

**SUNSET RIDGE SCHOOL  
DISTRICT NO. 29**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2006  
AND  
INDEPENDENT AUDITOR'S REPORT**

# SUNSET RIDGE SCHOOL DISTRICT NO. 29

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# SUNSET RIDGE SCHOOL DISTRICT NO. 29

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Sunset Ridge School District No. 29  
525 Sunset Ridge Road  
Northfield, Illinois 60093

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sunset Ridge School District No. 29, as of and for the year ended June 30, 2006, which collectively comprise Sunset Ridge School District No. 29's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sunset Ridge School District No. 29's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information included in the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances has been derived from Sunset Ridge School District No. 29's 2005 financial statements and, in our report dated August 19, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Sunset Ridge School District No. 29 as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, the historical pension information and the general and major special revenue funds budgetary comparison schedules, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Education  
Sunset Ridge School District No. 29

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sunset Ridge School District No. 29's basic financial statements. The financial information listed as supplementary schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 2006 supplementary schedules have been subjected to the auditing procedures applied to the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, Sunset Ridge School District No. 29's basic financial statements for the year ended June 30, 2005, which are not presented with the accompanying financial statements. In our report dated August 19, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2005 financial information included in the supplementary schedules is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2005, taken as a whole.

Oak Brook, Illinois  
September 07, 2006

# Sunset Ridge School District No. 29

## Management's Discussion and Analysis

### For the Year Ended June 30, 2006

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The discussion and analysis of Sunset Ridge School District No. 29's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2006. 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. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

#### Financial Highlights

- In total, net assets increased by \$1,680 as a result of operations in fiscal year 2006. This represents an 18% increase over the prior year.
- General revenues from primarily taxes and state aid accounted for \$10,127 of the District's total revenue of \$10,865. Program revenues in the form of charges for services and grants were \$738 or 7%.
- The District had \$9,185 in expenses related to government activities. However, only \$738 of these expenses were offset by program specific charges and grants. The remainder was borne by general revenues, primarily local taxes.
- The District continued to pay down its long-term debt by retiring \$360 in fiscal 2006.

#### Overview of the Financial Statements

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

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

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

##### *Government-wide financial statements*

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

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

The statement of activities presents information showing how the government's net assets changed during the fiscal year being reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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.

# Sunset Ridge School District No. 29

## Management's Discussion and Analysis

### For the Year Ended June 30, 2006

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

#### *Fund financial statements*

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the Educational Fund, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Working Cash Fund, Bond and Interest Fund, and Fire Prevention and Safety Fund, all of which are considered to be major funds.

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

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

#### *Notes to 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 non-certified employees.

# Sunset Ridge School District No. 29

## Management's Discussion and Analysis

### For the Year Ended June 30, 2006

#### District-Wide Financial Analysis

The District's combined net assets were higher on June 30, 2006, than they were the year before, increasing 18% to \$11,147 as a result of operations.

The good health of the District's finances is attributable to an expanding real estate tax base, stable enrollment and control of expenses by the administration and Board of Education.

<i>Table 1</i>		
<i>Condensed Statements of Net Assets</i>		
<i>(in thousands of dollars)</i>		
	<u>2005</u>	<u>2006</u>
<b>Assets:</b>		
Current and other assets	\$ 12,118	\$ 13,409
Capital Assets	<u>6,924</u>	<u>6,757</u>
Total assets	<u>19,042</u>	<u>20,166</u>
<b>Liabilities:</b>		
Current liabilities	5,690	5,312
Long-term debt outstanding	<u>3,885</u>	<u>3,707</u>
Total liabilities	<u>9,575</u>	<u>9,019</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	4,001	4,101
Restricted	645	642
Unrestricted	<u>4,821</u>	<u>6,404</u>
Total net assets	<u>\$ 9,467</u>	<u>\$ 11,147</u>



**Sunset Ridge School District No. 29**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

<i>Table 2</i>		
<i>Changes in Net Assets</i>		
<i>(in thousands of dollars)</i>		
	<u>2005</u>	<u>2006</u>
<b>Revenues:</b>		
<i>Program revenues:</i>		
Charges for services	\$ 13	\$ 16
Operating grants & contributions	865	722
<i>General revenues:</i>		
Taxes	9,129	9,615
General state aid	125	123
Other	107	389
Total revenues	<u>10,239</u>	<u>10,865</u>
<b>Expenses:</b>		
Instruction	6,250	6,135
Pupil & instructional staff services	253	240
Administration & business	1,201	1,225
Transportation	113	127
Operations & maintenance	1,576	1,251
Other	197	207
Total expenses	<u>9,590</u>	<u>9,185</u>
Excess (deficiency) of revenues over expenses before special items	<u>649</u>	<u>1,680</u>
<b>Increase (decrease) in net assets</b>	<u>\$ 649</u>	<u>\$ 1,680</u>

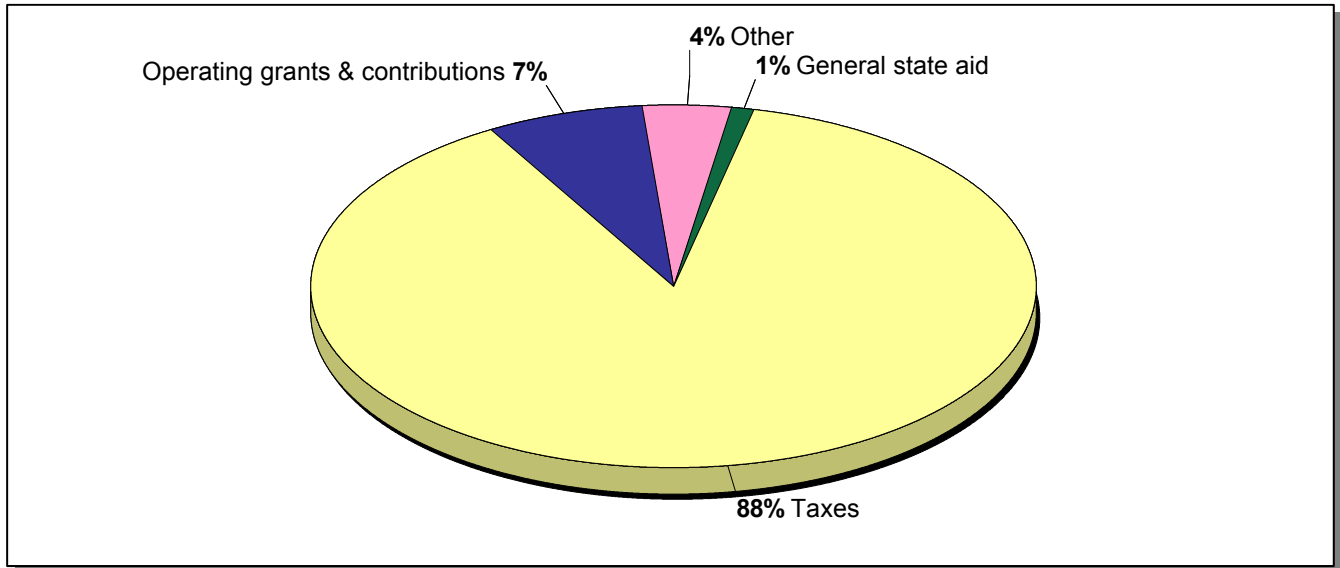
Property taxes accounted for the largest portion of the District's revenues, contributing 88 cents of every dollar raised. The remainder of the District's revenue came from state and federal grants and other sources.

The total cost of all the District's programs was \$9,185. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (71%). Revenues in the governmental activities of the District of \$10,865 exceeded expenditures by \$1,680.

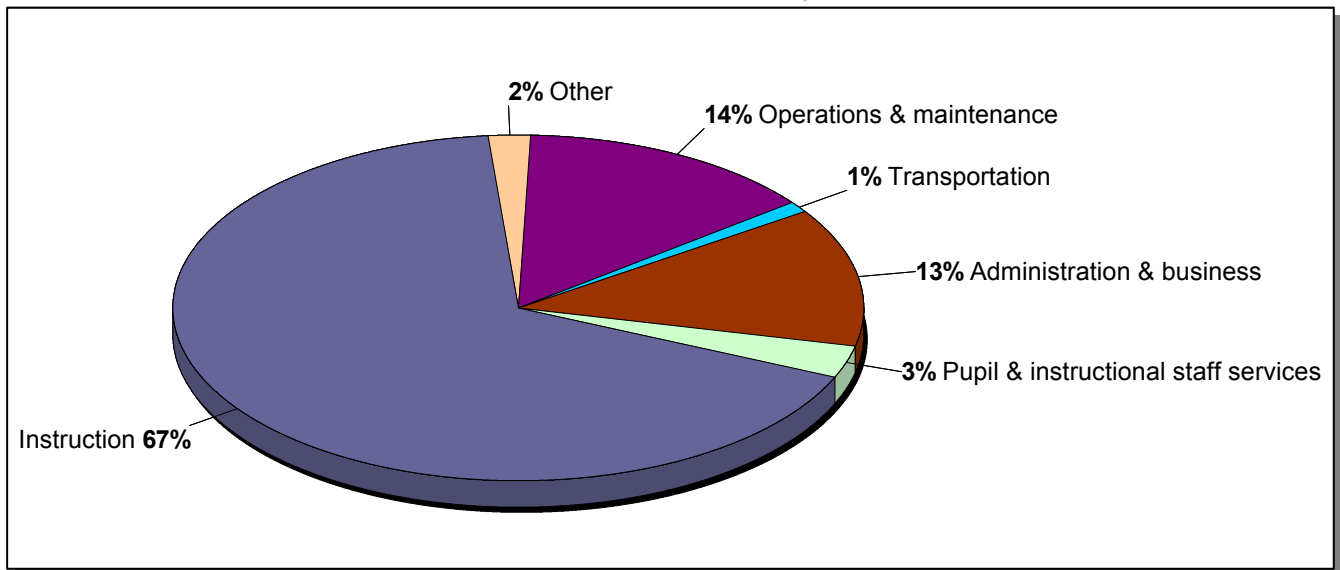
**Sunset Ridge School District No. 29**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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**District-Wide Revenues by Source**



**District-Wide Expenses by Function**



**Financial Analysis of the District's Funds**

The District's Governmental Funds balance increased from \$6,427 to \$8,016.

All the District's governmental funds had more revenues than expenditures in 2006.

# Sunset Ridge School District No. 29

## Management's Discussion and Analysis

### For the Year Ended June 30, 2006

#### General Fund Budgetary Highlights

Over the course of the year, the District did not revise the annual operating budget.

The District's final budget for the General Fund anticipated that revenues would not exceed expenditures. The actual results for the year show a surplus of \$1,005. New property increases in the District Equalized Valuation (EAV), higher interest earnings and a refund of the ELF Insurance Cooperative deposit all contributed to create this excess of revenue over expenditures.

#### Capital Assets and Debt Administration

##### Capital assets

By the end of 2006, the District had compiled a total investment of \$13,135 (\$6,758 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$482. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

<b>Table 3</b>		
<b>Capital Assets (net of depreciation)</b>		
<b>(in thousands of dollars)</b>		
	<u>2005</u>	<u>2006</u>
Land	\$ 77	\$ 77
Building improvements	238	375
Buildings	6,060	5,747
Equipment	549	559
Total	<u>\$ 6,924</u>	<u>\$ 6,758</u>

##### Long-term debt

At year end, the District retired \$360 in general obligation bonds and recognized \$207 of accretion on capital appreciation bonds in 2006. The District also retired \$25 of its NCCI loan in 2006.

The District has no plans to issue new debt in the near future.

<b>Table 4</b>		
<b>Outstanding Long-Term Debt</b>		
<b>(in thousands of dollars)</b>		
	<u>2005</u>	<u>2006</u>
General obligation bonds	\$ 3,560	\$ 3,407
Other	325	300
Total	<u>\$ 3,885</u>	<u>\$ 3,707</u>

#### Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was unaware of any existing circumstances that will significantly affect financial operations in the future. There is little undeveloped land remaining within the District 29 boundaries. Modest increases in the 2006 EAV are anticipated from commercial and residential expansions. Student enrollment is stable.

# **Sunset Ridge School District No. 29**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2006**

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The District's teaching staff completed the second year of a five-year contract in June 2006. The contract includes annual salary increases and provides for teachers to bear an increased share of medical insurance costs over the term of the agreement.

#### **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 Business Office:

Sunset Ridge School District No. 29  
525 Sunset Ridge Road  
Northfield, Illinois 60093

# SUNSET RIDGE SCHOOL DISTRICT NO. 29

## STATEMENT OF NET ASSETS

JUNE 30, 2006

### GOVERNMENTAL ACTIVITIES

#### Assets

Cash and investments	\$ 7,957,160
Receivables (net of allowance for uncollectibles):	
Interest	117,372
Property taxes	5,232,446
Replacement taxes	19,996
Intergovernmental	63,659
Prepaid items	17,513
Capital assets:	
Land	76,885
Depreciable buildings, property and equipment, net	<u>6,680,815</u>
Total assets	<u>20,165,846</u>

#### Liabilities

Accounts payable	142,328
Salaries and wages payable	4,511
Payroll deductions payable	22,418
Deferred revenue	5,142,586
Long-term liabilities:	
Other long-term liabilities - due within one year	385,000
Other long-term liabilities - due after one year	<u>3,321,787</u>
Total liabilities	<u>9,018,630</u>

#### Net assets

Invested in capital assets, net of related debt	4,101,566
Restricted for:	
Retirement benefits	245,171
Debt service	282,266
Capital projects	114,511
Unrestricted	<u>6,403,702</u>
Total net assets	<u>\$ 11,147,216</u>

See Notes to Basic Financial Statements

## SUNSET RIDGE SCHOOL DISTRICT NO. 29

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>Governmental activities</b>				
Instruction:				
Regular programs	\$ 4,157,074	\$ 15,583	\$ 13,423	\$ (4,128,068)
Special programs	1,504,008	-	281,348	(1,222,660)
Other instructional programs	169,763	-	26,348	(143,415)
State retirement contributions	303,506	-	303,506	-
Support Services:				
Pupils	218,436	-	2,364	(216,072)
Instructional staff	21,488	-	15,004	(6,484)
General administration	493,340	-	-	(493,340)
School administration	398,218	-	-	(398,218)
Business	333,862	-	23,889	(309,973)
Transportation	126,854	-	55,997	(70,857)
Operations and maintenance	1,250,582	-	-	(1,250,582)
Interest and fees	207,384	-	-	(207,384)
<b>Total governmental activities</b>	<b><u>\$ 9,184,515</u></b>	<b><u>\$ 15,583</u></b>	<b><u>\$ 721,879</u></b>	<b><u>(8,447,053)</u></b>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				7,466,217
Real estate taxes, levied for specific purposes				1,677,148
Real estate taxes, levied for debt service				357,672
Personal property replacement taxes				114,195
State aid-formula grants				122,704
Investment earnings				358,278
Miscellaneous				31,205
<b>Total general revenues</b>				<b><u>10,127,419</u></b>
Change in net assets				1,680,366
Net assets, beginning of year				<u>9,466,850</u>
Net assets, end of year				<b><u>\$ 11,147,216</u></b>

See Notes to Basic Financial Statements

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
**GOVERNMENTAL FUNDS**  
BALANCE SHEET  
JUNE 30, 2006  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

	GENERAL (EDUCATIONAL) FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
<b>Assets</b>				
Cash and investments	\$ 5,916,720	\$ 227,920	\$ 129,343	\$ 242,402
Receivables (net allowance for uncollectibles):				
Interest	97,947	-	1,325	1,998
Property taxes	4,057,399	734,633	42,035	131,223
Replacement taxes	-	19,996	-	-
Intergovernmental	49,660	-	13,999	-
Loan to operations and maintenance fund	-	-	-	-
Prepaid items	<u>11,761</u>	<u>5,752</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 10,133,487</u>	<u>\$ 988,301</u>	<u>\$ 186,702</u>	<u>\$ 375,623</u>
<b>Liabilities and fund balance</b>				
Accounts payable	\$ 109,345	\$ 32,272	\$ 711	\$ -
Salaries and wages payable	1,519	2,992	-	-
Payroll deductions payable	21,706	556	-	156
Retainage payable	-	-	-	-
Loan from working cash fund	-	-	-	-
Deferred revenue	<u>4,054,383</u>	<u>721,804</u>	<u>42,207</u>	<u>130,296</u>
Total liabilities	<u>4,186,953</u>	<u>757,624</u>	<u>42,918</u>	<u>130,452</u>
<b>Fund balance</b>				
Reserved fund balance:				
Reserved for prepaid expenditures	11,761	5,752	-	-
Unreserved fund balance:				
Undesignated	<u>5,934,773</u>	<u>224,925</u>	<u>143,784</u>	<u>245,171</u>
Total fund balance	<u>5,946,534</u>	<u>230,677</u>	<u>143,784</u>	<u>245,171</u>
Total liabilities and fund balance	<u>\$ 10,133,487</u>	<u>\$ 988,301</u>	<u>\$ 186,702</u>	<u>\$ 375,623</u>

See Notes to Basic Financial Statements

WORKING CASH FUND	BOND AND INTEREST FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2006	2005
\$ 1,048,709	\$ 278,344	\$ 113,722	\$ 7,957,160	\$ 6,443,172
13,614	1,444	1,044	117,372	3,978
35,590	205,322	26,244	5,232,446	5,624,388
-	-	-	19,996	16,092
-	-	-	63,659	30,310
-	-	-	-	120,000
-	-	-	17,513	-
<u>\$ 1,097,913</u>	<u>\$ 485,110</u>	<u>\$ 141,010</u>	<u>\$ 13,408,146</u>	<u>\$ 12,237,940</u>
\$ -	\$ -	\$ -	\$ 142,328	\$ 104,363
-	-	-	4,511	16,752
-	-	-	22,418	31,393
-	-	-	-	10,370
-	-	-	-	120,000
<u>44,600</u>	<u>202,844</u>	<u>26,499</u>	<u>5,222,633</u>	<u>5,527,802</u>
<u>44,600</u>	<u>202,844</u>	<u>26,499</u>	<u>5,391,890</u>	<u>5,810,680</u>
-	-	-	17,513	-
<u>1,053,313</u>	<u>282,266</u>	<u>114,511</u>	<u>7,998,743</u>	<u>6,427,260</u>
<u>1,053,313</u>	<u>282,266</u>	<u>114,511</u>	<u>8,016,256</u>	<u>6,427,260</u>
<u>\$ 1,097,913</u>	<u>\$ 485,110</u>	<u>\$ 141,010</u>	<u>\$ 13,408,146</u>	<u>\$ 12,237,940</u>





## SUNSET RIDGE SCHOOL DISTRICT NO. 29

### GOVERNMENTAL FUNDS

#### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL (EDUCATIONAL) FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
<b>Revenues</b>				
Property taxes	\$ 7,486,313	\$ 1,202,895	\$ 92,507	\$ 245,257
Corporate personal property replacement taxes	-	114,195	-	-
State aid	668,846	-	55,997	-
Federal aid	119,740	-	-	-
Interest on investments	233,684	1,947	3,232	4,666
Other	46,788	-	-	-
Total revenues	<u>8,555,371</u>	<u>1,319,037</u>	<u>151,736</u>	<u>249,923</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular programs	4,145,957	-	-	67,282
Special programs	955,953	-	-	43,843
Other instructional programs	164,582	-	-	5,181
State retirement contributions	303,506	-	-	-
Support Services:				
Pupils	206,979	-	-	11,457
Instructional staff	15,115	-	-	-
General administration	488,243	-	-	-
School administration	377,926	-	-	15,195
Business	313,834	-	-	17,080
Transportation	-	-	126,854	-
Operations and maintenance	92,566	907,273	-	26,368
Community services	-	-	-	-
Nonprogrammed charges	485,096	-	-	-
Debt Service:				
Principal	-	25,000	-	-
Interest and other	-	-	-	-
Capital outlay	400	39,703	-	-
Total expenditures	<u>7,550,157</u>	<u>971,976</u>	<u>126,854</u>	<u>186,406</u>
Net change in fund balance	<u>1,005,214</u>	<u>347,061</u>	<u>24,882</u>	<u>63,517</u>
Fund balance, beginning of year	<u>4,941,320</u>	<u>(116,384)</u>	<u>118,902</u>	<u>181,654</u>
Fund balance, end of year	<u>\$ 5,946,534</u>	<u>\$ 230,677</u>	<u>\$ 143,784</u>	<u>\$ 245,171</u>

See Notes to Basic Financial Statements

WORKING CASH FUND	BOND AND INTEREST FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2006	2005
\$ 68,723	\$ 357,672	\$ 47,670	\$ 9,501,037	\$ 9,038,789
-	-	-	114,195	90,098
-	-	-	724,843	872,448
-	-	-	119,740	117,632
27,341	5,361	2,000	278,231	97,087
-	-	-	46,788	22,869
<u>96,064</u>	<u>363,033</u>	<u>49,670</u>	<u>10,784,834</u>	<u>10,238,923</u>
-	-	-	4,213,239	4,072,906
-	-	-	999,796	1,055,990
-	-	-	169,763	197,469
-	-	-	303,506	480,031
-	-	-	218,436	228,125
-	-	-	15,115	18,127
-	-	-	488,243	485,436
-	-	-	393,121	336,648
-	-	-	330,914	341,391
-	-	-	126,854	112,527
-	-	-	1,026,207	1,004,990
-	-	-	-	6
-	-	-	485,096	334,954
-	360,000	-	385,000	505,422
-	445	-	445	17,216
-	-	-	40,103	344,337
<u>-</u>	<u>360,445</u>	<u>-</u>	<u>9,195,838</u>	<u>9,535,575</u>
<u>96,064</u>	<u>2,588</u>	<u>49,670</u>	<u>1,588,996</u>	<u>703,348</u>
<u>957,249</u>	<u>279,678</u>	<u>64,841</u>	<u>6,427,260</u>	<u>5,723,912</u>
<u>\$ 1,053,313</u>	<u>\$ 282,266</u>	<u>\$ 114,511</u>	<u>\$ 8,016,256</u>	<u>\$ 6,427,260</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2006

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Net change in fund balances - total governmental funds	\$	1,588,996
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these 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.		(163,866)
The net effect of various miscellaneous transactions involving capital assets (sale, disposal, transfer, etc.) is to decrease net assets.		(2,872)
Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are deferred in the fund statements:		
Interest revenue	\$ <u>80,047</u>	80,047
The issuance of long-term debt (bonds, capital leases, etc.) provides current financial resources to the governmental funds, while its principal repayment consumes current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which current year principal repayments exceeded proceeds from current year long-term financing arrangements.		<u>178,061</u>
Change in net assets of governmental activities	\$	<u><u>1,680,366</u></u>

See Notes to Basic Financial Statements

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
**AGENCY FUND**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2006

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	<u>AGENCY STUDENT ACTIVITY FUND</u>
<b>Assets</b>	
Cash and investments	\$ <u>28,490</u>
<b>Liabilities</b>	
Liabilities, Due to student groups	\$ <u>28,490</u>

See Notes to Basic Financial Statements

# SUNSET RIDGE SCHOOL DISTRICT NO. 29

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sunset Ridge School District No. 29 (the "District") operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District:

#### **Reporting Entity**

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and there are no agencies or entities which should be presented with the District. Using the same criteria, the District is not included as a component unit of any other governmental entity.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

#### **Basis of Presentation**

##### *Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

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

# SUNSET RIDGE SCHOOL DISTRICT NO. 29

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

#### *Governmental Funds Financial Statements*

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds and fiduciary funds; the fiduciary funds are excluded from the government-wide financial statements.

#### **Measurement Focus and Basis of Accounting**

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

#### *Major Governmental Funds*

General Fund - (Educational Fund) the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds.

*Operations and Maintenance Fund* - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

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

# SUNSET RIDGE SCHOOL DISTRICT NO. 29

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

*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 non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

*Working Cash Fund* - accounts for financial resources held by the District to be used as temporary interfund loans for working capital requirements to the General Fund and the Special Revenue Fund's Operation and Maintenance and Transportation Funds. Money loaned by the Working Cash Fund 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 a part of the General Fund or it may be partially abated to the General Fund, Special Revenue Funds, Debt Service Funds or the Fire Prevention and Life Safety Fund.

Debt Service Fund - (*Bond and Interest Fund*) accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Capital Project Fund - accounts for the financial resources to be used for the acquisition or construction of, and/or additions to, major capital facilities.

*Fire Prevention and Life Safety Fund* - accounts for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

#### *Other Fund Types*

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

*Agency Funds* - include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

In accordance with GASB No. 24, on-behalf payments (payments made by a third party for the benefit of the district, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.



# SUNSET RIDGE SCHOOL DISTRICT NO. 29

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

#### **Assets, Liabilities and Net Assets or Equity**

##### *Deposits and Investments*

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value. Changes in fair value of investments are included as investment income.

##### *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental activities column in the statement of net assets.

##### *Property Tax Revenues*

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2005 levy resolution was approved during the December 6, 2005 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations: Individual fund rate ceilings and the Property Tax Extension Limitation Act (PTELA).

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

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2005 and 2004 tax levies were 3.3% and 1.9%, respectively.

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on March 1 and the second due on the later of August 1 or 30 days after the second installment tax bill is mailed (typically, this is due in late August or early September). The first installment is an estimated bill, and is one-half 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. Property taxes are normally collected by the District within 60 days of the due date.

The 2005 property tax levy is recognized as a receivable in fiscal 2006, net of estimated uncollectible amounts approximating 1%. The District considers that the first installment of the 2005 levy is to be used to finance operations in fiscal 2006. The District has determined that the second installment of the 2005 levy is to be used to finance operations in fiscal 2007 and has deferred the corresponding receivable.

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

*Personal Property Replacement Taxes*

Personal property replacement taxes are statutorily required to first be allocated to the Municipal Retirement / Social Security Fund. However, since the District did not have an IMRF levy in 1978, no allocation to the Municipal Retirement / Social Security Fund is required. Therefore, the entire balance is allocated to the remaining funds at the discretion of the District.

*Prepaid Items*

Certain payments to vendors or employees that reflect costs applicable to future accounting periods are recorded as prepaid assets.

*Capital Assets*

Capital assets, which include land, buildings, building improvements, 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 of 1 year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. In 2003, the District engaged an appraisal company to estimate historical cost of its capital assets acquired prior to that date.

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Building improvements	40
Equipment	10 - 20

*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 assets. Bond premiums and discounts, as well as 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. 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, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Restricted Net Assets*

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

## SUNSET RIDGE SCHOOL DISTRICT NO. 29

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

---

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

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.

##### *Reserved Fund Balances*

In the governmental funds financial statements, the District reserves those portions of fund balances which are legally segregated for a specific purpose or do not represent amounts available for other appropriations.

##### *Comparative Data*

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2005, from which such summarized information was derived.

##### *Eliminations and Reclassifications*

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

#### **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **Excess of Expenditures over Budget**

For the year ended June 30, 2006, expenditures exceeded budget in the Transportation Fund by \$29,553. This excess was funded by available fund balance.

#### **NOTE 3 - DEPOSITS AND INVESTMENTS**

Under the Illinois Compiled Statutes, the Northfield Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

Cash and investments, other than the student activity and convenience accounts, petty cash, 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 balance by district or cooperative. Income from investments is distributed monthly based upon the District's percentage participation in the pool. All cash for all funds, including cash applicable to the Bond and Interest Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

**NOTE 3 - DEPOSITS AND INVESTMENTS - (CONTINUED)**

The Treasurer's investment policies are established by the Northfield Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

At year end, the District's cash and investments was comprised of the following:

	<b>Government- wide</b>	<b>Fiduciary</b>	<b>Total</b>
Cash and investments	\$ 7,957,160	\$ 28,490	\$ 7,985,650
Total	<u>\$ 7,957,160</u>	<u>\$ 28,490</u>	<u>\$ 7,985,650</u>

For disclosure purposes, this amount is segregated into three components: 1) cash on hand 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit; and 3) other investments, which consist of all investments other than certificates of deposit, as follows:

	<b>Cash</b>	<b>Investments</b>	<b>Total</b>
Cash on hand	\$ 600	\$ -	\$ 600
Deposits with financial institutions	145,492	6,249,000	6,394,492
Other investments	<u>692,556</u>	<u>898,002</u>	<u>1,590,558</u>
Total	<u>\$ 838,648</u>	<u>\$ 7,147,002</u>	<u>\$ 7,985,650</u>

At year end, the District had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity</b>	<b>% of Portfolio</b>	<b>Interest Rate</b>
Federal National Mortgage Association (FNMA) Discount Note	\$ 249,183	8/24/2006	15.67 %	4.460 %
Federal National Mortgage Association (FNMA) Discount Note	298,768	11/15/2006	18.78 %	4.941 %
Federal National Mortgage Association (FNMA) Discount Note	349,274	11/30/2006	21.96 %	4.962 %
Illinois School District Liquid Asset Fund	<u>693,333</u>	on demand	<u>43.59 %</u>	variable
Total	<u>\$ 1,590,558</u>		<u>100.00 %</u>	

## SUNSET RIDGE SCHOOL DISTRICT NO. 29

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

---

#### **NOTE 3 - DEPOSITS AND INVESTMENTS - (CONTINUED)**

*Interest Rate Risk.* The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they come due. A portion of the portfolio is required to be invested in readily available funds to ensure appropriate liquidity.

*Credit Risk.* State Statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The District's investment policy authorizes investments in any type of security as permitted by Sections 2 through 6 of the Illinois Public Funds Investment Act. As of June 30, 2006, the District's Federal National Mortgage Association investments had "AAA" ratings with their applicable rating agency.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. Neither is registered with the SEC as an investment company. Investments are valued at share price, which is the price for which the investment could be sold.

*Concentration of Credit Risk.* The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from over-concentration 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 to meet the District's ongoing need for safety, liquidity, and rate of return. At June 30, 2006, the District's Federal National Mortgage Association investments, as well as the District's investment in the Illinois School District Liquid Asset Fund investment pool, were each in excess of 5% of the District's total investment portfolio.

*Custodial Credit Risk - Deposits.* With respect to deposits, custodial credit risk refers to 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. As of June 30, 2006, the bank balance of the District's deposits with financial institutions totaled \$6,401,580; of this amount, \$14,929 was uncollateralized and uninsured.

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

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the District for the year ended June 30, 2006 was as follows:

	<b><i>Beginning Balance</i></b>	<b><i>Increases</i></b>	<b><i>Decreases</i></b>	<b><i>Ending Balance</i></b>
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$ 76,885	\$ -	\$ -	\$ 76,885
Total capital assets not being depreciated	<u>76,885</u>	<u>-</u>	<u>-</u>	<u>76,885</u>
<b><i>Capital assets being depreciated:</i></b>				
Buildings	10,094,473	-	-	10,094,473
Building improvements	416,381	159,214	-	575,595
Equipment	<u>2,236,867</u>	<u>158,609</u>	<u>7,081</u>	<u>2,388,395</u>
Total capital assets being depreciated	<u>12,747,721</u>	<u>317,823</u>	<u>7,081</u>	<u>13,058,463</u>
<b><i>Less Accumulated Depreciation for:</i></b>				
Buildings	4,034,619	312,773	-	4,347,392
Building improvements	177,597	23,250	-	200,847
Equipment	<u>1,687,952</u>	<u>145,666</u>	<u>4,209</u>	<u>1,829,409</u>
Total accumulated depreciation	<u>5,900,168</u>	<u>481,689</u>	<u>4,209</u>	<u>6,377,648</u>
Net capital assets being depreciated	<u>6,847,553</u>	<u>(163,866)</u>	<u>2,872</u>	<u>6,680,815</u>
Net governmental activities capital assets	<u>\$ 6,924,438</u>	<u>\$ (163,866)</u>	<u>\$ 2,872</u>	<u>\$ 6,757,700</u>

Depreciation expense was recognized in the operating activities of the District as follows:

	<b><i>Governmental Activities</i></b>	<b><i>Depreciation</i></b>
Regular programs		\$ 89,207
Special programs		19,116
Instructional staff		6,373
General administration		5,097
School administration		5,097
Business		2,548
Operations and maintenance		<u>354,251</u>
Total depreciation expense - governmental activities		<u>\$ 481,689</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

**NOTE 5 - OPERATING LEASES**

The District leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$37,852 for the year ended June 30, 2006. At June 30, 2006, future minimum lease payments for these leases are as follows:

	<b>Year Ending June 30,</b>	<b>Amount</b>
2007		\$ 36,762
2008		31,308
2009		29,228
2010		<u>14,623</u>
Total		<u>\$ 111,921</u>

**NOTE 6 - LONG TERM LIABILITIES**

*Changes in General Long-term Liabilities.* The following is the long-term liability activity for the District for the year ended June 30, 2006:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
General obligation bonds	\$ 3,559,848	\$ 206,939	\$ 360,000	\$ 3,406,787	\$ 360,000
NCCI loan	<u>325,000</u>	<u>-</u>	<u>25,000</u>	<u>300,000</u>	<u>25,000</u>
Total long-term liabilities - governmental activities	<u>\$ 3,884,848</u>	<u>\$ 206,939</u>	<u>\$ 385,000</u>	<u>\$ 3,706,787</u>	<u>\$ 385,000</u>

*General Obligation Bonds.* General obligation bonds are direct obligations and pledge the full faith and credit of the District. The additions to general obligation bonds above consist entirely of accretion on the capital appreciation bonds. General obligation bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<b>Face Amount</b>	<b>Carrying Amount</b>
Capital Appreciation Bonds dated February 8, 2000	5.13-6.13%	\$ 5,025,000	\$ 3,406,787
Total		<u>\$ 5,025,000</u>	<u>\$ 3,406,787</u>

# SUNSET RIDGE SCHOOL DISTRICT NO. 29

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

### NOTE 6 - LONG TERM LIABILITIES - (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

	<i>Principal</i>	<i>Total</i>
2007	\$ 360,000	\$ 360,000
2008	360,000	360,000
2009	360,000	360,000
2010	360,000	360,000
2011	360,000	360,000
2012 - 2016	1,800,000	1,800,000
2017 - 2021	<u>1,425,000</u>	<u>1,425,000</u>
Total	<u>\$ 5,025,000</u>	<u>\$ 5,025,000</u>

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2006, the statutory debt limit for the District was \$32,236,053, providing a debt margin of \$28,529,266. There are numerous covenants with which the District must comply in regard to these bond issues. As of June 30, 2006, the District was in compliance with all significant bond covenants.

*Intergovernmental Loan.* In fiscal year 1998, the District entered into a financial agreement with the Village of Northfield for \$500,000 to pay the costs of the addition at Middlefork for the Northfield Community Center. The loan is non-interest bearing and will be repaid over a twenty year period with \$25,000 payments made each year.

### NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pool, described below, that provides property and liability coverage and purchases commercial insurance for other risks. Claims settlements have not exceeded these coverages for any of the preceding three years and there has been no significant reduction in coverage since last year.

The District is a member of the Collective Liability Insurance Cooperative (CLIC). CLIC insures all the District's property, general liability, automobile, employee dishonesty, worker's compensation and excess liability claims, up to specified limits.

The pool is a separate entity, which sets and purchases commercial excess and stop loss coverage. The District pays an annual premium to the pool for coverage. Supplementary payments may also be required upon the determination by the pool's Board of Directors that the annual premiums are insufficient to fund the operation of the pond.



## SUNSET RIDGE SCHOOL DISTRICT NO. 29

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

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#### **NOTE 8 - JOINT AGREEMENTS**

The District is a member of the North 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, operations, scope of public service, and special financing relationships exercised by the joint agreement governing board, it is not included as a component unit of the District.

#### **NOTE 9 - RETIREMENT SYSTEMS**

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each District retirement system is discussed below.

##### **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 the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

Members of TRS include all active nonannuitants that 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, 2006, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of the employees by the employer, are submitted to TRS by the District. The District's payroll for the year ended June 30, 2006, included \$4,298,947 reported as creditable earnings to TRS.

*THIS Fund contributions.* In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan, covering retiree health insurance. The District's employer THIS Fund contribution was 0.6 percent of creditable earnings for the year ended June 30, 2006; the member THIS Fund contribution was 0.80 percent.

*On Behalf Contributions.* The State of Illinois also makes contributions directly to TRS on behalf of the District's TRS-covered employees. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the District recognized revenue and expenditures of \$303,506 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005, and June 30, 2004, the State of Illinois contributions rates as percentages of creditable earnings were 11.76 percent (\$480,031) and 13.98 percent (\$506,273), respectively.

The District also makes three additional types of employer contributions directly to TRS.

*2.2 Formula Contributions.* For the years ended June 30, 2006, 2005 and 2004, the District contributed 0.58 percent of creditable earnings for a 2.2 formula change. Contributions for those years were \$24,934, \$23,675 and \$21,004, respectively.

## SUNSET RIDGE SCHOOL DISTRICT NO. 29

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

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#### **NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)**

*Federal and Trust Fund Contributions.* When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional TRS contribution. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$10,032 were paid from federal and trust funds that required employer contributions of \$708. For the years ended June 30, 2005, and June 30, 2004, required District contributions were \$1,248 and \$1,630, respectively.

TRS financial information, an explanation of TRS's 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, 2005. The report for the year ended June 30, 2006 is expected to be available in late 2006. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at [www.trs.state.il.us](http://www.trs.state.il.us).

#### **Illinois Municipal Retirement Fund**

The District's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 6.40 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 27 years.

For December 31, 2005, the District's annual pension cost of \$63,990 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND ANALYSIS OF FUNDING PROGRESS  
JUNE 30, 2006

Actuarial Valuation Date	Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 63,990	100%	\$ -
12/31/04	36,413	100%	-
12/31/03	35,794	100%	-
12/31/02	40,482	100%	-
12/31/01	39,008	100%	-
12/31/00	30,928	100%	-

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)
12/31/05	\$ 1,423,584	\$ 1,160,070	\$ (263,514)	122.72%	\$ 999,841	0.00%
12/31/04	1,380,386	1,098,305	(282,081)	125.68%	1,052,406	0.00%
12/31/03	1,265,727	859,526	(406,201)	147.26%	881,639	0.00%
12/31/02	1,143,169	739,852	(403,317)	154.51%	824,482	0.00%
12/31/01	991,343	641,742	(349,601)	154.48%	837,090	0.00%
12/31/00	943,253	638,441	(304,812)	147.74%	712,631	0.00%

Digest of Changes

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

## SUNSET RIDGE SCHOOL DISTRICT NO. 29

### GENERAL (EDUCATIONAL) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 7,040,354	\$ 7,397,494	\$ 357,140	\$ 7,270,914
Tort immunity levy	68,775	88,819	20,044	81,870
Regular tuition from pupils or parents	12,500	15,583	3,083	12,500
Interest on investments	75,000	233,684	158,684	96,579
Contributions and donations from private sources	30,000	5,500	(24,500)	300
Refund of prior years' expenditures	-	25,705	25,705	-
Total local sources	<u>7,226,629</u>	<u>7,766,785</u>	<u>540,156</u>	<u>7,462,163</u>
<b>State sources</b>				
General State Aid	123,508	122,704	(804)	124,693
Special Education - Private Facility Tuition	4,000	-	(4,000)	6,466
Special Education - Extraordinary	41,800	41,809	9	39,037
Special Education - Personnel	120,000	155,932	35,932	141,022
Special Education - Summer School	300	213	(87)	300
Bilingual Education - Downstate - TPI	8,506	5,881	(2,625)	4,740
State Free Lunch & Breakfast	200	156	(44)	230
Learning Improvement - Change Grants	-	-	-	3,000
Reading Improvement Block Grant	20,000	20,467	467	19,833
School Safety & Educational Improvement Block Grant	-	17,900	17,900	15,658
State Library Grant	350	382	32	390
Other Restricted Revenue from State Sources	3,000	(104)	(3,104)	-
On Behalf Payment to TRS from the State	307,633	303,506	(4,127)	480,031
Total state sources	<u>629,297</u>	<u>668,846</u>	<u>39,549</u>	<u>835,400</u>
<b>Federal sources</b>				
Title V - Innovation and Flexibility Formula	1,293	1,293	-	1,723
Special Milk Program	5,500	5,833	333	5,276
Title I - Low Income	11,748	11,748	-	13,831
Title IV - Safe & Drug Free Schools - Formula	2,364	2,364	-	2,462
Federal - Special Education - IDEA - Flow-Through/Low Incident	44,000	67,817	23,817	65,772
Title II - Teacher Quality	15,108	15,108	-	16,011
Medicaid Matching Funds - Administrative Outreach	10,000	15,577	5,577	12,557
Total federal sources	<u>90,013</u>	<u>119,740</u>	<u>29,727</u>	<u>117,632</u>
Total revenues	<u>7,945,939</u>	<u>8,555,371</u>	<u>609,432</u>	<u>8,415,195</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**

**GENERAL (EDUCATIONAL) FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006			2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular Programs</b>				
Salaries	\$ 3,148,762	\$ 3,125,193	\$ 23,569	\$ 3,077,993
Employee benefits	506,279	442,668	63,611	436,714
On-behalf payments to TRS from the state	307,633	303,506	4,127	480,031
Purchased services	129,681	119,567	10,114	37,144
Supplies and materials	560,184	458,529	101,655	426,642
Capital outlay	-	-	-	85,794
Total	<u>4,652,539</u>	<u>4,449,463</u>	<u>203,076</u>	<u>4,544,318</u>
<b>Special Education Programs</b>				
Salaries	806,110	765,434	40,676	819,418
Employee benefits	176,500	124,585	51,915	160,006
Purchased services	14,000	7,975	6,025	14,356
Supplies and materials	<u>16,037</u>	<u>12,946</u>	<u>3,091</u>	<u>14,037</u>
Total	<u>1,012,647</u>	<u>910,940</u>	<u>101,707</u>	<u>1,007,817</u>
<b>Educationally deprived/remedial programs</b>				
Salaries	39,211	39,495	(284)	29,594
Employee benefits	4,116	4,418	(302)	4,541
Purchased services	587	587	-	300
Supplies and materials	<u>309</u>	<u>513</u>	<u>(204)</u>	<u>163</u>
Total	<u>44,223</u>	<u>45,013</u>	<u>(790)</u>	<u>34,598</u>
<b>Gifted programs</b>				
Salaries	96,644	95,226	1,418	92,761
Employee benefits	22,518	26,306	(3,788)	19,884
Purchased services	8,000	6,324	1,676	9,421
Supplies and materials	<u>4,079</u>	<u>1,931</u>	<u>2,148</u>	<u>3,025</u>
Total	<u>131,241</u>	<u>129,787</u>	<u>1,454</u>	<u>125,091</u>
<b>Bilingual programs</b>				
Salaries	30,866	30,866	-	29,608
Employee benefits	<u>4,543</u>	<u>3,929</u>	<u>614</u>	<u>3,595</u>
Total	<u>35,409</u>	<u>34,795</u>	<u>614</u>	<u>33,203</u>
Total instruction	<u>5,876,059</u>	<u>5,569,998</u>	<u>306,061</u>	<u>5,745,027</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**

**GENERAL (EDUCATIONAL) FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006			2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>Support Services</b>				
<b>Pupils</b>				
<b>Attendance and social work services</b>				
Salaries	\$ 58,284	\$ 58,284	\$ -	\$ 55,909
Employee benefits	12,355	9,379	2,976	10,838
Purchased services	1,246	-	1,246	1,625
Supplies and materials	<u>668</u>	<u>214</u>	<u>454</u>	<u>539</u>
Total	<u>72,553</u>	<u>67,877</u>	<u>4,676</u>	<u>68,911</u>
<b>Health services</b>				
Salaries	69,138	68,085	1,053	66,488
Employee benefits	17,040	15,211	1,829	15,178
Supplies and materials	<u>2,363</u>	<u>1,523</u>	<u>840</u>	<u>1,850</u>
Total	<u>88,541</u>	<u>84,819</u>	<u>3,722</u>	<u>83,516</u>
<b>Psychological services</b>				
Salaries	66,429	47,804	18,625	55,854
Employee benefits	15,406	6,479	8,927	6,440
Purchased services	<u>3,398</u>	<u>-</u>	<u>3,398</u>	<u>3,299</u>
Total	<u>85,233</u>	<u>54,283</u>	<u>30,950</u>	<u>65,593</u>
<b>Speech pathology and audiology services</b>				
Capital outlay	<u>727</u>	<u>-</u>	<u>727</u>	<u>-</u>
Total	<u>727</u>	<u>-</u>	<u>727</u>	<u>-</u>
Total pupils	<u>247,054</u>	<u>206,979</u>	<u>40,075</u>	<u>218,020</u>
<b>Instructional staff</b>				
<b>Improvement of instructional services</b>				
Purchased services	17,087	13,512	3,575	14,823
Supplies and materials	<u>3,335</u>	<u>1,603</u>	<u>1,732</u>	<u>3,304</u>
Total	<u>20,422</u>	<u>15,115</u>	<u>5,307</u>	<u>18,127</u>
Total instructional staff	<u>20,422</u>	<u>15,115</u>	<u>5,307</u>	<u>18,127</u>
<b>General administration</b>				
<b>Board of education services</b>				
Purchased services	83,321	49,658	33,663	74,849
Other objects	<u>28,800</u>	<u>25,272</u>	<u>3,528</u>	<u>27,216</u>
Total	<u>112,121</u>	<u>74,930</u>	<u>37,191</u>	<u>102,065</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**

**GENERAL (EDUCATIONAL) FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Executive administration services</b>				
Salaries	\$ 126,670	\$ 127,230	\$ (560)	\$ 158,963
Employee benefits	61,994	63,189	(1,195)	55,579
Purchased services	5,822	5,754	68	5,127
Supplies and materials	827	2,047	(1,220)	794
Other objects	<u>23,670</u>	<u>24,527</u>	<u>(857)</u>	<u>15,590</u>
Total	<u>218,983</u>	<u>222,747</u>	<u>(3,764)</u>	<u>236,053</u>
<b>Special area administration services</b>				
Salaries	180,694	180,694	-	147,318
Employee benefits	<u>3,578</u>	<u>9,872</u>	<u>(6,294)</u>	<u>-</u>
Total	<u>184,272</u>	<u>190,566</u>	<u>(6,294)</u>	<u>147,318</u>
Total general administration	<u>515,376</u>	<u>488,243</u>	<u>27,133</u>	<u>485,436</u>
<b>School administration</b>				
<b>Office of the principal services</b>				
Salaries	386,169	363,048	23,121	308,945
Employee benefits	18,674	12,853	5,821	12,600
Purchased services	<u>4,925</u>	<u>2,025</u>	<u>2,900</u>	<u>1,347</u>
Total	<u>409,768</u>	<u>377,926</u>	<u>31,842</u>	<u>322,892</u>
Total school administration	<u>409,768</u>	<u>377,926</u>	<u>31,842</u>	<u>322,892</u>
<b>Business</b>				
<b>Direction of business support services</b>				
Salaries	133,484	133,484	-	126,825
Employee benefits	<u>2,986</u>	<u>2,738</u>	<u>248</u>	<u>321</u>
Total	<u>136,470</u>	<u>136,222</u>	<u>248</u>	<u>127,146</u>
<b>Fiscal services</b>				
Salaries	162,806	99,796	63,010	104,239
Employee benefits	5,356	398	4,958	1,423
Purchased services	52,401	22,937	29,464	31,858
Supplies and materials	62,830	51,946	10,884	51,714
Capital outlay	13,477	400	13,077	-
Other objects	<u>-</u>	<u>(2,902)</u>	<u>2,902</u>	<u>-</u>
Total	<u>296,870</u>	<u>172,575</u>	<u>124,295</u>	<u>189,234</u>
<b>Operation and maintenance of plant services</b>				
Purchased services	85,903	85,066	837	89,158
Supplies and materials	11,500	7,500	4,000	6,744
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>358</u>
Total	<u>97,403</u>	<u>92,566</u>	<u>4,837</u>	<u>96,260</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**

**GENERAL (EDUCATIONAL) FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Food services</b>				
Other objects	\$ 10,615	\$ 5,437	\$ 5,178	\$ 11,885
Total	<u>10,615</u>	<u>5,437</u>	<u>5,178</u>	<u>11,885</u>
Total business	<u>541,358</u>	<u>406,800</u>	<u>134,558</u>	<u>424,525</u>
Total support services	<u>1,733,978</u>	<u>1,495,063</u>	<u>238,915</u>	<u>1,469,000</u>
<b>Community services</b>				
Salaries	3,000	-	3,000	-
Employee benefits	<u>42</u>	<u>-</u>	<u>42</u>	<u>6</u>
Total community services	<u>3,042</u>	<u>-</u>	<u>3,042</u>	<u>6</u>
<b>Nonprogrammed charges</b>				
<b>Payments for special education programs</b>				
Tuition	<u>351,672</u>	<u>485,096</u>	<u>(133,424)</u>	<u>334,954</u>
Total	<u>351,672</u>	<u>485,096</u>	<u>(133,424)</u>	<u>334,954</u>
Total nonprogrammed charges	<u>351,672</u>	<u>485,096</u>	<u>(133,424)</u>	<u>334,954</u>
<b>Debt services</b>				
<b>Other interest</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,901</u>
<b>Capital lease</b>				
Capital lease principal retired	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,422</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,422</u>
Total debt services	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,323</u>
Total expenditures	<u>7,964,751</u>	<u>7,550,157</u>	<u>414,594</u>	<u>7,649,310</u>
Excess (deficiency) of revenues over expenditures	<u>(18,812)</u>	<u>1,005,214</u>	<u>1,024,026</u>	<u>765,885</u>
Net change in fund balance	<u>\$ (18,812)</u>	<u>1,005,214</u>	<u>\$ 1,024,026</u>	<u>765,885</u>
Fund balance, beginning of year		<u>4,941,320</u>		<u>4,175,435</u>
Fund balance, end of year		<u>\$ 5,946,534</u>		<u>\$ 4,941,320</u>



**SUNSET RIDGE SCHOOL DISTRICT NO. 29  
OPERATIONS AND MAINTENANCE FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006			2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 1,276,465	\$ 1,202,895	\$ (73,570)	\$ 862,790
Corporate personal property replacement taxes	62,340	114,195	51,855	90,098
Interest on investments	200	1,947	1,747	245
Contributions and donations from private sources	-	-	-	10,069
Total local sources	<u>1,339,005</u>	<u>1,319,037</u>	<u>(19,968)</u>	<u>963,202</u>
Total revenues	<u>1,339,005</u>	<u>1,319,037</u>	<u>(19,968)</u>	<u>963,202</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Business</b>				
<b>Operation and maintenance of plant services</b>				
Salaries	190,800	182,750	8,050	181,767
Employee benefits	27,296	14,413	12,883	21,192
Purchased services	692,636	628,535	64,101	658,543
Supplies and materials	76,111	81,575	(5,464)	25,798
Capital outlay	197,300	39,703	157,597	229,235
Total	<u>1,184,143</u>	<u>946,976</u>	<u>237,167</u>	<u>1,116,535</u>
Total business	<u>1,184,143</u>	<u>946,976</u>	<u>237,167</u>	<u>1,116,535</u>
Total support services	<u>1,184,143</u>	<u>946,976</u>	<u>237,167</u>	<u>1,116,535</u>
<b>Debt services</b>				
<b>Other debt</b>				
Principal	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total debt services	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>1,209,143</u>	<u>971,976</u>	<u>237,167</u>	<u>1,141,535</u>
Excess (deficiency) of revenues over expenditures	<u>129,862</u>	<u>347,061</u>	<u>217,199</u>	<u>(178,333)</u>
Net change in fund balance	<u>\$ 129,862</u>	<u>347,061</u>	<u>\$ 217,199</u>	<u>(178,333)</u>
Fund balance, beginning of year		<u>(116,384)</u>		<u>61,949</u>
Fund balance, end of year		<u>\$ 230,677</u>		<u>\$ (116,384)</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
**TRANSPORTATION FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 113,108	\$ 92,507	\$ (20,601)	\$ 104,983
Interest on investments	<u>-</u>	<u>3,232</u>	<u>3,232</u>	<u>37</u>
Total local sources	<u>113,108</u>	<u>95,739</u>	<u>(17,369)</u>	<u>105,020</u>
<b>State sources</b>				
Transportation - Special Education	<u>13,000</u>	<u>55,997</u>	<u>42,997</u>	<u>37,048</u>
Total state sources	<u>13,000</u>	<u>55,997</u>	<u>42,997</u>	<u>37,048</u>
Total revenues	<u>126,108</u>	<u>151,736</u>	<u>25,628</u>	<u>142,068</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Business</b>				
<b>Pupil transportation services</b>				
Purchased services	<u>97,301</u>	<u>126,854</u>	<u>(29,553)</u>	<u>112,527</u>
Total	<u>97,301</u>	<u>126,854</u>	<u>(29,553)</u>	<u>112,527</u>
Total business	<u>97,301</u>	<u>126,854</u>	<u>(29,553)</u>	<u>112,527</u>
Total support services	<u>97,301</u>	<u>126,854</u>	<u>(29,553)</u>	<u>112,527</u>
Total expenditures	<u>97,301</u>	<u>126,854</u>	<u>(29,553)</u>	<u>112,527</u>
Excess (deficiency) of revenues over expenditures	<u>28,807</u>	<u>24,882</u>	<u>(3,925)</u>	<u>29,541</u>
Net change in fund balance	<u>\$ 28,807</u>	24,882	<u>\$ (3,925)</u>	29,541
Fund balance, beginning of year		<u>118,902</u>		<u>89,361</u>
Fund balance, end of year		<u>\$ 143,784</u>		<u>\$ 118,902</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29  
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 92,743	\$ 98,828	\$ 6,085	\$ 90,149
Social security/medicare only levy	117,581	146,429	28,848	137,983
Interest on investments	300	4,666	4,366	69
Total local sources	<u>210,624</u>	<u>249,923</u>	<u>39,299</u>	<u>228,201</u>
Total revenues	<u>210,624</u>	<u>249,923</u>	<u>39,299</u>	<u>228,201</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular programs	78,298	67,282	11,016	94,413
Special education programs	105,628	41,261	64,367	46,622
Educationally deprived/remedial programs	4,148	2,582	1,566	1,251
Gifted programs	4,616	4,819	(203)	4,877
Bilingual programs	454	362	92	-
Total instruction	<u>193,144</u>	<u>116,306</u>	<u>76,838</u>	<u>147,163</u>
<b>Support Services</b>				
<b>Pupils</b>				
Attendance and social work services	834	771	63	722
Health services	8,913	9,708	(795)	9,383
Psychological services	643	978	(335)	-
Total pupils	<u>10,390</u>	<u>11,457</u>	<u>(1,067)</u>	<u>10,105</u>
<b>School administration</b>				
Office of the principal services	<u>22,833</u>	<u>15,195</u>	<u>7,638</u>	<u>13,756</u>
Total school administration	<u>22,833</u>	<u>15,195</u>	<u>7,638</u>	<u>13,756</u>
<b>Business</b>				
Direction of business support services	1,864	1,891	(27)	-
Fiscal services	17,989	15,189	2,800	13,126
Operations and maintenance of plant services	<u>23,583</u>	<u>26,368</u>	<u>(2,785)</u>	<u>21,788</u>
Total business	<u>43,436</u>	<u>43,448</u>	<u>(12)</u>	<u>34,914</u>
Total support services	<u>76,659</u>	<u>70,100</u>	<u>6,559</u>	<u>58,775</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006			2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>Nonprogrammed charges</b>				
Payments for special education programs	\$ 14	\$ -	\$ 14	\$ -
Total nonprogrammed charges	<u>14</u>	<u>-</u>	<u>14</u>	<u>-</u>
Total expenditures	<u>269,817</u>	<u>186,406</u>	<u>83,411</u>	<u>205,938</u>
Excess (deficiency) of revenues over expenditures	<u>(59,193)</u>	<u>63,517</u>	<u>122,710</u>	<u>22,263</u>
Net change in fund balance	<u>\$ (59,193)</u>	<u>63,517</u>	<u>\$ 122,710</u>	<u>22,263</u>
Fund balance, beginning of year		<u>181,654</u>		<u>159,391</u>
Fund balance, end of year		<u>\$ 245,171</u>		<u>\$ 181,654</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
**WORKING CASH FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 62,500	\$ 68,723	\$ 6,223	\$ 57,347
Interest on investments	<u>2,000</u>	<u>27,341</u>	<u>25,341</u>	<u>10</u>
Total local sources	<u>64,500</u>	<u>96,064</u>	<u>31,564</u>	<u>57,357</u>
Total revenues	<u>64,500</u>	<u>96,064</u>	<u>31,564</u>	<u>57,357</u>
<b>Expenditures</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>64,500</u>	<u>96,064</u>	<u>31,564</u>	<u>57,357</u>
Net change in fund balance	<u>\$ 64,500</u>	96,064	<u>\$ 31,564</u>	57,357
Fund balance, beginning of year		<u>957,249</u>		<u>899,892</u>
Fund balance, end of year		<u>\$ 1,053,313</u>		<u>\$ 957,249</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2006

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## **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Data**

The budgeted amounts for the Governmental Funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

The Board of Education follows these procedures in establishing the budgetary data reflected in the general purpose 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 taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of an resolution. By the last Tuesday in December, a tax levy resolution 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 budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

The budget amounts shown in the financial statements are as originally adopted because there were no amendments during the past fiscal year.

### **Excess of Expenditures over Budget**

For the year ended June 30, 2006, expenditures exceeded budget in the Transportation Fund by \$29,553. This excess was funded by available fund balance.

**SUNSET RIDGE SCHOOL DISTRICT NO. 29****BOND AND INTEREST FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 339,266	\$ 357,672	\$ 18,406	\$ 397,564
Interest on investments	800	5,361	4,561	138
Total local sources	<u>340,066</u>	<u>363,033</u>	<u>22,967</u>	<u>397,702</u>
Total revenues	<u>340,066</u>	<u>363,033</u>	<u>22,967</u>	<u>397,702</u>
<b>Expenditures</b>				
<b>Debt services</b>				
<b>Bonds</b>				
Bonds - interest	-	-	-	11,890
Total	-	-	-	11,890
<b>Bond principal retired</b>	<u>360,000</u>	<u>360,000</u>	-	<u>410,000</u>
<b>Other debt service</b>				
Purchased services	<u>1,195</u>	<u>445</u>	<u>750</u>	<u>425</u>
Total	<u>1,195</u>	<u>445</u>	<u>750</u>	<u>425</u>
Total debt services	<u>361,195</u>	<u>360,445</u>	<u>750</u>	<u>422,315</u>
Total expenditures	<u>361,195</u>	<u>360,445</u>	<u>750</u>	<u>422,315</u>
Excess (deficiency) of revenues over expenditures	<u>(21,129)</u>	<u>2,588</u>	<u>23,717</u>	<u>(24,613)</u>
Net change in fund balance	<u>\$ (21,129)</u>	<u>2,588</u>	<u>\$ 23,717</u>	<u>(24,613)</u>
Fund balance, beginning of year		<u>279,678</u>		<u>304,291</u>
Fund balance, end of year		<u>\$ 282,266</u>		<u>\$ 279,678</u>

**SUNSET RIDGE SCHOOL DISTRICT NO. 29  
FIRE PREVENTION AND LIFE SAFETY FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	2006			2005 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 62,500	\$ 47,670	\$ (14,830)	\$ 35,189
Interest on investments	-	2,000	2,000	9
Total local sources	<u>62,500</u>	<u>49,670</u>	<u>(12,830)</u>	<u>35,198</u>
Total revenues	<u>62,500</u>	<u>49,670</u>	<u>(12,830)</u>	<u>35,198</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Business</b>				
<b>Operation and maintenance of plant services</b>				
Capital outlay	-	-	-	3,950
Total	-	-	-	3,950
Total business	-	-	-	3,950
Total support services	-	-	-	3,950
Total expenditures	-	-	-	3,950
Excess (deficiency) of revenues over expenditures	<u>62,500</u>	<u>49,670</u>	<u>(12,830)</u>	<u>31,248</u>
Net change in fund balance	<u>\$ 62,500</u>	49,670	<u>\$ (12,830)</u>	31,248
Fund balance, beginning of year		64,841		33,593
Fund balance, end of year		<u>\$ 114,511</u>		<u>\$ 64,841</u>



**Schedule of Changes in Assets and Liabilities**  
**Schedule of Changes in Assets and Liabilities End**

**SUNSET RIDGE SCHOOL DISTRICT NO. 29**FIVE YEAR SUMMARY OF ASSESSED VALUATIONS,  
TAX RATES, EXTENSIONS AND COLLECTIONS  
JUNE 30, 2006

	2001	2002	2003	2004	2005
<b>Assessed valuation</b>	<u>\$ 316,766,707</u>	<u>\$ 337,200,390</u>	<u>\$ 348,204,274</u>	<u>\$ 436,603,360</u>	<u>\$ 467,189,173</u>
<b>Tax rates</b>					
Educational	2.1290	2.1036	2.0902	1.7025	1.6077
Tort immunity	0.0289	0.0374	0.0262	0.0175	0.0233
Operations and maintenance	0.1138	0.1120	0.2095	0.2506	0.2997
Bond and interest	0.1378	0.1325	0.1308	0.0866	0.0809
Transportation	0.0293	0.0256	0.0306	0.0254	0.0171
Municipal Retirement	0.0236	0.0281	0.0241	0.0218	0.0235
Social Security	0.0354	0.0268	0.0369	0.0276	0.0300
Working Cash	0.0432	0.0428	0.0072	0.0115	0.0064
Fire prevention and life safety	<u>0.0432</u>	<u>0.0148</u>	<u>0.0072</u>	<u>0.0115</u>	<u>0.0107</u>
Total	<u>2.5842</u>	<u>2.5236</u>	<u>2.5627</u>	<u>2.1550</u>	<u>2.0993</u>
<b>Tax extensions</b>					
Educational	\$ 6,744,062	\$ 7,093,302	\$ 7,278,114	\$ 7,433,060	\$ 7,510,796
Tort immunity	91,521	126,021	91,062	76,204	109,066
Operations and maintenance	360,500	377,540	729,409	1,094,113	1,400,000
Bond and interest	436,359	446,912	455,469	378,000	378,000
Transportation	92,700	87,142	106,706	110,974	80,000
Municipal Retirement	74,675	94,750	84,000	95,000	110,000
Social Security	112,013	90,250	128,400	120,500	140,000
Working Cash	136,796	144,452	25,000	50,000	30,000
Fire prevention and life safety	<u>136,796</u>	<u>50,000</u>	<u>25,000</u>	<u>50,000</u>	<u>50,000</u>
Total	<u>\$ 8,185,422</u>	<u>\$ 8,510,369</u>	<u>\$ 8,923,160</u>	<u>\$ 9,407,851</u>	<u>\$ 9,807,862</u>
Total Collections	<u>\$ 8,073,000</u>	<u>\$ 8,440,438</u>	<u>\$ 8,831,419</u>	<u>\$ 9,323,755</u>	<u>\$ 5,199,354</u>
Percentage collected	98.63 %	99.18 %	98.97 %	99.11 %	53.01 %



**SUNSET RIDGE SCHOOL DISTRICT NO. 29**  
 DEBT SERVICE REQUIREMENTS - FEBRUARY 8, 2000 ISSUE  
 JUNE 30, 2006

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YEAR ENDED JUNE 30,	PRINCIPAL
2007	\$ 360,000
2008	360,000
2009	360,000
2010	360,000
2011	360,000
2012	360,000
2013	360,000
2014	360,000
2015	360,000
2016	360,000
2017	360,000
2020	<u>1,065,000</u>
Total	<u>\$ 5,025,000</u>

Paying Agent: Amalgamated Bank of Chicago

Principal payment date: December 1

Interest payment dates: June 1 and December 1

Interest rates: 5.35% - 6.13%