

*Norridge School District No. 80*

**Audited Financial Statements  
And Supplemental Information**

**For the year ended  
June 30, 2014**



**Norridge School District No. 80**  
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June 30, 2014

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## *Independent Auditor's Report*

Board of Education  
Norridge School District No. 80  
Norridge, Illinois

### **Report on the Financial Statements**

We have audited the financial statements of Norridge School District No. 80, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Norridge School District No. 80's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Illinois State Board of Education to demonstrate compliance with the Illinois State Board of Education's regulatory basis of accounting and budget laws. Management is also responsible for 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 opinion.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statements, the financial statements are prepared by Norridge School District No. 80 on the basis of accounting practices prescribed or permitted by the Illinois State Board of Education to demonstrate compliance with the Illinois State Board of Education's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in *the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Norridge School District No. 80 as of June 30, 2014, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each fund of Norridge School District No. 80 as of June 30, 2014, and their respective changes in financial position for the year then ended in accordance with the basis of accounting practices prescribed or permitted by the Illinois State Board of Education as described in Note 1.

### **Other Matters**

#### Required Supplementary Information

Management has omitted required supplementary information, such as management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

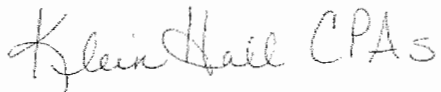
#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Norridge School District No. 80's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2014 on our consideration of Norridge School District No. 80's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Norridge School District No. 80's internal control over financial reporting and compliance.



Klein Hall CPAs  
Aurora, Illinois  
October 16, 2014

**Norridge School District No. 80**  
**BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2014**

<b>ASSETS</b>	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>
<b>Assets:</b>					
Cash and investments	\$ 2,764,950	\$ 749,627	\$ 271,260	\$ 367,444	\$ 14,366
Receivables:					
Property taxes	3,509,773	318,240	57,395	24,988	109,907
Due from other governments	137,126	-	-	-	-
Prepaid items	59,531	-	-	-	-
Land, building and equipment	-	-	-	-	-
Amount available in debt service fund	-	-	-	-	-
Amount to be provided for payment of bonds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 6,471,380</u></b>	<b><u>\$ 1,067,867</u></b>	<b><u>\$ 328,655</u></b>	<b><u>\$ 392,432</u></b>	<b><u>\$ 124,273</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ 480,016	\$ 14,856	\$ -	\$ -	\$ -
Accrued salaries	737,521	-	-	-	10,844
Deferred revenue	3,509,773	318,240	57,395	24,988	109,907
Due to student organizations	-	-	-	-	-
Bonds payable	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>4,727,310</u></b>	<b><u>333,096</u></b>	<b><u>57,395</u></b>	<b><u>24,988</u></b>	<b><u>120,751</u></b>
<b>Fund Balances:</b>					
Investment in general fixed assets	-	-	-	-	-
Reserved	-	-	-	-	1,761
Unreserved	1,744,070	734,771	271,260	367,444	1,761
<b>Total Fund Balances</b>	<b><u>1,744,070</u></b>	<b><u>734,771</u></b>	<b><u>271,260</u></b>	<b><u>367,444</u></b>	<b><u>3,522</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 6,471,380</u></b>	<b><u>\$ 1,067,867</u></b>	<b><u>\$ 328,655</u></b>	<b><u>\$ 392,432</u></b>	<b><u>\$ 124,273</u></b>

See accompanying notes to financial statements



<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Fire Prevention and Safety</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$ 2,501,340	\$ -	\$ 254,753	\$ 43,944	\$ -	\$ -	\$ 6,967,684
12,082	25,321	2,944	-	-	-	4,060,650
-	-	-	-	-	-	137,126
-	-	-	-	-	-	59,531
-	-	-	-	19,812,629	-	19,812,629
-	-	-	-	-	271,260	271,260
-	-	-	-	-	558,740	558,740
<u>\$ 2,513,422</u>	<u>\$ 25,321</u>	<u>\$ 257,697</u>	<u>\$ 43,944</u>	<u>\$ 19,812,629</u>	<u>\$ 830,000</u>	<u>\$ 31,867,620</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494,872
-	-	-	-	-	-	748,365
12,082	25,321	2,944	-	-	-	4,060,650
-	-	-	43,944	-	-	43,944
-	-	-	-	-	830,000	830,000
<u>12,082</u>	<u>25,321</u>	<u>2,944</u>	<u>43,944</u>	<u>-</u>	<u>830,000</u>	<u>6,177,831</u>
-	-	-	-	19,812,629	-	19,812,629
-	-	-	-	-	-	1,761
<u>2,501,340</u>	<u>-</u>	<u>254,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,875,399</u>
<u>2,501,340</u>	<u>-</u>	<u>254,753</u>	<u>-</u>	<u>19,812,629</u>	<u>-</u>	<u>25,689,789</u>
<u>\$ 2,513,422</u>	<u>\$ 25,321</u>	<u>\$ 257,697</u>	<u>\$ 43,944</u>	<u>\$ 19,812,629</u>	<u>\$ 830,000</u>	<u>\$ 31,867,620</u>

**Norridge School District No. 80**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL FUND TYPES EXCEPT AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Educational	Operations and Maintenance	Debt Service
<b>REVENUES</b>			
Local sources	\$ 7,333,807	\$ 826,979	\$ 109,918
State sources	3,216,670	-	-
Federal sources	487,504	-	-
Total Revenues	<u>11,037,981</u>	<u>826,979</u>	<u>109,918</u>
<b>EXPENDITURES</b>			
Current operating:			
Instruction	8,276,284	-	-
Supporting services	2,228,993	1,031,766	-
Community services	652	-	-
Non-programmed charges	1,417,550	-	-
Debt service:			
Principal	-	-	75,000
Interest and other	-	-	30,030
Total Expenditures	<u>11,923,479</u>	<u>1,031,766</u>	<u>105,030</u>
Excess (deficiency) of revenues over expenditures	<u>(885,498)</u>	<u>(204,787)</u>	<u>4,888</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(885,498)	(204,787)	4,888
Fund Balances at beginning of year	<u>2,629,568</u>	<u>939,558</u>	<u>266,372</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$ 1,744,070</u></u>	<u><u>\$ 734,771</u></u>	<u><u>\$ 271,260</u></u>

See accompanying notes to financial statements

Transportation	Municipal Retirement/ Social Security	Working Cash	Tort Immunity	Fire Prevention and Safety	Total (Memorandum Only)
\$ 60,431	\$ 211,438	\$ 27,160	\$ 76,943	\$ 4,334	\$ 8,651,010
-	-	-	-	-	3,216,670
-	-	-	-	-	487,504
60,431	211,438	27,160	76,943	4,334	12,355,184
-	153,571	-	-	-	8,429,855
235,347	109,370	-	105,271	949,397	4,660,144
-	9	-	-	-	661
-	-	-	-	-	1,417,550
-	-	-	-	-	75,000
-	-	-	-	-	30,030
235,347	262,950	-	105,271	949,397	14,613,240
(174,916)	(51,512)	27,160	(28,328)	(945,063)	(2,258,056)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(174,916)	(51,512)	27,160	(28,328)	(945,063)	(2,258,056)
542,360	55,034	2,474,180	28,328	1,199,816	8,135,216
\$ 367,444	\$ 3,522	\$ 2,501,340	\$ -	\$ 254,753	\$ 5,877,160

**Norridge School District No. 80**  
**STATEMENT OF REVENUES**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Educational	Operations and Maintenance	Debt Service	Transportation
<b>REVENUES</b>				
<b>Local sources</b>				
Property taxes	\$ 6,622,347	\$ 730,940	\$ 109,097	\$ 58,085
Corporate personal property replacement taxes	148,194	-	-	-
Tuition	338,458	-	-	-
Earnings on investments	10,635	2,888	821	2,346
Pupil activities	28,914	-	-	-
Food services	85,678	-	-	-
Textbooks	74,397	-	-	-
Rentals	-	93,151	-	-
Other	25,184	-	-	-
Total local sources	<u>7,333,807</u>	<u>826,979</u>	<u>109,918</u>	<u>60,431</u>
<b>State sources</b>				
Unrestricted:				
General state aid	664,058	-	-	-
Restricted:				
Special education	350,392	-	-	-
Bilingual education	28,015	-	-	-
State Free Lunch & Breakfast	2,138	-	-	-
Transportation	169,511	-	-	-
On behalf payments - State of Illinois	2,000,586	-	-	-
Other grants-in-aid	1,970	-	-	-
Total state sources	<u>3,216,670</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Federal sources</b>				
Restricted:				
National school lunch programs	142,046	-	-	-
Title I - Low income	140,332	-	-	-
Special Education - IDEA flow through	104,166	-	-	-
Title II - Teacher quality	20,720	-	-	-
Medicaid	80,240	-	-	-
Total federal sources	<u>487,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 11,037,981</u></u>	<u><u>\$ 826,979</u></u>	<u><u>\$ 109,918</u></u>	<u><u>\$ 60,431</u></u>

See accompanying notes to financial statements

Municipal Retirement/ Social Security	Working Cash	Tort Immunity	Fire Prevention and Safety	Total (Memorandum Only)
\$ 204,556	\$ 24,227	\$ 76,827	\$ 4,068	\$ 7,830,147
6,621	-	-	-	154,815
-	-	-	-	338,458
261	2,933	116	266	20,266
-	-	-	-	28,914
-	-	-	-	85,678
-	-	-	-	74,397
-	-	-	-	93,151
-	-	-	-	25,184
<u>211,438</u>	<u>27,160</u>	<u>76,943</u>	<u>4,334</u>	<u>8,651,010</u>
-	-	-	-	664,058
-	-	-	-	350,392
-	-	-	-	28,015
-	-	-	-	2,138
-	-	-	-	169,511
-	-	-	-	2,000,586
-	-	-	-	1,970
-	-	-	-	<u>3,216,670</u>
-	-	-	-	142,046
-	-	-	-	140,332
-	-	-	-	104,166
-	-	-	-	20,720
-	-	-	-	80,240
-	-	-	-	<u>487,504</u>
<u>\$ 211,438</u>	<u>\$ 27,160</u>	<u>\$ 76,943</u>	<u>\$ 4,334</u>	<u>\$ 12,355,184</u>

**Norridge School District No. 80**  
**STATEMENT OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual
<b>EDUCATIONAL FUND</b>		
Current operating:		
Instruction:		
Regular programs:		
Salaries	\$ 4,326,269	\$ 4,341,858
Employee benefits	116,641	119,714
On behalf payments - State of Illinois	-	2,000,586
Purchased services	47,200	49,925
Supplies and materials	217,900	287,123
Capital outlay	158,000	166,874
Total	4,866,010	6,966,080
Pre-K programs:		
Salaries	83,615	247,214
Employee benefits	1,518	2,481
Supplies and materials	1,000	522
Total	86,133	250,217
Special education programs:		
Salaries	519,825	527,217
Employee benefits	6,317	6,593
Supplies and materials	800	462
Total	526,942	534,272
Remedial programs:		
Salaries	62,405	126,406
Employee benefits	8,047	53,675
Purchased services	45,746	804
Supplies and materials	1,000	87
Total	117,198	180,972
Interscholastic programs:		
Salaries	118,740	137,796
Employee benefits	1,600	1,700
Purchased services	9,650	8,600
Supplies and materials	22,700	12,469
Other objects	4,000	2,853
Total	\$ 156,690	\$ 163,418

See accompanying notes to financial statements

(Continued)

**Norridge School District No. 80**  
**STATEMENT OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual
Summer school programs:		
Salaries	\$ 20,000	\$ 24,133
Employee benefits	200	227
Purchased services	-	-
Supplies and materials	1,000	339
Total	21,200	24,699
Bilingual programs:		
Salaries	144,811	154,202
Employee benefits	2,722	2,424
Supplies and materials	150	-
Total	147,683	156,626
Total instruction	5,921,856	8,276,284
Support services:		
Pupils:		
Attendance & social work services:		
Supplies and materials	200	163
Total	200	163
Guidance services:		
Salaries	111,735	142,044
Employee benefits	2,353	1,861
Supplies and materials	150	-
Total	114,238	143,905
Health services:		
Salaries	68,194	57,049
Purchased services	600	553
Supplies and materials	1,100	1,029
Total	\$ 69,894	\$ 58,631

See accompanying notes to financial statements

(Continued)

**Norrridge School District No. 80**  
**STATEMENT OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual
Speech pathology/audio services:		
Salaries	\$ 49,735	\$ 54,045
Employee benefits	60,332	687
Purchased services	1,572	-
Supplies and materials	200	-
Total	<u>111,839</u>	<u>54,732</u>
Total pupils	<u>296,171</u>	<u>257,431</u>
Instructional staff:		
Improvement of instruction services:		
Salaries	-	12,372
Employee benefits	-	161
Purchased services	22,400	4,588
Supplies and materials	3,000	1,723
Total	<u>25,400</u>	<u>18,844</u>
Educational media services:		
Salaries	22,739	16,458
Employee benefits	-	197
Supplies and materials	2,000	2,319
Total	<u>24,739</u>	<u>18,974</u>
Assessment and testing:		
Purchased Services	15,000	13,408
Supplies and materials	4,000	1,312
Total	<u>19,000</u>	<u>14,720</u>
Total instructional staff	<u>\$ 69,139</u>	<u>\$ 52,538</u>

See accompanying notes to financial statements

(Continued)



**Norridge School District No. 80**  
**STATEMENT OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual
General administration:		
Board of education:		
Salaries	\$ -	\$ 3,600
Employee benefits	783,382	878,473
Purchased services	105,800	109,102
Supplies and materials	10,000	9,011
Capital outlay	2,000	1,500
<b>Total</b>	<b>901,182</b>	<b>1,001,686</b>
Executive administration:		
Salaries	220,284	222,953
Employee benefits	22,339	24,216
Purchased services	5,000	5,534
Supplies and materials	2,600	1,951
Capital Outlay	500	874
Other objects	5,000	4,215
<b>Total</b>	<b>255,723</b>	<b>259,743</b>
<b>Total general administration</b>	<b>1,156,905</b>	<b>1,261,429</b>
School administration:		
Office of the principal:		
Salaries	355,805	346,725
Employee benefits	5,274	4,150
Purchased services	900	559
Supplies and materials	8,250	10,590
Capital outlay	2,000	2,238
Other objects	2,400	2,283
<b>Total</b>	<b>374,629</b>	<b>366,545</b>
<b>Total school administration</b>	<b>374,629</b>	<b>366,545</b>
Business:		
Fiscal services:		
Salaries	54,610	54,610
Employee benefits	325	703
Purchased services	300	312
Supplies and materials	10,000	5,892
Other objects	500	405
<b>Total</b>	<b>\$ 65,735</b>	<b>\$ 61,922</b>

See accompanying notes to financial statements

(Continued)

**Norridge School District No. 80**  
**STATEMENT OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual
Food services:		
Supplies and materials	\$ 205,000	\$ 225,293
Total	205,000	225,293
Internal services:		
Purchased services	2,000	816
Supplies and materials	2,000	1,518
Capital outlay	2,000	-
Total	6,000	2,334
Total business	276,735	289,549
Other supporting services:		
Salaries	9,650	-
Purchased services	107,000	1,501
Total	116,650	1,501
Total support services	2,290,229	2,228,993
Community services:		
Employee Benefits	-	652
Total community services	-	652
Non-programmed charges:		
Payments for special programs:		
Purchased services	1,200,000	1,417,550
Total non-programmed charges	1,200,000	1,417,550
Total educational fund	\$ 9,412,085	\$ 11,923,479

See accompanying notes to financial statements

(Continued)

**Norridge School District No. 80**  
**STATEMENT OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual
<b>OPERATIONS AND MAINTENANCE FUND</b>		
Current operating:		
Support services:		
Operations and maintenance of plant services:		
Salaries	\$ 177,802	\$ 199,092
Employee benefits	975	458
Purchased services	437,200	367,086
Supplies and materials	318,800	413,316
Capital outlay	85,000	51,814
	<u>\$ 1,019,777</u>	<u>\$ 1,031,766</u>
Total operations and maintenance fund		
<b>DEBT SERVICE FUND</b>		
Debt service:		
Principal retirement	\$ 75,000	\$ 75,000
Interest	32,590	29,590
Other objects	3,400	440
	<u>\$ 110,990</u>	<u>\$ 105,030</u>
Total debt service fund		
<b>TRANSPORTATION FUND</b>		
Current operating:		
Support services:		
Pupil transportation services:		
Purchased services	\$ 211,000	\$ 235,347
	<u>211,000</u>	<u>235,347</u>
Total support services		
	<u>\$ 211,000</u>	<u>\$ 235,347</u>
Total transportation fund		

See accompanying notes to financial statements

(Continued)

**Norrridge School District No. 80**  
**STATEMENT OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual
<b>MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND</b>		
Current operating:		
Instruction:		
Regular programs	\$ 77,143	\$ 92,665
Special education programs	38,948	6,794
Special education programs pre-K	-	38,880
Remedial and Supplemental Programs - K-12	2,047	8,501
Interscholastic programs	2,270	2,901
Summer school programs	580	1,592
Bilingual programs	1,843	2,238
Total instruction	122,831	153,571
Support services:		
Pupils:		
Guidance services	1,615	2,060
Health services	11,156	11,517
Speech pathology	-	784
Instructional staff:		
Improvement of instruction services	6	178
Educational media services	3,395	3,320
General administration:		
Executive administration services	11,989	14,243
School administration:		
Office of the principal services	24,673	26,208
Business:		
Fiscal services	8,900	10,978
Operation and maintenance employee benefits	30,611	40,082
Total support services	92,345	109,370
Community Services:		
Employee benefits	-	9
Total municipal retirement/social security fund	\$ 215,176	\$ 262,950

See accompanying notes to financial statements

(Continued)

**Norrridge School District No. 80**  
**STATEMENT OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**ALL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual
<b>TORT IMMUNITY FUND</b>		
Current operating:		
Support services:		
Workers compensation	\$ -	\$ 56,105
Insurance payments	-	49,166
Total support services	-	105,271
Total tort immunity fund	\$ -	\$ 105,271
 <b>FIRE PREVENTION &amp; SAFETY FUND</b>		
Current operating:		
Support services:		
Facilities acquisition & construction services		
Purchased services	\$ -	\$ 781,066
Capital outlay	-	168,331
Total support services	-	949,397
Total fire prevention & safety fund	\$ -	\$ 949,397

See accompanying notes to financial statements

(Concluded)

**Norridge School District No. 80**  
Notes to Financial Statements  
June 30, 2014

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Norridge School District No. 80 (the District) accounting policies conform to the modified accrual basis of accounting as defined by the Illinois State Board of Education Audit Guide. The financial statements are prepared to comply with regulatory provisions prescribed by the Illinois State Board of Education. The provisions are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts.

**a. The Reporting Entity**

The District includes all funds and account groups of its governmental 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 and account groups of the District as there are no other organizations for which it has financial accountability.

**b. Basis of Presentation - Fund Accounting**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Each fund is a separate accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. District resources are allocated to and accounted for in individual funds as required by the State of Illinois based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the financial statements. The following summarizes the fund types and account groups used by the District:

**Governmental Fund Types**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

GASB statement No. 54 refined the definitions of various governmental funds. These updated definitions are incorporated into the following fund descriptions.

The following are the District's governmental funds:

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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**Educational Fund** – The Educational Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Operations and Maintenance Fund** – The Operations and Maintenance Fund is also a general operating fund of the District. It is used to account for cost of maintaining school buildings.

**Debt Service Fund** – The Debt Service Fund accounts of the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

**Transportation Fund** – The Transportation Fund accounts for the costs of transporting pupils to and from school and school activities.

**Municipal Retirement/Social Security** – The Municipal Retirement/Social Security Fund is used to pay the District’s share of municipal retirement benefits for covered employees. The District’s share of social security and Medicare only is also paid from this fund if a separate tax is levied for that purpose.

**Tort Immunity Fund** – The Tort Immunity Fund is used to pay the District’s share of tort immunity costs.

**Fire Preventions and Safety Fund** – The Fire Prevention and Safety is used to account for financial resources to be used for the acquisition or additions related to qualifying fire prevention and safety projects.

### **Fiduciary Fund Types**

Fiduciary Funds (Trust and Agency) are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

**The Expendable Trust Fund** is composed of the Working Cash Fund which accounts for financial resources held by the District to be used for temporary interfund loans to any other fund for which taxes are levied.

**Agency Funds** - The Agency Funds (Activity Funds) include Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature and do not involve measurement of the results of operations. The amounts due to the activity fund organizations and the other trusts are equal to the assets.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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**Governmental and Expendable Trust Funds – Measurement Focus**

The financial statements of all Governmental Funds and Expendable Trust Funds focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

**General Fixed Assets and General Long-Term Debt Account Groups**

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position and not with measurement of results of operations.

**c. Basis of Accounting/Measurement Focus**

The modified accrual basis of accounting is followed by the Governmental and Expendable Trust Funds, which is in conformity with the Illinois Program Accounting Manual for Local Education Agencies and generally accepted accounting principles. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., both measurable and available. Measurable means the amount of the transaction can be determined and available means due and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which is recognized when due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.



**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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Charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measureable until actually received. See Note 2 for the District's property tax accrual policy.

**d. Budgets and Budgetary Accounting**

Budgeted amounts for the Governmental Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), which is the modified accrual basis.

For each fund, total fund expenditures may not legally exceed the budgeted amounts.

The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

1. 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.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayers comments.
3. Prior to September 30, the budget is legally adopted through passage of an ordinance. By the last Tuesday in December each year, a tax levy ordinance is filed with the county clerk to obtain tax revenues.
4. Management is authorized, to transfer budget amounts provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after following the public hearing process mandated by law. There were no supplemental appropriations during the year.
5. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.
6. Budgeted amounts for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Governmental Fund budgets are adopted on the modified accrual basis. The level of budgetary control is established by function and activity within an individual fund.
7. Appropriations lapse at the end of the fiscal year.
8. The budget was adopted by the Board of Education on September 17, 2013.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

The following funds had an excess of expenditures over budget as of June 30, 2014:

	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
Education Fund	\$ 9,412,085	\$ 11,923,479	\$ 2,511,394
Operations and Maintenance Fund	1,019,777	1,031,766	11,989
Transportation Fund	211,000	235,347	24,347
Municipal Retirement/Social Security Fund	215,176	262,950	47,774
Tort Immunity Fund	-	105,271	105,271
Fire Prevention and Safety Fund	-	949,397	949,397

The expenditure variances were absorbed by surpluses in the individual funds and were approved by the Board of Education. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

**e. Encumbrances**

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are reordered in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds. Encumbrances outstanding are cancelled at year end and therefore not recorded as reservations of fund balances, and not re-appropriated in the ensuing year's budget.

**f. Investments**

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization. In accordance with the District cash and investment management policy, the institutions in which investments are made must be approved by the Board of Education.

**g. Personal Property Replacement Taxes**

Personal property replacement tax revenues are first allocated to the extent required by Illinois law to the Municipal Retirement/Social Security Fund. The balance may be allocated at the discretion of the District.

**h. General Fixed Assets**

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Asset Account Group. Contributed fixed assets are recorded as general fixed assets at estimated fair market value at the time received. The estimated useful lives of the buildings, improvements, educational equipment and transportation equipment are 50, 20, 10 and 5 years respectively.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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Depreciation of general fixed assets is not charged to the operations of the District in accordance with reporting standards for governments of this type.

**i. Compensated Absences**

Employees who work a 12 month year are entitled to be compensated for vacation time. Vacations are usually taken within the calendar year as any unused vacation time at fiscal year-end is lost. As a result, accrued but unpaid vacation leave at June 30, 2014 does not exist for the District and has not been reflected as a liability.

All certified employees receive twelve sick days per year, in accordance with the agreement between the Board of Education and the Education Association. Unused sick leave days accumulate to a maximum of 200 days. When a certified employee with 15 or more years of service retires from the District, they receive \$50 per each unused sick day. Upon retirement, a certified employee may apply up to 180 days of unused sick leave toward service credit for TRS. They are reimbursed for any remaining unused sick days at \$50 per day.

Educational support personnel receive twelve sick days per year, which accumulate to a maximum of 200 days. The District does not reimburse employees for unused sick days remaining upon termination of employment. Upon retirement, however, employees with 15 years of service are reimbursed for accumulated sick days at \$50 per day.

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

**j. Total Memorandum Only**

Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

**NOTE 2. PROPERTY TAXES**

The owner of real property on January 1, in any year is liable for taxes of that year and collected the following year. The District filed its tax levy ordinance on December 10, 2013. The District's property tax is levied each year on all taxable real property located in the District.

The Cook County Assessor is responsible for the assessment of all taxable real property within Cook County except for certain railroad property, which is assessed directly by the State. The Assessor reassesses the county every three years.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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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 Clerk 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 a tax rate will be applied (the "Equalized Assessed Valuation").

The County Clerk adds the Equalized Valuation of all real property in the county to the valuation of property assessed directly by the State (to which the Equalization Factor is not applied) to arrive at the base amount (the "Assessment Base") used in calculating the annual tax rates, as described above. The Equalized Valuation in Cook County for the extension of the 2013 tax levy was \$339,187,376.

The County Clerk computes the annual tax rate by dividing the levy into the Assessment Base of the Unit. The clerk then computes the rate for each parcel of real property by aggregating the tax rates of all units having jurisdiction over that particular parcel. He enters that tax in the books, which he prepares for the County Collector along with the Assessed Valuation and Equalized Valuation described in the preceding paragraphs. These books are the Collector's authority for the collection of taxes and are used by the Collector as the basis for issuing tax bills to all taxpayers in the county.

Property taxes are collected by the Cook County Collector/Treasurer who remits to the School Treasurer. Taxes levied in one year become due and payable in two installments on approximately March 1 and approximately September 1 during the following year. The first installment is an estimated bill, and is 55% of the prior year's tax bill. 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.

The portion of the 2013 property tax levy not received by June 30 is recorded as a receivable. The net receivable collected within the current year is recognized as revenue. Net taxes receivable is reflected as deferred revenue.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100.00 of assessed valuation:

	<u>Limit</u>	<u>2013 Levy</u>	<u>2012 Levy</u>
Educational	3.5000	2.0571	1.6081
Tort Immunity	No Limit	0.0151	0.0269
Special Education	.4000	0.0223	0.0181
Operations and Maintenance	.5500	0.1883	0.2168
Working Cash	.0500	0.0073	0.0061
Transportation	No Limit	0.0145	0.0179
Municipal Retirement/Social Security	No Limit	0.0648	0.0500
Fire Prevention/Safety	.1000	0.0019	0.0003
Debt Service	No Limit	0.0337	0.0276
		<u>2.4050</u>	<u>1.9718</u>

**NOTE 3. SPECIAL TAX LEVIES AND RESTRICTED EQUITY**

**a. Tort Immunity**

Revenues and the related expenditures of this restricted tax levy are accounted for in the Tort Immunity Fund. Cumulative expenditures exceeded cumulative revenues resulting in no fund balance at June 30, 2014. Tort Immunity expenditures consisted of insurance premiums of \$105,271.

**b. Special Education**

Revenues received and the related expenditures disbursed of this restricted tax levy are accounted for in the Educational Fund. Cumulative expenditures exceeded cumulative revenues therefore there is no restriction of these funds in accordance with the Illinois Compiled Statutes.

**NOTE 4. CASH AND INVESTMENTS**

**Custodial Credit Risk – Deposits**

At June 30, 2014 the carrying amount of the District's deposits, which include both cash and certificate of deposits totaled \$2,681,986 and the bank balances totaled \$2,689,069. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2014 these balances were entirely collateralized or insured.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

**Investments**

As of June 30, 2014, the District has the following investments and maturities:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Maturities (in years) Less than 1</i>	<i>Percent of Portfolio</i>	<i>Applicable Agency Rating</i>
<b>Other Investments:</b>				
Illinois School	\$ 4,285,698	\$ 4,285,698	100%	AAA
<b>Total Investments</b>	<b>\$ 4,285,698</b>	<b>\$ 4,285,698</b>	<b>100%</b>	

*Credit Risk.* The District's investments are rated, as shown above, by the applicable rating agency.

*Foreign Credit Risk.* The District held no foreign investments during the fiscal year.

*Concentration of Credit Risk.* The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are concentrated in specific individual investments. The above table indicates the percentage of each investment to the total investments of the District.

The Illinois School District Liquid Asset Fund is an investment pool. The value of the position in this SEC registered investment pool is the same as the value of the pool shares.

**NOTE 5. RETIREMENT FUND COMMITMENTS**

**Illinois Teachers' Retirement System**

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 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 licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 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, 2013 and 2012.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees. The District's total payroll reported to TRS for the year ended June 30, 2014 was \$5,652,856.

**On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds and the District recognized revenue and expenditures of \$1,945,753 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013, and June 30, 2012, the contribution rates were 28.05 percent (\$1,443,245) and 24.91 percent (\$1,199,277) 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, 2014 were \$32,787. Contributions for the years ending June 30, 2013, and June 30, 2012, were \$30,666 and \$28,740, 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 has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2013 and 2012 the employer contribution was 28.05 and 24.91, respectively. For the year ended June 30, 2014, salaries totaling \$157,932 were paid from federal and special trust funds that required employer contributions of \$55,924. For the years ended June 30, 2013 and June 30, 2012, required district contributions were \$39,812 and \$35,064, 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.

The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the district made no payments TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and June 30, 2012, the district paid \$0 and \$207,423 in employee ERO contributions, respectively.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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**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, 2014, the District paid \$83 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2013 and 2012, the District paid \$0 and \$840, respectively.

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 the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the District made no payments to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2013 and 2012, the District paid \$0 and \$6,969, respectively.

**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, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014. 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>.

**Teacher Health Insurance Security (THIS)**

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval.



**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state to make a contribution to 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 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 THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$54,833 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, 2013 and 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of district employees were \$48,642, and \$43,606, respectively.

**Employer contributions to THIS Fund.** The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013, and June 30, 2012, respectively. For the year ended June 30, 2014, the District paid \$40,701 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the District paid \$36,418 and \$32,704, respectively, which was 100 percent of the required contribution.

**Further Information on THIS Fund.** The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

### **Illinois Municipal Retirement Fund**

*Plan Description.* The District’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District 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](http://www.imrf.org).

*Funding Policy.* As set by statute, the District’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

The District contribution rate for calendar year 2013 used by the employer was 11.99 percent of annual covered payroll. The District annual required contribution rate for calendar year 2013 was 13.35 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 statute.

*Annual Pension Cost.* For calendar year ending December 31, 2013, the District's actual contributions for pension cost for the Regular were \$106,699. Its required contribution for calendar year 2013 was \$118,802.

**Three-Year Trend Information for the Regular Plan**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/2013	\$ 118,802	90%	\$ 64,884
12/31/2012	103,166	85%	52,781
12/31/2011	93,875	83%	37,683

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the District 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% corridor between the actuarial and market value of assets. The District Regular plan's unfunded actuarial accrued liability at December 31, 2011 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, 2013, the most recent actuarial valuation date, the Regular plan was 79.11 percent funded. The actuarial accrued liability for benefits was \$2,932,813 and the actuarial value of assets was \$2,320,213, resulting in an underfunded actuarial accrued liability (UAAL) of \$612,600. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$889,904 and the ratio of the UAAL to the covered payroll was 69 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

**NOTE 6. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance		Balance	
	June 30, 2013	Additions	Retirements	June 30, 2014
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Building	17,156,051	-	-	17,156,051
Land Improvements	289,430	-	-	289,430
Equipment	2,317,148	-	-	2,317,148
	<b><u>\$19,812,629</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$19,812,629</u></b>

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not included in the General Fixed Assets Account Group.

**NOTE 7. LONG-TERM DEBT**

During the year ended June 30, 2014, the following changes occurred in liabilities that were reported in the General Long-Term Debt Account Group:

	Balance		Balance		Amount
	July 1, 2013	Increases	Decreases	June 30, 2014	Due in one year
General Obligation Bonds, Series 2010	\$ 905,000	\$ -	\$ 75,000	\$ 830,000	\$ 80,000
<b>Total</b>	<b><u>\$ 905,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 75,000</u></b>	<b><u>\$ 830,000</u></b>	<b><u>\$ 80,000</u></b>

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

The annual debt services requirements are as follows:

<i>Fiscal Year Ending</i>			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 80,000	\$ 27,840	\$ 107,840
2016	80,000	25,740	105,740
2017	85,000	23,259	108,259
2018	85,000	20,390	105,390
2019	90,000	17,327	107,327
2020	90,000	14,110	104,110
2021	95,000	10,734	105,734
2022	100,000	7,000	107,000
2023	100,000	3,000	103,000
2024	25,000	500	25,500
<b>Total</b>	<b>\$ 830,000</b>	<b>\$ 149,900</b>	<b>\$ 979,900</b>

The 2010 Series Bonds are general obligation bonds issued in the amount of \$1,055,000 on March 10, 2010. The bonds were issued for working cash requirements. These bonds are payable in varying amounts through December 1, 2023 with interest rates varying from 2.00% to 4.00%.

The District is subject to the Illinois Compiled Statutes which limits the amount of bond indebtedness, including the certificate of participation, to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2014, the statutory debt limit for the District was \$23,403,929 providing a debt margin of \$22,845,189 after taking into account amounts available in the Debt Service Fund.

**NOTE 8. FUND BALANCE REPORTING**

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the district all such items are expensed at the time of purchase, so there is nothing to report for this classification.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

1. Special Education

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures exceeded revenue for this purpose, resulting in no restricted fund balance.

2. State and Federal Grants

Proceeds from state and federal grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2014, expenditures exceeded revenue from state grants, resulting in no restricted balances.

3. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenues exceeded expenditures for this purpose, resulting in a restricted fund balance of \$1,761. This balance is included in the financial statements as reserved in the Municipal Retirement/Social Security Fund.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used

for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

No committed balances existed as of June 30, 2014.

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

D. Assigned Fund Balance

The assigned fund balance classification refers to the amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

No assigned balances existed as of June 30, 2014.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations and Maintenance, and Working Cash Funds.

F. Reconciliation of Fund Balance Reporting

Fund	Generally Accepted Accounting Principles					Regulatory Basis	
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Statements Reserved	Statements Unreserved
Educational	\$ 59,531	\$ -	\$ -	\$ -	\$2,684,539	\$ -	\$2,744,070
Operations & Maintenance	-	-	-	-	(265,229)	-	(265,229)
Debt Service	-	271,260	-	-	-	-	271,260
Transportation	-	367,444	-	-	-	-	367,444
Retirement	-	3,522	-	-	-	1,761	1,761
Working Cash	-	-	-	-	2,501,340	-	2,501,340
Tort Immunity	-	-	-	-	-	-	-
Fire Prevention & Safety	-	254,753	-	-	-	-	254,753
	<u>\$ 59,531</u>	<u>\$ 896,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,920,650</u>	<u>\$ 1,761</u>	<u>\$5,875,399</u>

G. Expenditures of Fund Balance

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

**Norridge School District No. 80**  
Notes to Financial Statements (Continued)  
June 30, 2014

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**NOTE 9. COMMON BANK ACCOUNT**

Separate bank accounts are not maintained for all District funds. Certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributed to each participating fund.

Occasionally certain accounts of the funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures, which have been approved by the School Board, in excess of available funds. Such overdrafts constitute unauthorized interfund loans since these loans were not authorized by the School Board.

**NOTE 10. RISK MANAGEMENT**

The District has purchased insurance from a risk pools and private insurance companies. Risks covered include general liability, workers compensation medical and other. Premiums have been displayed as expenditures in appropriate funds. No material decreases in insurance coverage have occurred nor have any insurance claims in excess of insurance coverage been paid or reported during the last three years.

**NOTE 11. SCHOOL EMPLOYEES LOSS FUND (SELF)**

The District is a member of SELF, which has been formed to reduce local school districts' workers' compensation costs. SELF is controlled by a Board of Directors which is composed of representatives designed by each school district. The day-to-day operations of SELF are managed through and Executive Board elected by the Board of Directors. Each member district has a financial responsibility for annual membership contributions, which are calculated to provide for administrative expenses, specific and aggregate excess insurance coverage, and the funding of a portion of anticipated losses and loss adjustment expenses which will be borne directly by the membership. The losses and loss adjustment expenses to be borne by the membership are those which must be incurred prior to the attachment of excess insurance coverage. Complete financial statements for SELF can be obtained from their accountant at Two Pierce Place, Itasca, IL 60143.

**Norridge School District No. 80**  
Notes to Financial Statements (Concluded)  
June 30, 2014

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**NOTE 12. COLLECTIVE LIABILITY INSURANCE COOPERATIVE (CLIC)**

The District is a member of CLIC, which has been formed to provide casualty, workman's compensation, property and liability protections and to administer some or all insurance coverage and protection other than health, life and accident coverage procured by the member districts. It is intended, by the creation of CLIC to allow a member District to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual Districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property and liability protections. If, during any fiscal year, the funds on hand in the account of CLIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to CLIC. Complete financial statements for CLIC can be obtained from its administrator, 1441 Lake Street, Libertyville, IL 60048.

**NOTE 13. EDUCATIONAL BENEFIT COOPERATIVE (EBC)**

The District is a member of EBC, which has been formed to allow member Districts to pool their resources to purchase medical, dental and stop loss coverage. A Board of Directors consisting of one delegate from each member district directs the EBC. The operations of the cooperative are governed by bylaws administered by the Board of Directors. Complete financial statements can be obtained from its administrator at Two Pierce Place, Itasca, IL 60143.

**NOTE 14. CONTINGENCIES**

Revenues received from federal and state governments in the current and prior years are subject to audits by the granting agencies. The Board believes that adjustments which may arise from these audits, if any will not be significant.



**Norridge School District No. 80**  
Schedule of Funding Progress (unaudited)  
Illinois Municipal Retirement Fund  
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2013	\$ 2,320,213	\$ 2,932,813	\$ 612,600	79.11%	\$ 889,904	68.84%
12/31/2012	1,962,703	2,631,565	668,862	74.58%	807,874	82.79%
12/31/2011	1,780,060	2,482,682	702,622	71.70%	787,544	89.22%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$2,700,482.  
On a market basis, the funded ratio would be 92.08%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Norridge School District No. 80. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**Norridge School District No. 80**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS - ACTIVITY FUNDS**  
**YEAR ENDED JUNE 30, 2014**

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	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<b>Assets:</b>				
Cash	\$ 38,109	\$ 17,737	\$ 11,902	\$ 43,944
<b>Liabilities:</b>				
Due to organizations	\$ 38,109	\$ 17,737	\$ 11,902	\$ 43,944

**Norridge School District No. 80**  
**SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE**  
**JUNE 30, 2014**

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March 10, 2010  
 \$1,055,000  
 Interest Varying  
 From 2.00%-4.00%

Due Year Ended June 30	Principal	Interest	Total
2015	\$ 80,000	\$ 27,840	\$ 107,840
2016	80,000	25,740	105,740
2017	85,000	23,259	108,259
2018	85,000	20,390	105,390
2019	90,000	17,327	107,327
2020	90,000	14,110	104,110
2021	95,000	10,734	105,734
2022	100,000	7,000	107,000
2023	100,000	3,000	103,000
2024	25,000	500	25,500
Totals	<u>\$ 830,000</u>	<u>\$ 149,900</u>	<u>\$ 979,900</u>

**Norridge School District No. 80**  
**OPERATING EXPENDITURES PER PUPIL**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
<u>Expenditures</u>		
Educational fund	\$ 9,922,893	\$ 9,021,197
Operations and maintenance fund	1,031,766	977,160
Debt service fund	105,030	106,530
Transportation fund	235,347	232,271
Municipal retirement/social security fund	262,950	245,268
Tort Immunity fund	105,271	106,960
Total Expenditures	<u>11,663,257</u>	<u>10,689,386</u>
<u>Less revenues/expenditures not applicable to operating expense of regular programs</u>		
Tuition	1,417,550	1,333,189
Pre-K programs	289,097	84,669
Community services	661	-
Summer school	26,291	30,945
Capital outlay	223,300	131,768
Bond principal retired	75,000	75,000
Subtotal	<u>2,031,899</u>	<u>1,655,571</u>
Operating Expenditures	<u>\$ 9,631,358</u>	<u>\$ 9,033,815</u>
Average daily attendance	<u>998.65</u>	<u>962.19</u>
Operating expenditures per student	<u>\$ 9,644</u>	<u>\$ 9,389</u>

Source: ISBE Form 50-35 Annual Financial Report

**Norridge School District No. 80**  
**SCHEDULE OF ASSESSED VALUATIONS, TAX RATES AND EXTENSIONS**  
**TAX LEVY YEARS 2013, 2012, and 2011**

	TAX LEVY YEAR		
	2013	2012	2011
ASSESSED VALUATION	\$ 339,187,376	\$ 401,117,715	\$ 434,838,738
TAX RATES:			
Educational	2.0571	1.6081	1.3931
Liability insurance	0.0151	0.0269	0.0246
Special education	0.0223	0.0181	0.0165
Operations and maintenance	0.1883	0.2168	0.2031
Debt service	0.0337	0.0276	0.0258
Transportation	0.0145	0.0179	0.0161
Municipal retirement	0.0324	0.0250	0.0228
Social security	0.0324	0.0250	0.0228
Working cash	0.0073	0.0061	0.0401
Fire prevention and safety	0.0019	0.0003	0.0002
TOTAL	2.4050	1.9718	1.7651
TAX EXTENSIONS:			
Educational	\$ 6,977,423	\$ 6,450,373	\$ 6,057,738
Liability insurance	51,217	107,900	106,970
Special education	75,638	72,602	71,748
Operations and maintenance	638,689	869,623	883,157
Debt service	114,282	110,607	112,182
Transportation	49,182	71,800	70,009
Municipal retirement	109,896	100,279	99,143
Social security	109,896	100,279	99,143
Working cash	24,760	24,468	174,370
Fire prevention and safety	6,444	1,203	869
TOTAL	\$ 8,157,427	\$ 7,909,134	\$ 7,675,329

Source: Agency Tax Rate Reports from the Cook County Clerk's Office