,000,000	-	-	-
Transfers (out)	-	(1,000,000)	-	-
Capital lease proceeds	137,261	-	-	-
Total other financing sources (uses)	<u>1,137,261</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	550,820	(524,871)	107,093	8,081
Fund balance, beginning of year	<u>6,697,828</u>	<u>1,272,859</u>	<u>72,843</u>	<u>123,396</u>
Fund balance, end of year	<u>\$ 7,248,648</u>	<u>\$ 747,988</u>	<u>\$ 179,936</u>	<u>\$ 131,477</u>

The accompanying notes are an integral part of this statement.

	Debt Service	Capital Projects	Total
\$	689,795	\$ -	\$ 11,732,153
	211,061	-	396,593
	-	-	2,673,960
	-	-	349,596
	-	-	11,042
	<u>28,000</u>	<u>47,496</u>	<u>458,298</u>
	<u>928,856</u>	<u>47,496</u>	<u>15,621,642</u>
	-	-	4,914,345
	-	-	935,649
	-	-	927,882
	-	-	1,923,069
	-	-	662,890
	-	-	352,577
	-	-	862,591
	-	-	557,662
	-	-	428,020
	-	-	364,792
	-	-	1,028,555
	-	-	384,521
	-	-	800
	-	-	1,088,515
	889,435	-	889,435
	69,801	-	69,801
	<u>-</u>	<u>160,427</u>	<u>369,987</u>
	<u>959,236</u>	<u>160,427</u>	<u>15,761,091</u>
	<u>(30,380)</u>	<u>(112,931)</u>	<u>(139,449)</u>
	-	-	1,000,000
	-	-	(1,000,000)
	<u>-</u>	<u>-</u>	<u>137,261</u>
	<u>-</u>	<u>-</u>	<u>137,261</u>
	(30,380)	(112,931)	(2,188)
	<u>733,015</u>	<u>1,066,636</u>	<u>9,966,577</u>
\$	<u>702,635</u>	<u>\$ 953,705</u>	<u>\$ 9,964,389</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, 2013

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

Net change in fund balances - total governmental funds	\$ (2,188)
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.	(175,695)
Certain revenues included in the statement of activities do not provide current financial resources and, therefore, are deferred in the fund statements.	1,255
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.	<u>741,277</u>
Change in net position - governmental activities	<u><u>\$ 564,649</u></u>

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, 2013

	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	\$ <u>29,579</u>
LIABILITIES	
Due to student groups	\$ <u>29,579</u>

The accompanying notes are an integral part of this statement.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 the Governmental Accounting Standards Board (GASB) pronouncements.

2. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), which was adopted by the District, as of the fiscal year ended June 30, 2013. In the government-wide financial statements, the District is now required to report five elements on the statement of net position (formerly known as the statement of net assets), assets, deferred outflow of resources, liabilities, deferred inflows of resources, and net position (formerly known as net assets). The types of deferred outflows and inflows of resources to be reported currently consist of service concession arrangements and derivative instruments. As of June 30, 2013, the District has no deferred outflows or deferred inflows of resources.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 general government not accounted for in some other fund.

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.

4. 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) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 permanently abolished and become part of the Educational Account or this Fund 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 Fund 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.

b. Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources (other than those accounted for in the Debt Service or Capital Projects Funds) that are legally restricted to expenditures for specified purposes.

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

Operations and Maintenance Fund - accounts for revenues and expenditures used for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes.

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

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

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

c. Debt Service Fund

The *Debt Service Fund* - is used 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.

e. Fiduciary Fund

The Fiduciary (Agency) Fund accounts 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 - consists of the Student Activity Funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. These 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.

5. 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting as are the fiduciary (agency) fund statements. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers most revenues available if they are collected within 60 days after year-end. Revenues that are paid to the District by the Illinois State Board of Education are considered available if 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 and replacement taxes, interest, and intergovernmental revenue 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.

The District reports unearned revenue on its financial statements. Unearned 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 revenue is removed from the statement of net position and revenue is recognized.

6. Deposits and Investments

Investments are stated at fair value. Due to the nature of the District's investments, fair value equals cost. No amortization is made to interest income for discounted federal securities. Gains and losses on the sale of investments are recorded as interest income at the date of sale or maturity.

7. Personal Property Replacement Taxes

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

8. Capital Assets

Capital assets, which include land, buildings, building improvements, vehicles and equipment, 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 five years. Such assets are recorded at historical cost or estimated fair value at the date of donation.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

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

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 75
Building improvements	35 - 50
Equipment	10 - 15
Vehicles	8

9. Prepaid Items

Prepaid items, which consist of insurance premiums, are recorded at cost and amortized over the term of the underlying agreements. Reported prepaid expenditures are equally offset by fund balance reserves, which indicate that they do not constitute "available spendable resources" even though they are a component of current net position.

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, losses on refunding of bonds and issuance costs, are deferred and amortized over the life of the applicable bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount or loss on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, 2013

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 and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses 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) by 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 they are needed.

13. Accumulated Unpaid Vacation 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.

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 pension 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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Fund Balance (Continued)

- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.

- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. The District does not have any committed fund balances at year-end.

- 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. The District does not have any assigned fund balances at year-end.

- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Governmental fund balances reported on the fund financial statements at June 30, 2013 are as follows:

The nonspendable fund balance in the General Fund consists of \$23,652 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-4.

West Northfield School District 31
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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, including bonds payable, capital leases, 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.” The details of this difference are as follows:

Bonds payable	\$ 1,645,000
Compensated absences	29,758
Other postemployment benefits	39,215
Capital leases	<u>296,620</u>
Net adjustment to reduce fund balances - governmental funds to arrive at net position - governmental activities	<u><u>\$ 2,010,593</u></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 (net of disposals)	\$ 283,743
Depreciation expense (net of disposals)	<u>(459,438)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u><u>\$ (175,695)</u></u>

West Northfield School District 31
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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." The details of this difference are as follows:

Principal payments	
General obligation bonds	\$ 670,000
Capital lease	228,048
Capital lease additions	(137,261)
Other postemployment benefits, net	(39,215)
Compensated absences, net	<u>19,705</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	 <u>\$ 741,277</u>

NOTE C - DEPOSITS AND INVESTMENTS

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

At June 30, 2013, the District's cash and investments consisted of the following:

	Governmental	Fiduciary	Total
Cash and investments	\$ <u>9,888,053</u>	\$ <u>29,579</u>	\$ <u>9,917,632</u>

West Northfield School District 31
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

For disclosure purposes, this amount is segregated into three components: 1) deposits with financial institutions, which include amounts held in demand accounts, savings accounts, and nonnegotiable certificates of deposit; 2) investments in Illinois School District Liquid Asset Fund Money Market Funds; and 3) investments in Illinois Funds, as follows:

	Total
Deposits with financial institutions	\$ 7,349,502
Illinois School District Liquid Asset Fund Plus	2,330,595
The Illinois Funds	237,535
	\$ 9,917,632

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

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.

District cash and investments (other than the student activity, flexible benefit and imprest funds) are part of a common pool for all school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Income from investments is distributed based upon the District's percentage participation in the pool. Cash for all funds is not deemed available for purposes other than those for which these balances are intended.

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

The weighted average of all pooled investments held by the Treasurer was 0.2024 as of June 30, 2013. The Treasurer also holds money market type investments and deposits with financial institutions, including certificates of deposit. As of June 30, 2013, the fair value of the District's investments held by the Treasurer's office was \$9,318,230.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Interest Rate Risk

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

3. Credit Risk

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an unrated, not-for-profit investment trust formed pursuant to the Illinois School Code and managed by a Board of Trustees elected from participating members. It is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments are valued at share price, which is the price for which the investment could be sold.

The Illinois Funds, a state investment pool, was rated AAAM by Standard & Poor's. The State Treasurer is the regulatory oversight agency for the pool and the State Treasurer is audited by the Illinois Auditor General to ensure that all state statutes are being followed. Each member owns a prorated share of each investment or deposit, which is held in the name of the fund. The fair value of the position in the external investment pool is the same as the value of the pool shares.

4. Cash and Investments in the Custody of the District

At June 30, 2013, the carrying value of the District's student activity, imprest and flexible benefit funds was \$66,179, 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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

6. Custodial 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, 2013, the bank balance of the District's deposits with financial institutions totaled \$7,470,307.

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 20, 2012. 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 Cook County Assessor is responsible for the assessment of all taxable property within Cook County except for certain railroad property, which is assessed directly by the state. One-third of the County is reassessed every year by the Assessor.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which the tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 2.8056 for 2012.

The County Clerk adds the equalized assessed valuation of all real property in the District 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 2012 tax levy was \$568,579,540.

Property taxes are collected by the Cook County Treasurer who remits them to the School Treasurer. Taxes levied in one year become due and payable in two installments on March 1 and approximately September 1 during the following year. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. Property taxes are normally collected by the District within 60 days of the respective installment dates. The second installment is based on the current levy, assessment, and equalization, and any changes from the prior year will be reflected in the second installment bill.

West Northfield School District 31
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The portion of the 2012 property tax levy not received by June 30 is recorded as 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 - INTERFUND LOAN

The composition of interfund loan balances as of June 30, 2013 for the District's individual major funds, is as follows:

Loan Receivable	Loan Payable	Amount
Working Cash Account	Educational Account	\$ <u><u>1,000,000</u></u>

The interfund loan exists to cover operational expenditures in the General Fund until the District collects property tax revenue. All amounts are expected to be repaid within one year.

NOTE F - INTERFUND TRANSFER

The District transferred \$1,000,000 to the General Fund from the Operations and Maintenance Fund to cover operational expenditures.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE G - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, not being depreciated				
Land	\$ 81,393	\$ -	\$ -	\$ 81,393
Total capital assets, not being depreciated	<u>81,393</u>	<u>-</u>	<u>-</u>	<u>81,393</u>
Capital assets, being depreciated				
Buildings	15,138,929	-	-	15,138,929
Building improvements	888,907	159,677	80,000	968,584
Equipment	2,923,923	204,066	-	3,127,989
Vehicles	35,501	-	-	35,501
Total capital assets, being depreciated	<u>18,987,260</u>	<u>363,743</u>	<u>80,000</u>	<u>19,271,003</u>
Less accumulated depreciation for:				
Buildings	5,299,488	305,351	-	5,604,839
Building improvements	321,740	26,908	80,000	268,648
Equipment	1,248,048	207,179	-	1,455,227
Vehicles	35,501	-	-	35,501
Total accumulated depreciation	<u>6,904,777</u>	<u>539,438</u>	<u>80,000</u>	<u>7,364,215</u>
Total capital assets, being depreciated, net	<u>12,082,483</u>	<u>(175,695)</u>	<u>-</u>	<u>11,906,788</u>
Governmental activities capital assets, net	<u>\$ 12,163,876</u>	<u>\$ (175,695)</u>	<u>\$ -</u>	<u>\$ 11,988,181</u>

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES

In October 2010, the District issued General Obligation Limited School Bonds Series 2010A, which yielded proceeds of \$2,695,000. This bond matures in five separate installments between 2012 and 2016 and incurs interest between 2.0 and 3.0 percent. All related proceeds are designated to increase the Working Cash Fund of the District. The following is the long-term liability activity for the District for the year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 2,315,000	\$ -	\$ 670,000	\$ 1,645,000	\$ 695,000
Capital leases	378,794	137,261	219,435	296,620	144,879
Other postemployment benefits	-	45,859	6,644	39,215	-
Compensated absences	49,463	29,758	49,463	29,758	29,758
Total long-term liabilities	<u>\$ 2,743,257</u>	<u>\$ 212,878</u>	<u>\$ 945,542</u>	<u>\$ 2,010,593</u>	<u>\$ 869,637</u>

1. General Obligation Bonds

The summary of activity in bonds payable for the year ended June 30, 2013 is as follows:

	<u>Bonds Payable July 1, 2012</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Bonds Payable June 30, 2013</u>
\$2,695,000 GO Limited School Bonds Series 2010A, dated October 20, 2010, due January 1, 2016, interest at 2.00% - 3.00%.	\$ 2,315,000	\$ -	\$ 670,000	\$ 1,645,000

The face amount of the bonds payable at June 30, 2013 is as follows:

<u>Purpose</u>	<u>Carrying Amount</u>	<u>Face Amount</u>
GO Limited School Bonds Series 2010A	\$ <u>1,645,000</u>	\$ <u>2,695,000</u>

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds (Continued)

At June 30, 2013, 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>
2014	\$ 695,000	\$ 35,450	\$ 730,450
2015	605,000	19,425	624,425
2016	<u>345,000</u>	<u>5,175</u>	<u>350,175</u>
	<u>\$ 1,645,000</u>	<u>\$ 60,050</u>	<u>\$ 1,705,050</u>

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$702,635 in the Debt Service Fund to service the outstanding bonds payable. As of June 30, 2013, the District was in compliance with all significant bond covenants.

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, 2013, the statutory debt limit for the District was \$39,231,988 of which \$37,290,368 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 three and four 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.

West Northfield School District 31
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES (Continued)

2. Capital Leases (Continued)

At June 30, 2013, the District's future cash flow requirements for the retirement of leases payable were as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 144,879	\$ 11,266	\$ 156,145
2015	<u>151,741</u>	<u>4,404</u>	<u>156,145</u>
	<u>\$ 296,620</u>	<u>\$ 15,670</u>	<u>\$ 312,290</u>

NOTE I - RETIREMENT FUND COMMITMENTS

1. Teachers' Retirement System of the State of Illinois

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.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action, with the Governor's approval. The state of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2013 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2012 and 2011.

The state of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2013, state of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$1,861,616 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent, \$1,565,756, and 23.10 percent, \$1,558,875, respectively.

The District makes other types of employer contributions directly to TRS.

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$38,742. Contributions for the years ended June 30, 2012 and June 30, 2011, were \$36,697 and \$39,141 respectively.

Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for 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.

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent, respectively, of salaries paid from federal and special trust funds. For the year ended June 30, 2013, salaries totaling \$42,923 were paid from federal and special trust funds that required employer contributions of \$12,040. For the years ended June 30, 2012 and June 30, 2011, required District contributions were \$10,306 and \$21,347, respectively.

Early Retirement Option (ERO)

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

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

Early Retirement Option (ERO) (Continued)

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

For the year ended June 30, 2013, the District paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the District paid \$0, in employer ERO contributions.

Salary Increases Over 6 Percent and Excess Sick Leave

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

For the year ended June 30, 2013, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and June 30, 2011, the District paid \$0, to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during a four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the District paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2012 and June 30, 2011, the District paid \$0 in employer contributions granted for sick leave days.

Further Information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2012. The report for the year ended June 30, 2013 is expected to be available in late 2013.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

Further Information on TRS (Continued)

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

THIS Fund Employer Contributions

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of 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 may participate in the state-administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action, with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan, with the cooperation of TRS. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by 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 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$61,453, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011 were 0.88 percent of pay, respectively. State contributions on behalf of District employees were \$55,678 and \$59,386, respectively.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.69 percent during the years ended June 30, 2013, and 0.66 percent during the year ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the District paid \$46,090 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the District paid \$41,758 and \$44,539 respectively, to the THIS Fund, which was 100 percent of the required contribution.

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 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

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 affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent, multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by state statute, the District's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District annual required contribution rate for calendar year 2012 was 11.46 percent. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

West Northfield School District 31
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost

For fiscal year ending June 30, 2013, the District's actual contributions for pension cost for the regular plan were \$141,350. The required contribution for fiscal year 2013 was \$141,350.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/13	\$ 141,350	100%	\$ -
06/30/12	134,910	100%	-
06/30/11	144,490	100%	-

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial value and market value of assets. The District's regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 70.38 percent funded. The actuarial accrued liability for benefits was \$2,515,849 and the actuarial value of assets was \$1,770,677, resulting in an underfunded actuarial accrued liability (UAAL) of \$745,172. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$1,195,727 and the ratio of the UAAL to the covered payroll was 62 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

3. Social Security/Medicare

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

NOTE J - OTHER POSTEMPLOYMENT BENEFITS

The District currently provides postemployment benefits to three individuals. The agreements terminate when the individuals reach age 65. The amount paid by the District for the year ended June 30, 2013 approximated \$6,600.

NOTE K - 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. 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.

NOTE L - 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 years.

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.

West Northfield School District 31
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE M - 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.

2. Grants

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

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2013, 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 computer equipment. Payments in the amount of \$52,792 will be made annually beginning on July 20, 2013.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

West Northfield School District 31
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
June 30, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
12/31/12	\$ 1,770,677	\$ 2,515,849	70.38 %	\$ 745,172	\$ 1,195,727	62.32 %
12/31/11	1,486,324	2,327,538	63.86	841,214	1,195,789	70.35
12/31/10	1,743,765	2,455,489	71.01	711,724	1,215,387	58.56

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$1,869,168. On a market basis, the funded ratio would be 74.30%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with West Northfield School District 31. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 9,057,633	\$ 9,115,474	\$ 57,841	\$ 8,350,089
Corporate personal property replacement taxes	68,813	76,531	7,718	199,907
Summer school tuition from pupils or parents	1,800	2,100	300	4,700
Interest on investments	18,500	11,042	(7,458)	4,667
Sales to pupils - a la carte	5,000	3,473	(1,527)	6,324
Fees	38,850	48,418	9,568	42,741
Rentals - regular textbook	85,000	82,387	(2,613)	87,441
Contributions and donations from private sources	75,000	125,551	50,551	102,502
Refund of prior years' expenditures	-	290	290	2
Other	<u>7,000</u>	<u>8,115</u>	<u>1,115</u>	<u>11,136</u>
Total local sources	<u>9,357,596</u>	<u>9,473,381</u>	<u>115,785</u>	<u>8,809,509</u>
State sources				
General State Aid	295,579	302,026	6,447	287,899
Special Education - Private Facility Tuition	26,000	19,980	(6,020)	17,590
Special Education - Extraordinary	100,000	115,539	15,539	123,650
Special Education - Personnel	150,000	159,971	9,971	162,958
Special Education - Summer School	2,000	817	(1,183)	1,107
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	63,155	28,126	(35,029)	17,698
Other state sources	<u>-</u>	<u>629</u>	<u>629</u>	<u>636</u>
Total state sources	<u>636,734</u>	<u>627,088</u>	<u>(9,646)</u>	<u>611,538</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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Federal sources				
Special Milk Program	\$ 12,000	\$ 11,809	\$ (191)	\$ 12,731
Title I - Low Income	179,824	84,047	(95,777)	79,944
Fed. - Sp. Ed. - Pre-School Flow Through	5,400	4,804	(596)	-
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	122,500	134,045	11,545	154,155
Fed. - Sp. Ed. - I.D.E.A. - Room and Board	60,000	74,651	14,651	35,406
Other ARRA Funds - XI	-	-	-	24,815
Title III - English Language Acquisition	22,500	5,865	(16,635)	-
Learn & Serve America	-	1,173	1,173	3,300
Title II - Teacher Quality	14,900	9,356	(5,544)	3,313
Medicaid Matching Funds - Fee-For-Service-Program	<u>20,000</u>	<u>23,846</u>	<u>3,846</u>	<u>30,234</u>
Total federal sources	<u>437,124</u>	<u>349,596</u>	<u>(87,528)</u>	<u>343,898</u>
Total revenues	<u>10,431,454</u>	<u>10,450,065</u>	<u>18,611</u>	<u>9,764,945</u>
Expenditures				
Instruction				
Regular programs				
Salaries	4,142,000	4,104,904	37,096	4,083,722
Employee benefits	594,050	560,741	33,309	512,287
Purchased services	4,200	3,763	437	3,183
Supplies and materials	167,860	137,900	29,960	167,169
Capital outlay	-	137,261	(137,261)	-
Other objects	4,700	2,043	2,657	1,732
Non-capitalized equipment	3,000	2,102	898	-
Termination benefits	<u>34,250</u>	<u>34,145</u>	<u>105</u>	<u>24,815</u>
Total	<u>4,950,060</u>	<u>4,982,859</u>	<u>(32,799)</u>	<u>4,792,908</u>
Special education programs				
Salaries	637,000	631,037	5,963	585,163
Employee benefits	147,465	123,591	23,874	120,943
Purchased services	3,600	2,819	781	8,007
Supplies and materials	<u>24,075</u>	<u>6,586</u>	<u>17,489</u>	<u>11,992</u>
Total	<u>812,140</u>	<u>764,033</u>	<u>48,107</u>	<u>726,105</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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
CTE programs				
Purchased services	\$ 8,800	\$ 6,678	\$ 2,122	\$ 5,471
Supplies and materials	12,800	6,881	5,919	10,060
Non-capitalized equipment	500	1,084	(584)	-
Total	<u>22,100</u>	<u>14,643</u>	<u>7,457</u>	<u>15,531</u>
Interscholastic programs				
Salaries	142,250	129,835	12,415	126,860
Employee benefits	1,775	1,498	277	1,375
Purchased services	10,200	5,532	4,668	6,876
Supplies and materials	26,250	13,496	12,754	11,261
Total	<u>180,475</u>	<u>150,361</u>	<u>30,114</u>	<u>146,372</u>
Summer school programs				
Salaries	14,200	8,268	5,932	6,200
Employee benefits	805	77	728	72
Purchased services	300	-	300	-
Supplies and materials	-	-	-	124
Total	<u>15,305</u>	<u>8,345</u>	<u>6,960</u>	<u>6,396</u>
Gifted programs				
Salaries	104,700	104,669	31	100,061
Employee benefits	8,055	8,092	(37)	7,764
Purchased services	500	99	401	124
Supplies and materials	5,900	3,616	2,284	3,898
Total	<u>119,155</u>	<u>116,476</u>	<u>2,679</u>	<u>111,847</u>
Bilingual programs				
Salaries	596,250	541,295	54,955	372,092
Employee benefits	79,763	73,943	5,820	56,408
Supplies and materials	12,175	8,286	3,889	2,920
Total	<u>688,188</u>	<u>623,524</u>	<u>64,664</u>	<u>431,420</u>
Spec. Ed. Programs pre-K - private tuition	<u>143,500</u>	<u>137,118</u>	<u>6,382</u>	<u>84,326</u>
Total instruction	<u>6,930,923</u>	<u>6,797,359</u>	<u>133,564</u>	<u>6,314,905</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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			
	Original and Final Budget	Actual	Variance From Final Budget	2012 Actual
Support services				
Pupils				
Attendance and social work services				
Salaries	\$ 148,700	\$ 148,074	\$ 626	\$ 131,614
Employee benefits	21,654	21,582	72	18,201
Purchased services	-	-	-	7,563
Supplies and materials	800	762	38	476
Total	<u>171,154</u>	<u>170,418</u>	<u>736</u>	<u>157,854</u>
Guidance services				
Purchased services	200	-	200	813
Supplies and materials	750	-	750	202
Total	<u>950</u>	<u>-</u>	<u>950</u>	<u>1,015</u>
Health services				
Salaries	80,500	78,990	1,510	82,384
Employee benefits	18,070	18,048	22	16,998
Purchased services	300	148	152	20
Supplies and materials	1,800	1,993	(193)	2,560
Other objects	450	936	(486)	444
Total	<u>101,120</u>	<u>100,115</u>	<u>1,005</u>	<u>102,406</u>
Psychological services				
Salaries	122,000	121,740	260	115,897
Employee benefits	19,420	19,114	306	17,967
Purchased services	7,500	2,350	5,150	-
Supplies and materials	2,200	1,582	618	268
Total	<u>151,120</u>	<u>144,786</u>	<u>6,334</u>	<u>134,132</u>
Speech pathology and audiology services				
Salaries	160,000	158,382	1,618	171,553
Employee benefits	18,357	14,929	3,428	22,685
Supplies and materials	1,400	1,117	283	1,003
Termination benefits	3,800	4,090	(290)	-
Total	<u>183,557</u>	<u>178,518</u>	<u>5,039</u>	<u>195,241</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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Other support services - pupils				
Salaries	\$ 52,500	\$ 45,168	\$ 7,332	\$ 42,271
Employee benefits	285	201	84	166
Total	<u>52,785</u>	<u>45,369</u>	<u>7,416</u>	<u>42,437</u>
Total pupils	<u>660,686</u>	<u>639,206</u>	<u>21,480</u>	<u>633,085</u>
Instructional staff				
Improvement of instruction services				
Salaries	85,900	38,876	47,024	44,090
Employee benefits	4,087	1,102	2,985	2,014
Purchased services	61,857	57,371	4,486	15,189
Supplies and materials	3,600	1,156	2,444	2,767
Total	<u>155,444</u>	<u>98,505</u>	<u>56,939</u>	<u>64,060</u>
Educational media services				
Salaries	174,239	172,452	1,787	175,789
Employee benefits	29,035	29,899	(864)	23,442
Purchased services	2,050	1,466	584	1,525
Supplies and materials	22,150	22,013	137	20,604
Termination benefits	9,800	9,614	186	-
Total	<u>237,274</u>	<u>235,444</u>	<u>1,830</u>	<u>221,360</u>
Assessment and testing				
Salaries	1,500	-	1,500	-
Purchased services	12,500	11,908	592	17,266
Supplies and materials	2,000	1,356	644	2,221
Total	<u>16,000</u>	<u>13,264</u>	<u>2,736</u>	<u>19,487</u>
Total instructional staff	<u>408,718</u>	<u>347,213</u>	<u>61,505</u>	<u>304,907</u>
General administration				
Board of education services				
Salaries	2,750	2,701	49	2,622
Purchased services	162,500	137,619	24,881	95,717
Supplies and materials	5,000	6,498	(1,498)	1,989
Other objects	12,000	8,471	3,529	8,290
Total	<u>182,250</u>	<u>155,289</u>	<u>26,961</u>	<u>108,618</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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Executive administration services				
Salaries	\$ 289,031	\$ 288,949	\$ 82	\$ 286,870
Employee benefits	61,345	62,477	(1,132)	57,244
Purchased services	7,600	6,476	1,124	6,625
Supplies and materials	2,550	2,859	(309)	1,555
Other objects	5,000	2,805	2,195	5,095
Termination benefits	20,250	20,180	70	8,456
Total	385,776	383,746	2,030	365,845
Special area administrative services				
Salaries	159,100	149,144	9,956	145,244
Employee benefits	45,700	44,086	1,614	41,416
Purchased services	1,500	250	1,250	1,702
Supplies and materials	700	46	654	136
Other objects	750	241	509	367
Total	207,750	193,767	13,983	188,865
Tort immunity services				
Purchased services	120,100	100,724	19,376	104,671
Total	120,100	100,724	19,376	104,671
Total general administration	895,876	833,526	62,350	767,999
School Administration				
Office of the principal services				
Salaries	419,475	415,668	3,807	402,242
Employee benefits	101,650	100,032	1,618	95,451
Purchased services	4,250	1,267	2,983	2,477
Supplies and materials	7,350	9,444	(2,094)	6,923
Other objects	700	220	480	-
Termination benefits	-	554	(554)	17,443
Total	533,425	527,185	6,240	524,536
Total school administration	533,425	527,185	6,240	524,536

(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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Business				
Direction of business support services				
Salaries	\$ 139,350	\$ 138,736	\$ 614	\$ 89,299
Employee benefits	43,865	42,852	1,013	34,031
Purchased services	5,250	1,674	3,576	31,618
Supplies and materials	1,150	498	652	848
Other objects	-	486	(486)	420
Non-capitalized equipment	750	-	750	-
Termination benefits	-	-	-	(115)
Total	190,365	184,246	6,119	156,101
Fiscal services				
Salaries	84,650	84,121	529	81,341
Employee benefits	15,762	15,747	15	14,747
Purchased services	14,750	12,397	2,353	12,753
Supplies and materials	350	20	330	302
Other objects	400	150	250	275
Total	115,912	112,435	3,477	109,418
Food services				
Supplies and materials	16,050	11,983	4,067	29,459
Capital outlay	7,500	-	7,500	-
Total	23,550	11,983	11,567	29,459
Internal services				
Purchased services	68,500	78,340	(9,840)	92,045
Supplies and materials	19,500	18,579	921	16,626
Total	88,000	96,919	(8,919)	108,671
Total business	417,827	405,583	12,244	403,649
Central				
Planning, research, development and evaluation services				
Purchased services	-	-	-	1,000
Total	-	-	-	1,000

(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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			
	Original and Final Budget	Actual	Variance From Final Budget	2012 Actual
Information services				
Salaries	\$ 56,500	\$ 56,495	\$ 5	\$ 54,855
Employee benefits	17,435	17,378	57	17,241
Purchased services	17,000	5,411	11,589	9,310
Supplies and materials	500	104	396	418
Other objects	500	-	500	250
Total	<u>91,935</u>	<u>79,388</u>	<u>12,547</u>	<u>82,074</u>
Staff services				
Salaries	9,200	9,179	21	8,541
Employee benefits	2,259	2,250	9	2,019
Purchased services	1,300	1,432	(132)	842
Other objects	250	-	250	66
Total	<u>13,009</u>	<u>12,861</u>	<u>148</u>	<u>11,468</u>
Data processing services				
Salaries	124,300	122,718	1,582	120,073
Employee benefits	18,000	17,997	3	16,855
Purchased services	86,515	92,683	(6,168)	103,216
Supplies and materials	36,550	23,153	13,397	30,358
Capital outlay	14,000	48,319	(34,319)	75,212
Total	<u>279,365</u>	<u>304,870</u>	<u>(25,505)</u>	<u>345,714</u>
Total central	<u>384,309</u>	<u>397,119</u>	<u>(12,810)</u>	<u>440,256</u>
Total support services	<u>3,300,841</u>	<u>3,149,832</u>	<u>151,009</u>	<u>3,074,432</u>
Community services				
Employee benefits	-	-	-	1
Purchased services	1,255	800	455	215
Supplies and materials	400	-	400	243
Total	<u>1,655</u>	<u>800</u>	<u>855</u>	<u>459</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, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Payments to Other Districts and Gov't Units				
Other objects	\$ 1,016,420	\$ 1,088,515	\$ (72,095)	\$ 966,819
Total payments to other districts and other Gov'ts	<u>1,016,420</u>	<u>1,088,515</u>	<u>(72,095)</u>	<u>966,819</u>
Provision for contingencies	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>11,299,839</u>	<u>11,036,506</u>	<u>263,333</u>	<u>10,356,615</u>
Excess (deficiency) of revenues over expenditures	<u>(868,385)</u>	<u>(586,441)</u>	<u>281,944</u>	<u>(591,670)</u>
Other financing sources (uses)				
Permanent transfer	-	1,000,000	1,000,000	-
Trans to Debt Svc Fund for Principal on Cap Leases	-	-	-	(125,826)
Trans to Debt Svc Fund for Interest on Cap Leases	-	-	-	(22,715)
Capital Lease Proceeds	<u>-</u>	<u>137,261</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,137,261</u>	<u>1,000,000</u>	<u>(148,541)</u>
Net change to fund balance	<u>\$ (868,385)</u>	550,820	<u>\$ 1,281,944</u>	(740,211)
Fund balance, beginning of year		<u>6,697,828</u>		<u>7,438,039</u>
Fund balance, end of year		<u>\$ 7,248,648</u>		<u>\$ 6,697,828</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, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 1,775,059	\$ 1,454,990	\$ (320,069)	\$ 1,563,623
Corporate personal property replacement taxes	-	-	-	89,638
Interest on investments	-	-	-	1,161
Rentals	7,500	4,590	(2,910)	7,958
Other	-	4,770	4,770	16,763
	<u>1,782,559</u>	<u>1,464,350</u>	<u>(318,209)</u>	<u>1,679,143</u>
Total local sources	<u>1,782,559</u>	<u>1,464,350</u>	<u>(318,209)</u>	<u>1,679,143</u>
Total revenues	<u>1,782,559</u>	<u>1,464,350</u>	<u>(318,209)</u>	<u>1,679,143</u>
Expenditures				
Support services				
Business				
Operation and maintenance of plant services				
Salaries	367,000	341,410	25,590	353,176
Employee benefits	96,630	87,128	9,502	83,116
Purchased services	299,650	292,135	7,515	219,534
Supplies and materials	313,250	244,198	69,052	233,254
Capital outlay	32,000	23,980	8,020	9,984
Other objects	25,100	-	25,100	-
Non-capitalized equipment	-	370	(370)	-
	<u>1,133,630</u>	<u>989,221</u>	<u>144,409</u>	<u>899,064</u>
Total business	<u>1,133,630</u>	<u>989,221</u>	<u>144,409</u>	<u>899,064</u>
Total support services	<u>1,133,630</u>	<u>989,221</u>	<u>144,409</u>	<u>899,064</u>
Total expenditures	<u>1,133,630</u>	<u>989,221</u>	<u>144,409</u>	<u>899,064</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, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Excess of revenues over expenditures	\$ 648,929	\$ 475,129	\$ (173,800)	\$ 780,079
Other financing uses				
Permanent transfer	-	(1,000,000)	(1,000,000)	-
Total other financing uses	-	(1,000,000)	(1,000,000)	-
Net change in fund balance	<u>\$ 648,929</u>	(524,871)	<u>\$ (1,173,800)</u>	780,079
Fund balance, beginning of year		<u>1,272,859</u>		<u>492,780</u>
Fund balance, end of year		<u>\$ 747,988</u>		<u>\$ 1,272,859</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, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 146,542	\$ 144,973	\$ (1,569)	\$ 129,241
Corporate personal property replacement taxes	100,000	100,001	1	89,606
Regular transportation fees from pupils or parents	120,000	103,108	(16,892)	120,544
Interest on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>730</u>
Total local sources	<u>366,542</u>	<u>348,082</u>	<u>(18,460)</u>	<u>340,121</u>
State sources				
Transportation - Special Education	<u>92,000</u>	<u>123,803</u>	<u>31,803</u>	<u>92,857</u>
Total state sources	<u>92,000</u>	<u>123,803</u>	<u>31,803</u>	<u>92,857</u>
Total revenues	<u>458,542</u>	<u>471,885</u>	<u>13,343</u>	<u>432,978</u>

(Continued)

West Northfield School District 31
 Transportation Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	\$ 397,000	\$ 364,792	\$ 32,208	\$ 406,402
Total support services	<u>397,000</u>	<u>364,792</u>	<u>32,208</u>	<u>406,402</u>
Total expenditures	<u>397,000</u>	<u>364,792</u>	<u>32,208</u>	<u>406,402</u>
Excess of revenues over expenditures	<u>\$ 61,542</u>	107,093	<u>\$ 45,551</u>	26,576
Fund balance, beginning of year		<u>72,843</u>		<u>46,267</u>
Fund balance, end of year		<u>\$ 179,936</u>		<u>\$ 72,843</u>

(Concluded)

West Northfield School District 31
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 184,769	\$ 123,258	\$ (61,511)	\$ 162,731
Social security/medicare only levy	184,769	203,663	18,894	162,731
Corporate personal property replacement taxes	9,000	9,000	-	9,000
Interest on investments	-	-	-	160
Total local sources	<u>378,538</u>	<u>335,921</u>	<u>(42,617)</u>	<u>334,622</u>
Total revenues	<u>378,538</u>	<u>335,921</u>	<u>(42,617)</u>	<u>334,622</u>
Expenditures				
Instruction				
Regular programs	76,038	68,747	7,291	65,758
Special education programs	38,635	34,498	4,137	34,413
Interscholastic programs	3,875	3,455	420	3,644
Summer school programs	280	111	169	165
Bilingual programs	8,900	10,967	(2,067)	6,958
Total instruction	<u>127,728</u>	<u>117,778</u>	<u>9,950</u>	<u>110,938</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, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Support services				
Pupils				
Attendance and social work services	\$ 3,840	\$ 3,666	\$ 174	\$ 3,445
Health services	15,165	12,261	2,904	11,888
Psychological services	1,775	1,744	31	1,661
Speech pathology and audiology services	2,360	2,161	199	2,288
Other support services -pupils	<u>5,865</u>	<u>3,852</u>	<u>2,013</u>	<u>4,416</u>
Total pupils	<u>29,005</u>	<u>23,684</u>	<u>5,321</u>	<u>23,698</u>
Instructional staff				
Improvement of instruction services	1,225	584	641	658
Educational media services	<u>5,400</u>	<u>4,780</u>	<u>620</u>	<u>4,159</u>
Total instructional staff	<u>6,625</u>	<u>5,364</u>	<u>1,261</u>	<u>4,817</u>
General administration				
Board of education services	590	523	67	502
Executive administration services	17,325	17,092	233	16,374
Special area administrative services	<u>11,675</u>	<u>11,450</u>	<u>225</u>	<u>10,846</u>
Total general administration	<u>29,590</u>	<u>29,065</u>	<u>525</u>	<u>27,722</u>
School administration				
Office of the principal services	<u>32,200</u>	<u>30,477</u>	<u>1,723</u>	<u>28,042</u>
Total school administration	<u>32,200</u>	<u>30,477</u>	<u>1,723</u>	<u>28,042</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, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Business				
Direction of business support services	\$ 6,450	\$ 6,587	\$ (137)	\$ 4,227
Fiscal services	16,455	15,850	605	15,259
Operation and maintenance of plant services	<u>66,525</u>	<u>63,314</u>	<u>3,211</u>	<u>64,499</u>
Total business	<u>89,430</u>	<u>85,751</u>	<u>3,679</u>	<u>83,985</u>
Central				
Information services	11,000	10,938	62	10,506
Staff services	1,575	1,119	456	995
Data processing services	<u>23,840</u>	<u>23,664</u>	<u>176</u>	<u>22,800</u>
Total central	<u>36,415</u>	<u>35,721</u>	<u>694</u>	<u>34,301</u>
Total support services	<u>223,265</u>	<u>210,062</u>	<u>13,203</u>	<u>202,565</u>
Total expenditures	<u>350,993</u>	<u>327,840</u>	<u>23,153</u>	<u>313,503</u>
Excess of revenues over expenditures	<u>\$ 27,545</u>	8,081	<u>\$ (19,464)</u>	21,119
Fund balance, beginning of year		<u>123,396</u>		<u>102,277</u>
Fund balance, end of year		<u>\$ 131,477</u>		<u>\$ 123,396</u>

(Concluded)

West Northfield School District 31
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

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 pension 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 27, 2012.
- g) All budget appropriations lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The following funds had expenditures in excess of budgets at June 30, 2013:

<u>Fund</u>	<u>Variance</u>
Debt Service	\$ 51,636

West Northfield School District 31
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

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	\$ 10,450,065	\$ 11,036,506
To adjust for on-behalf payments received	1,923,069	-
To adjust for on-behalf payments made	<u>-</u>	<u>1,923,069</u>
	<u>\$ 12,373,134</u>	<u>\$ 12,959,575</u>

SUPPLEMENTARY FINANCIAL INFORMATION

West Northfield School District 31

General Fund

COMBINING BALANCE SHEET

June 30, 2013

	<u>Educational</u>	<u>Tort Immunity and Judgment</u>	<u>Working Cash</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 152,115	\$ 34	\$ 7,004,649	\$ 7,156,798
Receivables (net of allowance for uncollectibles):				
Interest	2,427	-	734	3,161
Property taxes	6,366,399	-	-	6,366,399
Replacement taxes	76,531	-	-	76,531
Intergovernmental	159,561	-	-	159,561
Loan to educational fund	-	-	1,000,000	1,000,000
Prepaid items	<u>23,652</u>	<u>-</u>	<u>-</u>	<u>23,652</u>
 Total assets	<u>\$ 6,780,685</u>	<u>\$ 34</u>	<u>\$ 8,005,383</u>	<u>\$ 14,786,102</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 43,740	\$ -	\$ -	\$ 43,740
Other current liabilities	21,722	-	-	21,722
Loan from working cash fund	1,000,000	-	-	1,000,000
Deferred revenue	<u>6,471,992</u>	<u>-</u>	<u>-</u>	<u>6,471,992</u>
 Total liabilities	<u>7,537,454</u>	<u>-</u>	<u>-</u>	<u>7,537,454</u>
Fund balances (deficit):				
Nonspendable	23,652	-	-	23,652
Restricted	-	34	-	34
Unassigned	<u>(780,421)</u>	<u>-</u>	<u>8,005,383</u>	<u>7,224,962</u>
 Total fund balance (deficit)	<u>(756,769)</u>	<u>34</u>	<u>8,005,383</u>	<u>7,248,648</u>
 Total liabilities and fund balance	<u>\$ 6,780,685</u>	<u>\$ 34</u>	<u>\$ 8,005,383</u>	<u>\$ 14,786,102</u>

Note: Due to Working Cash fund and due from Educational Fund are eliminated before balances are carried to the governmental funds balance sheet.

West Northfield School District 31

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) For the Year Ended June 30, 2013

	Educational	Tort Immunity and Judgment	Working Cash	Total
Revenues				
Property taxes	\$ 9,115,474	\$ -	\$ -	\$ 9,115,474
Replacement taxes	76,531	-	-	76,531
State aid	2,550,157	-	-	2,550,157
Federal aid	349,596	-	-	349,596
Interest	11,042	-	-	11,042
Other	270,334	-	-	270,334
Total revenues	<u>12,373,134</u>	<u>-</u>	<u>-</u>	<u>12,373,134</u>
Expenditures				
Current:				
Instruction:				
Regular programs	4,845,598	-	-	4,845,598
Special programs	901,151	-	-	901,151
Other instructional programs	913,349	-	-	913,349
State retirement contributions	1,923,069	-	-	1,923,069
Support services:				
Pupils	639,206	-	-	639,206
Instructional staff	347,213	-	-	347,213
General administration	824,521	9,005	-	833,526
School administration	527,185	-	-	527,185
Business	405,583	-	-	405,583
Central	348,800	-	-	348,800
Community services	800	-	-	800
Nonprogrammed charges	1,088,515	-	-	1,088,515
Capital outlay	185,580	-	-	185,580
Total expenditures	<u>12,950,570</u>	<u>9,005</u>	<u>-</u>	<u>12,959,575</u>
Deficiency of revenues over expenditures	<u>(577,436)</u>	<u>(9,005)</u>	<u>-</u>	<u>(586,441)</u>
Other financing sources				
Transfers in	1,000,000	-	-	1,000,000
Capital lease proceeds	137,261	-	-	137,261
Total other financing sources	<u>1,137,261</u>	<u>-</u>	<u>-</u>	<u>1,137,261</u>
Net change in fund balance	559,825	(9,005)	-	550,820
Fund balance (deficit), beginning of year	<u>(1,316,594)</u>	<u>9,039</u>	<u>8,005,383</u>	<u>6,697,828</u>
Fund balance (deficit), end of year	<u>\$ (756,769)</u>	<u>\$ 34</u>	<u>\$ 8,005,383</u>	<u>\$ 7,248,648</u>

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, 2013

With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			2012 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 561,524	\$ 689,795	\$ 128,271	\$ 1,245,212
Corporate personal property replacement taxes	187,000	211,061	24,061	-
Interest on investments	-	-	-	726
Contributions and donations from private sources	-	28,000	28,000	-
Other	-	-	-	18
Total local sources	<u>748,524</u>	<u>928,856</u>	<u>180,332</u>	<u>1,245,956</u>
Total revenues	<u>748,524</u>	<u>928,856</u>	<u>180,332</u>	<u>1,245,956</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds - interest	50,600	49,100	1,500	61,697
Other interest	-	20,186	(20,186)	22,715
Total debt service - interest	<u>50,600</u>	<u>69,286</u>	<u>(18,686)</u>	<u>84,412</u>
Principal payments on long-term debt	<u>857,000</u>	<u>889,435</u>	<u>(32,435)</u>	<u>770,826</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, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Other debt service				
Purchased services	\$ -	\$ 515	\$ (515)	\$ -
Total	<u>-</u>	<u>515</u>	<u>(515)</u>	<u>-</u>
Total debt service	<u>907,600</u>	<u>959,236</u>	<u>(51,636)</u>	<u>855,238</u>
Total expenditures	<u>907,600</u>	<u>959,236</u>	<u>(51,636)</u>	<u>855,238</u>
Excess (deficiency) of revenues over expenditures	<u>(159,076)</u>	<u>(30,380)</u>	<u>128,696</u>	<u>390,718</u>
Other financing sources				
Transfer to pay for principal on capital leases	-	-	-	125,826
Transfer to pay for interest on capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,715</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,541</u>
Net change in fund balance	<u>\$ (159,076)</u>	<u>(30,380)</u>	<u>\$ 128,696</u>	<u>539,259</u>
Fund balance, beginning of year		<u>733,015</u>		<u>193,756</u>
Fund balance, end of year		<u>\$ 702,635</u>		<u>\$ 733,015</u>

(Concluded)

West Northfield School District 31
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013
 With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Variance From Final Budget	2012 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Interest on investments	10,000	-	(10,000)	613
Impact Fees from Municipal or County Gov'ts	<u>-</u>	<u>47,496</u>	<u>47,496</u>	<u>-</u>
Total local sources	<u>10,000</u>	<u>47,496</u>	<u>37,496</u>	<u>613</u>
State sources				
Other state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total revenues	<u>10,000</u>	<u>47,496</u>	<u>37,496</u>	<u>50,613</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Capital outlay	<u>300,000</u>	<u>160,427</u>	<u>139,573</u>	<u>4,611</u>
Total support services	<u>300,000</u>	<u>160,427</u>	<u>139,573</u>	<u>4,611</u>
Provision for contingencies	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total expenditures	<u>500,000</u>	<u>160,427</u>	<u>339,573</u>	<u>4,611</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (490,000)</u>	(112,931)	<u>\$ 377,069</u>	46,002
Fund balance, beginning of year		<u>1,066,636</u>		<u>1,020,634</u>
Fund balance, end of year		<u>\$ 953,705</u>		<u>\$ 1,066,636</u>

West Northfield School District 31
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets				
Cash and cash equivalents	\$ 65,722	\$ 21,266	\$ 57,409	\$ 29,579
Liabilities				
Due to student groups				
Winkleman				
Misc.	\$ 2,861	\$ 3,574	\$ 3,971	\$ 2,464
Student Council	4,544	340	807	4,077
Pictures	3,640	2,298	3,163	2,775
Interest	11	-	-	11
Total Winkleman	<u>11,056</u>	<u>6,212</u>	<u>7,941</u>	<u>9,327</u>
Field School				
Miscellaneous	1,885	600	-	2,485
Pictures	3,235	498	-	3,733
WCWIO	87	-	-	87
6th Grade	493	4,736	-	5,229
7th Grade	216	-	-	216
8th Grade	772	-	-	772
Student Council	354	1,936	1,478	812
Computer Fair	176	-	-	176
Play	317	1,970	1,509	778
Cheer Fund	1,023	-	319	704
School Bust Ptrn	458	-	-	458
5K Run	2,415	-	2,415	-
Interest	136	42	-	178
Senior Grant	1,000	5,272	2,434	3,838
Gardent Grant	1,091	-	305	786
Total Field School	<u>13,658</u>	<u>15,054</u>	<u>8,460</u>	<u>20,252</u>
District				
Major Donor	<u>41,008</u>	<u>-</u>	<u>41,008</u>	<u>-</u>
Total due to student groups	<u>\$ 65,722</u>	<u>\$ 21,266</u>	<u>\$ 57,409</u>	<u>\$ 29,579</u>

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assessed Valuation	\$ <u>568,579,540</u>	\$ <u>588,042,363</u>	\$ <u>679,485,319</u>	\$ <u>814,495,058</u>	\$ <u>861,796,070</u>
Rates Extended					
Educational	2.0283	1.5065	1.3178	1.0786	1.0181
Operations and Maintenance	0.2638	0.2952	0.2323	0.1762	0.1616
Bond and Interest	0.1362	0.1296	0.1674	0.1877	0.1747
Transportation	0.0317	0.0244	0.0192	0.0145	0.0131
Municipal Retirement	0.0162	0.0307	0.0242	0.0183	0.0170
Social Security	<u>0.0484</u>	<u>0.0307</u>	<u>0.0242</u>	<u>0.0183</u>	<u>0.0170</u>
Total rates extended	<u>2.5246</u>	<u>2.0171</u>	<u>1.7851</u>	<u>1.4936</u>	<u>1.4015</u>
Levies Extended					
Educational	\$ 11,532,400	\$ 8,858,814	\$ 8,954,388	\$ 8,784,881	\$ 8,773,696
Operations and Maintenance	1,500,000	1,736,096	1,578,269	1,434,790	1,392,560
Bond and Interest	774,270	762,090	1,137,505	1,528,800	1,505,700
Transportation	180,000	143,325	130,295	118,450	113,300
Municipal Retirement	92,000	180,714	164,285	149,350	146,260
Social Security	<u>275,000</u>	<u>180,714</u>	<u>164,285</u>	<u>149,350</u>	<u>146,260</u>
Total levies extended	<u>\$ 14,353,670</u>	<u>\$ 11,861,753</u>	<u>\$ 12,129,027</u>	<u>\$ 12,165,621</u>	<u>\$ 12,077,776</u>
Total Collections	<u>\$ 6,286,515</u>	<u>\$ 11,623,393</u>	<u>\$ 11,894,149</u>	<u>\$ 11,974,510</u>	<u>\$ 11,933,160</u>
Percentage of extensions collected	<u>43.80%</u>	<u>97.99%</u>	<u>98.06%</u>	<u>98.43%</u>	<u>98.80%</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, 2013 AND 2012

	2013	2012
Operating costs per pupil		
Average Daily Attendance (ADA):	773.16	809.06
Operating costs:		
Educational	\$ 11,027,501	\$ 10,338,038
Operations and Maintenance	989,221	899,064
Debt Service	959,236	855,238
Transportation	364,792	406,402
Municipal Retirement/Social Security	327,840	313,503
Tort	9,005	18,577
Subtotal	13,677,595	12,830,822
Less Revenues/Expenditures of Nonregular Programs:		
Tuition	137,118	84,326
Debt service - payments of principal on long-term debt	889,435	770,826
Summer school	8,456	6,561
Community Services	800	459
Capital outlay	209,560	85,196
Non-capitalized equipment	3,556	-
Payments to other Districts and Gov't Units	1,088,515	966,819
Subtotal	2,337,440	1,914,187
Operating costs	\$ 11,340,155	\$ 10,916,635
Operating costs per pupil - based on ADA	\$ 14,667	\$ 13,493
Tuition Charge		
Operating costs	\$ 11,340,155	\$ 10,916,635
Less - revenues from specific programs, such as special education or lunch programs	1,035,633	1,025,402
Net operating costs	10,304,522	9,891,233
Depreciation allowance	539,795	527,638
Allowance tuition costs	\$ 10,844,317	\$ 10,418,871
Tuition charge per pupil - based on ADA	\$ 14,026	\$ 12,878