

Sunset Ridge School District No. 29

Northfield, Illinois

Annual Financial Report

Year Ended June 30, 2017

Sunset Ridge School District No. 29

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
Sunset Ridge School District No. 29
Northfield, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunset Ridge School District No. 29 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

(Continued)

Auditors' Responsibility (Continued)

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

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 the District, as of June 30, 2017, and the respective changes in financial position thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois pension data on pages 65 through 68, the other postemployment benefits data on page 69, budgetary comparison schedules and notes to the required supplementary information on pages 70 through 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules listed in the table of contents as supplementary financial information and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information for the year ended June 30, 2017 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial information for the year ended June 30, 2017 is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated October 19, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Debt Service Fund, and Fire Prevention and Safety Fund with comparative actual amounts for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for Capital Projects Fund, Debt Service Fund, and Fire Prevention and Safety Fund have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund, Debt Service Fund, and Fire Prevention and Safety Fund are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
November 15, 2017

Sunset Ridge School District No. 29

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2017

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, 2017. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- During FY2017, the Illinois State Board of Education (ISBE) awarded the District a Certificate of Financial Recognition in honor of its commitment to financial excellence. This commendation, based on 2016 fiscal year financial statements and the school system's 2016 financial profile, places the District in the ISBE's highest category of financial achievement, which the District has achieved for the past fourteen years.
- During FY2017, Moody's Investors Service conducted an annual surveillance review of the District's bond rating. Moody's reaffirmed the District's Aaa general obligation limited tax (GOLT) rating and upgraded the District's lease certificate rating to Aaa. Moody's noted very strong liquidity position, affluent tax base and strong fiscal management as considerations for the Aaa rating. Additionally, the District's stable outlook, strong reserve position and conservative budgeting practices will mitigate any near term operating pressure which only further supports the District's strong credit profile.
- General revenues from property taxes, personal property replacement taxes, state aid, investment earnings and other sources accounted for \$13,567,689 or 70% of the District's total revenue of \$19,486,248. Program specific revenues in the form of charges for services, contributions, and grants were \$5,918,559, or 30% of total revenue.
- The District had \$17,931,130 in expenses related to governmental activities. However, only \$5,918,559 of these expenses was offset by program specific charges, contributions, and grants.
- The District's modified accrual fund financial statements also reflect a continued strong financial position with total governmental fund assets of \$27,502,311 and total governmental fund balances of \$18,828,981; \$14,094,451 of which is related to operating funds (General, Operations and Maintenance, Transportation, and Municipal Retirement/Social Security Funds). The District's Working Cash Account had an ending fund balance of \$1,241,935; a fund typically viewed as a long-term savings fund.
- Among the major funds, the General Fund (which includes the Educational, Tort Immunity and Judgment, and Working Cash Accounts) had \$16,798,926 in revenues, primarily consisting of property taxes, state aid, and other local revenue, and \$15,769,760 in expenditures.
- The District continued to pay down the series 2000 general obligation long-term debt by retiring \$360,000 in fiscal year 2017. It also made the annual payments for the long-term debt from the capital lease certificates by retiring \$625,000 in principal and \$747,766 in interest.

Sunset Ridge School District No. 29

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2017

Financial Highlights (Continued)

- The Board of Education Finance/Facilities Committee met quarterly throughout the year. Many topics were discussed including upcoming renovation work at Middlefork School, the 2016 levy, the ten-year life safety survey, property tax appeals, as well as quarterly review of the District's finances. The Committee is continually informed about potential reductions in state and federal revenues, legislation for a property tax freeze, and proposed legislation for pension reform cost shifts. Despite the potential of these threats, the Committee with support from the Board of Education is committed to maintaining the District's strong financial status.

Overview of the Financial Statements

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

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements.

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

Government-wide financial statements

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

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

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position 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.

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, operations and maintenance of facilities, and transportation services.

Sunset Ridge School District No. 29

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2017

Overview of the Financial Statements (Continued)

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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General (includes Educational, Tort Immunity and Judgment, and Working Cash Accounts), Operations and Maintenance, Debt Service, Transportation, Municipal Retirement/Social Security, Capital Projects, and Fire Prevention and Safety Funds, 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 statement has been provided for each fund to demonstrate compliance with this budget.

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

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a better understanding of the data provided in the government-wide and fund financial statements.

Sunset Ridge School District No. 29
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Overview of the Financial Statements (Continued)

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 other postemployment benefits and pension data related to the Illinois Municipal Retirement Fund and the Teacher's Retirement System.

Government-Wide Financial Analysis

Net position: The District's combined net position was \$18,630,871 at June 30, 2017.

Table 1		
Condensed Statement of Net position		
	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
Assets:		
Current and other assets	\$ 27,524,056	\$ 45,296,914
Capital assets	<u>26,762,098</u>	<u>6,938,672</u>
Total assets	<u>54,286,154</u>	<u>52,235,586</u>
Deferred outflow of resources:		
Deferred outflows related to pensions	<u>461,912</u>	<u>454,761</u>
Liabilities:		
Long-term liabilities outstanding	27,281,710	28,187,085
Other current liabilities	<u>2,661,338</u>	<u>1,274,385</u>
Total liabilities	<u>29,943,048</u>	<u>29,461,470</u>
Deferred inflow of resources:		
Property taxes levied for a future period	6,045,018	5,990,507
Deferred inflows related to pensions	<u>129,129</u>	<u>162,617</u>
Total deferred inflow of resources	<u>6,174,147</u>	<u>6,153,124</u>
Net position:		
Net investment in capital assets	4,098,374	3,806,043
Restricted	7,898,612	26,492,773
Unrestricted	<u>6,633,885</u>	<u>(13,223,063)</u>
Total net position	<u>\$ 18,630,871</u>	<u>\$ 17,075,753</u>

Sunset Ridge School District No. 29
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

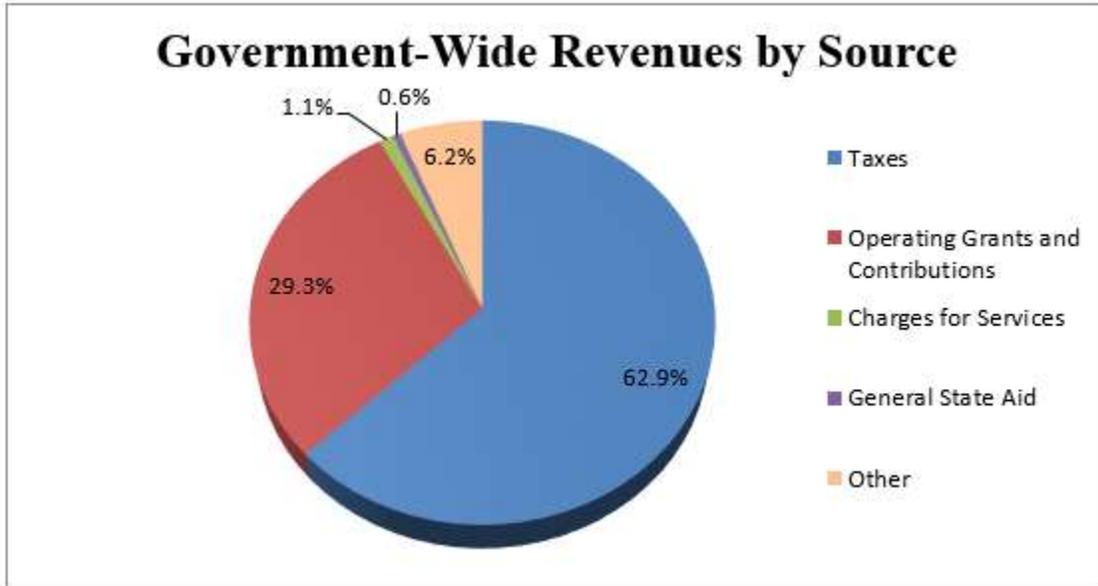
Government-Wide Financial Analysis (Continued)

Table 2		
Changes in Net position		
	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 206,438	\$ 205,671
Operating grants and contributions	5,712,121	4,012,920
<i>General revenues:</i>		
Taxes	12,256,005	12,719,040
State aid-formula grants	112,444	106,132
Other	<u>1,199,240</u>	<u>264,466</u>
Total revenues	<u>19,486,248</u>	<u>17,308,229</u>
Expenses:		
Instruction	13,079,066	11,831,447
Pupil and instructional staff services	588,781	597,208
Administration and business	1,947,849	2,063,558
Transportation	136,901	141,762
Operations and maintenance	1,197,758	1,323,831
Other:		
Central	119,566	300,056
Community services	10,700	10,669
Nonprogrammed charges	91,564	93,853
Interest and fees	<u>758,945</u>	<u>884,094</u>
Total expenses	<u>17,931,130</u>	<u>17,246,478</u>
Increase in net position	1,555,118	61,751
Net position, beginning of year	<u>17,075,753</u>	<u>17,014,002</u>
Net position, end of year	<u>\$ 18,630,871</u>	<u>\$ 17,075,753</u>

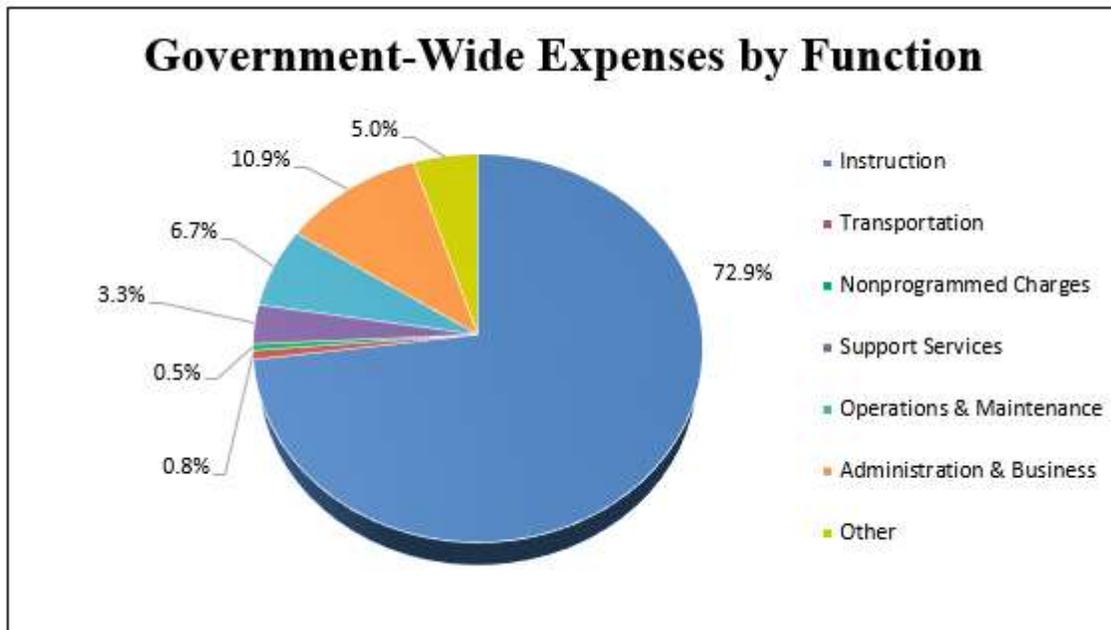
Sunset Ridge School District No. 29 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2017

Government-Wide Financial Analysis (Continued)

Revenues by Source: Property taxes accounted for the largest portion of the District's revenue, contributing 62.9 cents of every dollar raised. The remainder of the District's revenue came from state and federal grants, contributions, and other sources.



Expenses by Function: The total cost of all programs and services was \$17,931,130. The District's expenses are predominantly related to instruction, which makes up 72.9% of total expenses.



Sunset Ridge School District No. 29
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Financial Analysis of the District's Funds

The District's governmental funds' combined fund balance decreased by \$19,212,397 from \$38,041,378 to \$18,828,981. This reduction was attributable to the use of the proceeds from the capital lease certificates (issued in the prior fiscal year) to pay the construction costs of the new Sunset Ridge School.

General Fund Budgetary Highlights

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

The District's budget for the General Fund anticipated that revenues would exceed expenditures by \$1,640,138. The actual results for the year show the revenues exceeded expenditures by \$1,029,166. This lower than expected surplus is a result of the property tax appeal settlement with Kraft Foods requiring the District to refund \$613,118 in property taxes for tax years 2010, 2011 and 2012. This settlement was recorded as a liability on the books in FY2017. The surplus of \$1,029,166 will be used towards the annual debt payment for lease certificates.

Capital Assets and Debt Administration

Capital Assets

By the end of FY2017, the District had compiled a total investment of \$26,762,098 (net of accumulated depreciation) in a broad range of capital assets including land, construction in progress, improvements other than buildings, buildings, and equipment. Total depreciation expense for the year was \$413,825.

More detailed information about capital assets can be found in Note G of the notes to the financial statements.

Table 3		
Capital Assets (net of depreciation)		
	<u>2017</u>	<u>2016</u>
Land	\$ 76,885	\$ 76,885
Construction in progress	21,839,976	1,987,491
Improvements other than buildings	74,821	41,856
Buildings	4,179,558	4,448,380
Equipment	<u>590,858</u>	<u>384,060</u>
Total	<u>\$26,762,098</u>	<u>\$ 6,938,672</u>

Sunset Ridge School District No. 29
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Capital Assets and Debt Administration (Continued)

Long-term liabilities

During FY2017, the District retired \$625,000 in general obligation lease certificates. In addition, the District retired \$360,000 in general obligation bonds, and recognized \$64,110 of accretion on capital appreciation bonds. The carrying amount of these capital appreciation bonds, on June 30, 2017, is \$915,890. The District also made the final payment of \$25,000 on its Northfield Community Center intergovernmental loan.

Table 4		
Outstanding Long-Term Liabilities		
	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 915,890	\$ 1,211,780
General obligation lease certificates	23,795,000	24,420,000
Intergovernmental loan	-	25,000
IMRF net pension liability	736,059	724,914
TRS net pension liability	818,489	735,107
Bond premium, net	1,016,272	1,069,924
Other postemployment benefits (asset)	<u>(21,745)</u>	<u>360</u>
Total	<u>\$27,259,965</u>	<u>\$28,187,085</u>

More detailed information about long-term liabilities can be found in Note H of the notes to the financial statements.

Factors Bearing on the District’s Future

The new Sunset Ridge School opened in September 2017 for the start of the 2017-18 school year. After almost three years of planning this state-of-the-art facility with the District 29 community, the new school has become a reality. With ample space dedicated to the academic, artistic, athletic and emotional needs of the students, the new building has been designed to retain a small school feel and be easy to navigate. Classrooms are warm, welcoming spaces for students to practice innovation and creative thinking. The dedicated art, music and physical education facilities demonstrate the District’s ongoing commitment to educating the “whole child”. The new school pays homage to the District’s storied history, with connections to the past weaved throughout the facility. It is anticipated the school will receive Leadership in Energy and Environmental Design (LEED) Platinum status and it is designed to be the first net zero energy public school in the State of Illinois.

Sunset Ridge School District No. 29
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2017

Factors Bearing on the District’s Future (Continued)

During Spring FY2017, the District settled the 2010-2012 Property Tax Appeal Board (PTAB) matters with Kraft Foods, former lessee of the property now occupied by Medline. The settlement included a property tax refund in the amount \$613,118. The agreement stipulated that rather than paying back the entire amount in one lump sum, the refunds would be spread out into thirds over FYs 17, 18, and 19. The breakdown was as follows:

Payment year	FY2018	FY2018	FY2019	Total
Levy year	2010	2011	2012	
Amount	\$ (199,603)	\$ (202,583)	\$ (210,932)	\$ (613,118)

Refunds are processed by the Cook County Treasurer and are withheld directly from property tax collections. The first refund of \$199,603 was scheduled to be processed in spring 2017 however, the refund has yet to be processed, and thus it will be deducted from taxes distributed to the District in FY2018 rather than FY2017. The District auditors determined this settlement was material to the financial statements after year-end. Thus, the modified accrual basis of accounting requires the full amount to be recorded as a liability in FY2017. Accordingly, a \$613,118 liability was recorded along with the corresponding reduction to the property tax revenue account to the General Fund. This entry reduced the anticipated surplus of \$1,640,138 to \$1,029,166.

The 2013-2015 Kraft PTABs are in process and not expected to be reviewed until sometime in 2018 at the earliest with refunds being distributed starting in FY2019 or thereafter. The District has completed appraisals for the three years under appeal and is currently working with legal counsel on the next steps. No matter the outcome, the District will seek to mitigate any financial impact by spreading any agreed upon refunds over as many fiscal years as possible.

In FY2016, the District issued \$24.4 million of general obligation lease certificates to help pay for the new Sunset Ridge School. Since the Board of Education chose not to go to referendum for this debt, there is no dedicated levy to pay it back. Rather, the District will be utilizing surplus dollars on an annual basis to cover the cost of the lease payments. Careful financial management by both the Finance/Facilities Committee and the Board of Education will be required to ensure the District maintains healthy surpluses to cover this debt payment.

The Board of Education is also closely following the recently approved Evidence Based Funding legislative act. A Base Funding Minimum is set for each district intended to ensure that no district receives less State funding because of the change in the formula. Instead, the funding formula provides that:

- Each district is given a Local Capacity Target that reflects local tax resources that are available to support education;
- Each district is treated individually, with an Adequacy Target based on the needs of its student body. The greater the student need, the higher the Adequacy Target;
- New dollars go to the neediest districts first – those furthest from the Adequacy Target;
- School funding is tied to those evidence-based best practices the research shows enhance student achievement in the classroom.

Since the District has a strong local tax base and it is well above the Adequacy Target the District is only expected to receive a very minimal increase in State funding.

Sunset Ridge School District No. 29

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2017

Factors Bearing on the District's Future (Continued)

The Board of Education and the Finance/Facilities Committee will continue to closely monitor any uncertain financial challenges that may lie ahead for the District. Among these challenges is the continued conversation of a proposed property tax freeze bill. Although it is too early to determine the impact this bill will have on the District, current proposals call for either a one or a two-year property tax freeze. With property taxes being the largest revenue source the District has, the passage of a property tax freeze bill may require the Board of Education to identify various cost saving measures to maintain a healthy surplus to pay for the debt. Another challenge is a possible pension cost shift to school districts. The Pension Reform Law ("the Act") introduced three years ago was held unconstitutional and since then there have been continued discussions in the State legislature of pension reform. Fortunately, due to strong fiscal management, the District's healthy fund balance will allow the District to navigate these financial challenges if necessary.

For tax levy year 2016 payable in 2017, the District's equalized assessed value (EAV) for all real property within the District 29 boundaries increased approximately 17% from \$401.3 million to \$469.3 million. New property growth was \$1,488,979. Only two times in the last eight years has the District experienced an increase in EAV. As the EAV goes up, the tax rate decreases because of the inverse relationship. The 2016 tax year rate was 2.762 as compared to 3.197 in 2015. Property tax cap legislation (PTELL) limited the 2016 levy extension increase to 0.70%, which was the 2015 CPI. The total 2016 levy extension was \$12,957,506. Although this is \$128,341 greater than the 2015 levy extension, the District continues to experience a slow-down in revenue growth in property taxes mostly attributable to a low CPI and continued stagnation of new property growth.

In the spring of 2015, the Board of Education committed \$2 million of available fund balance to capital improvements and safety enhancements at Middlefork School. During FY2018, the Finance/Facility Committee will begin planning the needs and improvements for the school. It is anticipated a recommendation for capital improvements and safety enhancements will be brought to the Board of Education sometime in the spring of 2018.

The Sunset Ridge Education Association (SREA) is currently in the fourth year of a five-year contract. District 29 has enjoyed a long history of educational excellence. This contract contains several innovative elements to ensure District 29 continues this excellence while remaining financially responsible and adapting to significant changes in the external environment.

District 29 schools have been ranked among the top schools in the State for the past several years. Furthermore, District 29 students continue to be among the highest performing in the region with the vast majority meeting or exceeding state and national academic standards. The community takes pride in the quality and value of the education students receive and staff provide in every grade from kindergarten through graduation. District 29 continues to cultivate a learning community that engages the hearts and minds of students, one child at a time. The tradition of educational excellence continues at Sunset Ridge School District 29.

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

BASIC FINANCIAL STATEMENTS

Sunset Ridge School District No. 29
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2017

ASSETS

Cash and investments	\$	21,113,817
Receivables (net of allowance for uncollectibles):		
Interest		46,741
Property taxes		6,045,018
Replacement taxes		19,968
Intergovernmental		271,770
Prepaid items		4,997
Other post employment benefit assets		21,745
Capital assets:		
Land		76,885
Construction in progress		21,839,976
Depreciable buildings, property, and equipment, net		4,845,237
 Total assets		 54,286,154

DEFERRED OUTFLOW OF RESOURCES

Deferred outflows related to pensions		461,912
 Total deferred outflows		 461,912

LIABILITIES

Accounts payable		1,867,333
Payroll deductions payable		61,448
Other liabilities		670,770
Interest payable		61,787
Long-term liabilities:		
Due within one year		640,000
Due after one year		26,641,710
 Total liabilities		 29,943,048

DEFERRED INFLOW OF RESOURCES

Deferred inflows related to pensions		129,129
Property taxes levied for a future period		6,045,018
 Total deferred inflows		 6,174,147

NET POSITION

Net investment in capital assets		4,098,374
Restricted for:		
Operations and maintenance		2,722,314
Debt service		340,246
Student transportation		210,011
Retirement benefits		256,019
Capital projects		4,335,042
Tort immunity		34,980
Unrestricted		6,633,885
 Total net position		 \$ 18,630,871

The accompanying notes are an integral part of this statement.

Sunset Ridge School District No. 29

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2017

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 5,340,289	\$ 12,100	\$ 63,581	\$ (5,264,608)
Special programs	2,189,268	-	414,770	(1,774,498)
Other instructional programs	331,627	-	215	(331,412)
State retirement contributions	5,217,882	-	5,217,882	-
Support services:				
Pupils	525,855	-	-	(525,855)
Instructional staff	62,926	-	12,684	(50,242)
General administration	732,552	-	-	(732,552)
School administration	548,822	-	-	(548,822)
Business	666,475	186,912	2,989	(476,574)
Transportation	136,901	-	-	(136,901)
Operations and maintenance	1,197,758	7,426	-	(1,190,332)
Central	119,566	-	-	(119,566)
Community services	10,700	-	-	(10,700)
Nonprogrammed charges - excluding special education	91,564	-	-	(91,564)
Interest and fees	758,945	-	-	(758,945)
Total governmental activities	<u>\$ 17,931,130</u>	<u>\$ 206,438</u>	<u>\$ 5,712,121</u>	<u>(12,012,571)</u>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				10,449,999
Real estate taxes, levied for special purposes				1,299,731
Real estate taxes, levied for debt service				365,350
Personal property replacement taxes				140,925
State aid-formula grants				112,444
Investment earnings				205,663
Miscellaneous				993,577
Total general revenues				<u>13,567,689</u>
Change in net position				1,555,118
Net position, beginning of year				<u>17,075,753</u>
Net position, end of year				<u>\$ 18,630,871</u>

The accompanying notes are an integral part of this statement.

Sunset Ridge School District No. 29

Governmental Funds

BALANCE SHEET

June 30, 2017

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 11,402,749	\$ 2,724,090	\$ 188,763	\$ 256,019
Receivables (net of allowance for uncollectibles):				
Interest	39,143	-	-	-
Property taxes	5,195,525	471,325	56,699	141,418
Replacement taxes	-	19,968	-	-
Intergovernmental	233,895	-	37,875	-
Prepaid items	4,997	-	-	-
Total assets	<u>\$ 16,876,309</u>	<u>\$ 3,215,383</u>	<u>\$ 283,337</u>	<u>\$ 397,437</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 18,580	\$ 19,407	\$ 16,627	\$ -
Payroll deductions payable	59,111	2,337	-	-
Other liabilities	670,770	-	-	-
Total liabilities	<u>748,461</u>	<u>21,744</u>	<u>16,627</u>	<u>-</u>
DEFERRED INFLOWS				
Unavailable interest revenue	26,216	-	-	-
Property taxes levied for a future period	5,195,525	471,325	56,699	141,418
Total deferred inflows	<u>5,221,741</u>	<u>471,325</u>	<u>56,699</u>	<u>141,418</u>
FUND BALANCES				
Nonspendable	4,997	-	-	-
Restricted	34,980	2,722,314	210,011	256,019
Unassigned	10,866,130	-	-	-
Total fund balance	<u>10,906,107</u>	<u>2,722,314</u>	<u>210,011</u>	<u>256,019</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 16,876,309</u>	<u>\$ 3,215,383</u>	<u>\$ 283,337</u>	<u>\$ 397,437</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 402,033	\$ 5,984,680	\$ 155,483	\$ 21,113,817
-	7,598	-	46,741
175,892	-	4,159	6,045,018
-	-	-	19,968
-	-	-	271,770
-	-	-	4,997
<u>\$ 577,925</u>	<u>\$ 5,992,278</u>	<u>\$ 159,642</u>	<u>\$ 27,502,311</u>
\$ -	\$ 1,809,244	\$ 3,475	\$ 1,867,333
-	-	-	61,448
-	-	-	670,770
-	<u>1,809,244</u>	<u>3,475</u>	<u>2,599,551</u>
-	2,545	-	28,761
<u>175,892</u>	-	<u>4,159</u>	<u>6,045,018</u>
<u>175,892</u>	<u>2,545</u>	<u>4,159</u>	<u>6,073,779</u>
-	-	-	4,997
402,033	4,180,489	152,008	7,957,854
-	-	-	10,866,130
<u>402,033</u>	<u>4,180,489</u>	<u>152,008</u>	<u>18,828,981</u>
<u>\$ 577,925</u>	<u>\$ 5,992,278</u>	<u>\$ 159,642</u>	<u>\$ 27,502,311</u>

Sunset Ridge School District No. 29
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2017

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

Total fund balances - governmental funds	\$	18,828,981
Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.		26,762,098
The other postemployment benefit resulting from contributions in excess of the annual required contribution is not a financial resource and, therefore, is not reported in the governmental funds balance sheet.		21,745
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources related to pensions	\$	363,361
Deferred outflows of 2017 employer contributions related to pensions		<u>98,551</u>
		461,912
Deferred inflows of resources related to pensions		(129,129)
Interest payable included in the statement of net position is not related to a current period expenditure and, therefore, is not included in the governmental funds balance sheet.		(61,787)
Certain revenues receivable by the District and recognized in the statement of net position (interest) do not provide current financial resources and are deferred in the governmental funds balance sheet.		28,761
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.		<u>(27,281,710)</u>
Net position - governmental activities	\$	<u><u>18,630,871</u></u>

The accompanying notes are an integral part of this statement.

Sunset Ridge School District No. 29

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2017

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 10,536,798	\$ 778,877	\$ 102,157	\$ 323,607
Replacement taxes	-	140,925	-	-
State aid	5,619,184	-	75,584	-
Federal aid	209,601	-	-	-
Interest	96,338	14	2	7
Other	337,005	7,426	-	-
Total revenues	16,798,926	927,242	177,743	323,614
Expenditures				
Current:				
Instruction:				
Regular programs	5,182,554	-	-	106,691
Special programs	1,278,125	-	-	66,883
Other instructional programs	291,924	-	-	9,693
State retirement contributions	5,217,882	-	-	-
Support services:				
Pupils	500,061	-	-	14,228
Instructional staff	62,926	-	-	-
General administration	715,086	-	-	13,238
School administration	525,956	-	-	22,848
Business	609,329	-	-	28,051
Transportation	-	-	136,901	-
Operations and maintenance	3,000	851,666	-	35,567
Central	26,659	-	-	-
Community services	9,925	-	-	-
Nonprogrammed charges	920,095	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	426,238	64,998	-	-
Total expenditures	15,769,760	916,664	136,901	297,199
Excess (deficiency) of revenues over expenditures	1,029,166	10,578	40,842	26,415
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(1,372,766)	(25,000)	-	-
Total other financing sources (uses)	(1,372,766)	(25,000)	-	-
Net change in fund balance	(343,600)	(14,422)	40,842	26,415
Fund balance, beginning of year	11,249,707	2,736,736	169,169	229,604
Fund balance, end of year	\$ 10,906,107	\$ 2,722,314	\$ 210,011	\$ 256,019

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total
\$ 365,350	\$ -	\$ 8,291	\$ 12,115,080
-	-	-	140,925
-	-	-	5,694,768
-	-	-	209,601
8	134,018	-	230,387
-	780,000	-	1,124,431
<u>365,358</u>	<u>914,018</u>	<u>8,291</u>	<u>19,515,192</u>
-	-	-	5,289,245
-	-	-	1,345,008
-	-	-	301,617
-	-	-	5,217,882
-	-	-	514,289
-	-	-	62,926
-	-	-	728,324
-	-	-	548,804
-	9,930	-	647,310
-	-	-	136,901
-	-	-	890,233
-	-	-	26,659
-	-	-	9,925
-	-	-	920,095
1,010,000	-	-	1,010,000
749,541	-	-	749,541
-	19,826,985	10,609	20,328,830
<u>1,759,541</u>	<u>19,836,915</u>	<u>10,609</u>	<u>38,727,589</u>
(1,394,183)	(18,922,897)	(2,318)	(19,212,397)
1,397,766	-	-	1,397,766
-	-	-	(1,397,766)
<u>1,397,766</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,583	(18,922,897)	(2,318)	(19,212,397)
<u>398,450</u>	<u>23,103,386</u>	<u>154,326</u>	<u>38,041,378</u>
<u>\$ 402,033</u>	<u>\$ 4,180,489</u>	<u>\$ 152,008</u>	<u>\$ 18,828,981</u>

Sunset Ridge School District No. 29

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds \$ (19,212,397)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. 19,823,426

Certain revenues included in the statement of activities do not provide current financial resources and, therefore, are deferred in the fund statements. (24,724)

Accrued interest reported in the statement of activities does not require the use of current financial resources, and, therefore, is not reported as an expenditure in the governmental funds. 1,054

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

Deferred outflow and inflows of resources related to IMRF pension (40,477)

Deferred outflow and inflows of resources related to TRS pension 81,116

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 927,120

Change in net position - governmental activities \$ 1,555,118

The accompanying notes are an integral part of this statement.

Sunset Ridge School District No. 29
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2016

	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	<u>\$ 50,332</u>
LIABILITIES	
Due to student groups	<u>\$ 50,332</u>

The accompanying notes are an integral part of this statement.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sunset Ridge School District No. 29 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. Reporting Entity

The District is located in Cook County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgetary, taxing, and debt matters.

The District includes all funds of its operations that are controlled by or dependent upon the District, as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no organizations for which it has financial accountability.

Also, the District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

2. Fund Accounting

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (debt service fund), and the acquisition or construction of major capital facilities (capital projects funds). The General Fund is used to account for all activities of the District not accounted for in some other fund. The District considers all governmental funds to be major.

Fiduciary funds (agency funds) are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and local fees.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

a. General Fund

The *General Fund* includes the Educational Account, the Working Cash Account, and the Tort Immunity and Judgment Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid upon collection of property taxes in the fund(s) loaned to. As allowed by the School Code of Illinois, this Fund may be permanently abolished and become part of the General (Educational Account) Fund or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Account of at least .05% of the District's current equalized assessed valuation. The Tort Immunity and Judgment Account is used to account for revenues derived from a specific property levy and state reimbursement grants and expenditures of these monies is for risk management activities.

b. Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the debt service, capital projects, or fiduciary funds) that are legally restricted to expenditures for specified purposes.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

b. Special Revenue Funds (Continued)

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

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

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

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

c. Debt Service Fund

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

d. Capital Projects Funds

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

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

e. Fiduciary Fund

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

The Agency Fund - includes Student Activity Funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Although the Board of Education has the ultimate responsibility for activity funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. They account for activities such as student yearbook, student clubs and council, and scholarships.

4. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property tax revenues and most other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered by year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, replacement taxes, interest, and intergovernmental revenue associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports unearned and unavailable revenue on its financial statements. Unearned and unavailable revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability or deferred inflow of resources for unearned or unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental Funds also defer revenue recognition in connection with resources received, but not yet earned. At the end of the current fiscal year, the component of unavailable revenue reported in the governmental funds was as follows:

	<u>Unavailable</u>
Interest income receivable	\$ <u>28,761</u>
Total unavailable revenue	\$ <u><u>28,761</u></u>

The fiduciary fund statements are reported using the accrual basis of accounting.

5. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to future periods. At June 30, 2017, the District has deferred outflows related to pensions. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to future reporting periods. At June 30, 2017, the District's property taxes levied for a future period and unavailable interest revenue are reported as deferred inflows of resources, in addition to deferred inflows related to pensions.

6. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the General Fund, which does not budget for on-behalf pension payments from the State of Illinois. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Deposits and Investments

The Illinois Compiled Statutes require the District to utilize the investment services of the Township School Treasurer (the Treasurer). Investments are stated at fair value. Changes in fair value are included in investment income.

8. Personal Property Replacement Taxes

Personal property replacement tax revenues are allocated to funds at the discretion of the District.

9. Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

10. Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements other than buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual or group cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Construction in progress is stated at cost and includes engineering, design, material, and labor incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and placed in service.

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Improvements other than buildings	40
Equipment	5 - 20

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, bond issuance costs, and losses on refundings during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance cost are reported as debt service expenditures.

12. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

13. Fund Balance

The governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash, such as prepaid items or inventories.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds, as well as debt service and capital project funds, are by definition restricted for those specified purposes.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balance (Continued)

- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. At June 30, 2017, the District had no committed fund balances.

- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Chief School Business Official. At June 30, 2017, the District had no assigned fund balances.

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

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

Governmental fund balances reported on the fund financial statements, at June 30, 2017, are as follows:

The nonspendable fund balance in the General Fund consists of \$4,977 for prepaid items. The restricted fund balance in the General Fund is comprised of \$34,980, representing the remaining unspent portion of the restricted tort immunity levy. The remaining restricted fund balances are for the purpose of the restricted funds as described in Note A-3.

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Pensions

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

15. Restricted Net Position

For the government-wide financial statements, net position are reported as restricted when constraints placed on net position are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation.

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.

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

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

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

General obligation bonds	\$ (915,890)
General obligation lease certificates	(23,795,000)
Bond premiums, net	(1,016,272)
IMRF net pension liability	(736,059)
TRS net pension liability	(818,489)
Other postemployment benefits	<u>21,745</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (27,259,965)</u>

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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

(Continued)

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

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

Capital outlay, net of disposals	\$ 20,237,251
Depreciation expense, net	<u>(413,825)</u>
Net adjustment to increase net change in fund balances total governmental funds to arrive at change in net position - governmental activities	<u>\$ 19,823,426</u>

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Principal repayments	
General obligation	\$ 360,000
General obligation lease certificates	625,000
Intergovernmental loan	25,000
Bond premium, net	53,652
IMRF pension expense, net	(11,145)
TRS pension expense, net	(83,382)
Other postemployment benefits, net	22,105
Accretion on general obligation bonds	<u>(64,110)</u>
Net adjustment to decrease net change in fund balances total governmental funds to arrive at change in net position - governmental activities.	<u>\$ 927,120</u>

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS

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

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

As explained in Note A, The Illinois Compiled Statutes require the District to utilize the investment services of the Township School Treasurer (the Treasurer). As such, the Treasurer is the lawful custodian of these school funds. The Treasurer is appointed by the Township Treasurer's Board of Trustees, an independently elected body, to serve the school districts in the township. The investment policies are established by the Treasurer, as prescribed by the Illinois Compiled Statutes. The Treasurer is the direct recipient of property taxes, replacement taxes, and most state and federal aid, and disburses school funds upon lawful order to the School Board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below.

District cash and investments (other than the student activity and imprest funds) are held by the Township Treasurer. Cash for all funds, including cash applicable to the Debt Service Fund and the Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer also holds money market type investments and deposits with financial institutions, including certificates of deposit. As of June 30, 2017, the fair value of all investments held by the Treasurer's office was \$12,729,000.

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

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 21,113,817	\$ 50,332	\$ 21,164,149

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

	Total
Deposits with financial institutions*	\$ 15,842,279
Illinois School District Liquid Asset Fund Plus	5,321,870
	\$ 21,164,149

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

2. Interest Rate Risk

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

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

		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
ISLDAF+	\$ 5,321,870	n/a	Daily	1 day

3. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs).

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit pooled investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees, elected from participating members. The trust is not registered with the SEC as an investment company. Investments are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

4. Concentration of Credit Risk

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

5. Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2017, the bank balances of the District's deposits with financial institutions totaled \$15,848,031, all of which was fully insured or collateralized.

6. Cash and Investments in Custody of the District

At June 30, 2017 the carrying value of the District's student activity fund and imprest fund was \$50,332 and \$3,000, respectively, all of which was deposited with financial institutions.

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 6, 2016. The District's property tax is levied each year on all taxable real property located in the District, and becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations; individual fund rate ceilings and the Property Tax Extension Limitation Law (PTELL).

The PTELL limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELL limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations, and tax increment finance district property becoming eligible for taxation. The CPI applicable to the 2016 and 2015 levies was 0.7% and 0.8%, respectively.

The Cook County Assessor is responsible for the assessment of all taxable property within Cook County, except for certain railroad property, which is assessed directly by the state. One-third of the county is reassessed every year by the Assessor.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which the tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 2.8032 for 2016.

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2016 tax levy was \$469,250,265.

Property taxes are collected by the Cook County Collector/Treasurer, who remits them to the District. Taxes levied in one year become due and payable in two installments on March 1 and August 1 during the following year. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment bill is based on the current levy, assessment, and equalization, and any changes from the prior year.

The portion of the 2016 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 1%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days are reflected as deferred inflow of resources - property taxes levied for a future period.

NOTE E - PENSION LIABILITIES

1. Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan Description

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

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

General Information about the Pension Plan (Continued)

TRS issues a publicly available financial report that can be obtained at www.trsil.org; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675.

Benefits Provided

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

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

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

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

On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2017, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$5,152,982 in pension contributions from the state of Illinois.

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$33,609, and are deferred because they were paid after the June 30, 2016 measurement date.

Federal and Special Trust Fund Contributions

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

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$7,164 were paid from federal and special trust funds that required employer contributions of \$2,761. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Early Retirement Cost Contributions

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

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

Early Retirement Cost Contributions (Continued)

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

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

District's proportionate share of the net pension liability	\$	818,489
State's proportionate share of the net pension liability associated with the District		52,471,098
Total	\$	53,289,587

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2016, the District's proportion was 0.0010369019 percent, which was a decrease of 0.0000852262 percent from its proportion measured as of June 30, 2015.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

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

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

For the year ended June 30, 2017, the District recognized pension expense of \$5,191,620 and revenue of \$5,152,982 for support provided by the state. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,052	\$ 555
Change of assumptions	70,296	-
Net difference between projected and actual earnings on pension plan investments	23,124	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>21,935</u>	<u>123,930</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>121,407</u>	<u>124,485</u>
District contributions subsequent to the measurement date	<u>36,370</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 157,777</u></u>	<u><u>\$ 124,485</u></u>

The District reported \$36,370 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

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

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

<u>Year ending June 30:</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ (19,014)
2019	(19,014)
2020	20,841
2021	12,915
2022	<u>1,194</u>
Total	<u>\$ (3,078)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

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

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Real Rate of Return
U.S equities large cap	14.4 %	6.94 %
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds core	10.7	2.44
International debt developed	5.3	1.7
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private equity	14.0	10.63
Total	<u>100 %</u>	

Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

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

Actuarial Assumptions (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate:

	<u>1% Decrease</u> <u>(5.83%)</u>	<u>Current</u> <u>Discount</u> <u>(6.83%)</u>	<u>1% Increase</u> <u>(7.83%)</u>
District's proportionate share of the net pension liability	\$ 1,001,046	\$ 818,489	\$ 669,389

TRS Fiduciary Net Position

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund

Plan Description

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

Benefits Provided

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

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

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

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

Retirees and beneficiaries currently receiving benefits	47
Inactive plan members entitled to but not yet receiving benefits	203
Active plan members	<u>31</u>
Total	<u><u>281</u></u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 10.07%. For the fiscal year ended June 30, 2017 the District contributed \$113,871 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Projected Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Long-term Expected Rate of	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	38%	6.85%
International equity	17%	6.75%
Fixed income	27%	3.00%
Real estate	8%	5.75%
Alternative investments	9%	2.65-7.35%
Cash equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- a. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- b. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Liability

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2016:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 5,154,280	\$ 4,429,366	\$ 724,914
Changes for the year:			
Service cost	134,370	-	134,370
Interest on the total pension liability	382,319	-	382,319
Difference between expected and actual experience of the total pension liability	(9,794)	-	(9,794)
Changes of assumptions	(11,449)	-	(11,449)
Contributions - employer	-	119,495	(119,495)
Contributions - employees	-	53,400	(53,400)
Net investment income	-	296,900	(296,900)
Benefit payments, including refunds of employee contributions	(220,492)	(220,492)	-
Other (net transfer)	-	14,506	(14,506)
Net changes	<u>274,954</u>	<u>263,809</u>	<u>11,145</u>
Balances at December 31, 2016	<u>\$ 5,429,234</u>	<u>\$ 4,693,175</u>	<u>\$ 736,059</u>

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
Net pension liability	<u>\$ 1,356,983</u>	<u>\$ 736,059</u>	<u>\$ 226,212</u>

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017 the District recognized pension expense of \$165,807. At June 30, 2017, the District reported deferred outflows and inflows and of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 2,141
Change of assumptions	-	2,503
Net difference between projected and actual earnings on pension plan investments	<u>241,954</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>241,954</u>	<u>4,644</u>
Pension contributions made subsequent to the measurement date	<u>62,181</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 304,135</u>	<u>\$ 4,644</u>

The District reported \$62,181 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018.

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

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

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

Year Ending June 30,	Net Deferred Outflows of Resources
2018	\$ 77,873
2019	82,515
2020	70,108
2021	6,814
2022	-
Thereafter	-
Total	\$ 237,310

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE E - PENSION LIABILITIES (Continued)

3. Summary of Pension Items

Below is a summary of the various pension items:

	<u>TRS</u>	<u>IMRF</u>	<u>Total</u>
Deferred outflows of resources:			
Employer contributions	\$ 36,370	\$ 62,181	\$ 98,551
Experience	6,052	-	6,052
Assumptions	70,296	-	70,296
Proportionate share	21,935	-	21,935
Investments	<u>23,124</u>	<u>241,954</u>	<u>265,078</u>
	<u>\$ 157,777</u>	<u>\$ 304,135</u>	<u>\$ 461,912</u>
Net pension liability	<u>\$ 818,489</u>	<u>\$ 736,059</u>	<u>\$ 1,554,548</u>
Deferred inflows of resources:			
Investments	\$ -	\$ -	\$ -
Experience	555	2,141	2,696
Assumptions	-	2,503	2,503
Proportionate share	<u>123,930</u>	<u>-</u>	<u>123,930</u>
	<u>\$ 124,485</u>	<u>\$ 4,644</u>	<u>\$ 129,129</u>

4. Social Security/Medicare

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE F - OTHER POSTEMPLOYMENT BENEFITS

1. Teachers' Health Insurance Security (THIS)

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

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

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$64,900, and the District recognized revenue and expenditures of this amount during the year.

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

District contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$48,675 to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

2. Retiree Health Plan

Plan Description

The District participates in the EBC Cooperative defined benefit healthcare plan ("the Retiree Health Plan"). Retirees have the option of choosing from an HMO or PPO plan through the District. The District's plan provides the ability for retired administrators and IMRF retirees and their spouses to access the District's group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement. A retiree can access the District's group health insurance plan until the age of 65, according to state statute. IMRF retirees are responsible for contributing 100% of the premium cost of their insurance.

As of June 30, 2017, the following employees were covered by the benefit terms:

Actives fully eligible to retire	6
Actives not yet fully eligible to retire	28
Retirees	2
	36
	36

Funding Policy

The District funds 100% of the insurance costs for a retired administrator, while all others are funded on a "direct pay" basis. For fiscal year 2017, the District contributed \$26,863 toward the cost of the postemployment benefits for retirees.

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Annual OPEB Cost and Net OPEB

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

	<u>June 30, 2017</u>
Annual required contribution	\$ 4,756
Interest on net OPEB obligation	14
Adjustment to annual required contribution	(12)
Annual OPEB cost	4,758
Contributions made	(26,863)
Decrease in net OPEB obligation	(22,105)
Net OPEB obligation, beginning of year	360
Net OPEB asset, end of year	\$ (21,745)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2017 and the two preceding fiscal years were as follows:

Actuarial Valuation Date	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/17	\$ 4,758	564.6%	\$ (21,745)
6/30/16	4,836	478.0%	360
6/30/15	10,326	47.0%	18,639

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Funding Status and Funding

As of June 30, 2017, the actuarial accrued liability for benefits was \$80,631, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,207,980 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7%.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

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

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Methods and Assumptions

The following simplifying assumptions were made:

Contribution rates:	
District	Not applicable
Plan members	0%
Measurement date	July 1, 2015
Data collection date	April, 2016
Actuarial cost method	Entry age normal
Amortization period	Level percentage of projected payroll
Remaining amortization period	30 years
Asset valuation method	Not applicable
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	3.50%
Healthcare inflation rate	5.00% initial 5.00% ultimate
Mortality, Turnover, Disability, Retirement ages	Similar rates utilized for IMRF
Percentage of active employees assumed to elect benefit	10% of employees are assumed to elect coverage continuation at retirement

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE G - CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 76,885	\$ -	\$ -	\$ 76,885
Construction in progress	1,987,491	19,852,485	-	21,839,976
Total capital assets not being depreciated	2,064,376	19,852,485	-	21,916,861
Capital assets, being depreciated				
Buildings	12,049,568	-	-	12,049,568
Improvements other than buildings	432,843	43,410	-	476,253
Equipment	2,398,263	341,356	-	2,739,619
Total capital assets being depreciated	14,880,674	384,766	-	15,265,440
Less accumulated depreciation for:				
Buildings	7,601,188	268,822	-	7,870,010
Improvements other than buildings	390,987	10,445	-	401,432
Equipment	2,014,203	134,558	-	2,148,761
Total accumulated depreciation	10,006,378	413,825	-	10,420,203
Total capital assets being depreciated, net	4,874,296	(29,059)	-	4,845,237
Governmental activities capital assets, net	\$ 6,938,672	\$ 19,823,426	\$ -	\$ 26,762,098

The large increase in construction in progress is related to the new building, Sunset Ridge School, which was completed in September 2017.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE G - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
Regular programs	\$ 71,735
Special programs	15,373
Instructional staff	29,929
General administration	4,099
School administration	4,099
Business	2,049
Operations and maintenance	<u>286,541</u>
	<u>\$ 413,825</u>

NOTE H - LONG-TERM LIABILITIES

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

	Balance July 1, 2016	Additions/ Accretion	Deletions	Balance June 30, 2017
General obligation bonds	\$ 1,211,780	\$ 64,110	\$ 360,000	\$ 915,890
General obligation lease certificates	24,420,000	-	625,000	23,795,000
Bond premium, net	1,069,924	-	53,652	1,016,272
Intergovernmental loan	25,000	-	25,000	-
IMRF net pension liability	724,914	480,940	469,795	736,059
TRS net pension liability	735,107	139,105	55,723	818,489
Other postemployment benefits liability (asset)	<u>360</u>	<u>4,758</u>	<u>26,863</u>	<u>(21,745)</u>
Total long-term liabilities	<u>\$ 28,187,085</u>	<u>\$ 688,913</u>	<u>\$ 1,616,033</u>	<u>\$ 27,259,965</u>
Due within one year:				
General obligation lease certificates	<u>\$ 640,000</u>			

1. General Obligation Bonds Payable

The summary of the bonds payable at June 30, 2017 is as follows:

Capital Appreciation Bonds, dated February 8, 2000, due December 2019, interest at 5.350% to 6.125%	<u>\$ 1,065,000</u>	<u>\$ 915,890</u>
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Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds Payable (Continued)

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

Year Ending June 30	Principal
2018	\$ -
2019	-
2020	<u>1,065,000</u> *
Total	<u>\$ 1,065,000</u>

* The Capital Appreciation Bonds maturing on December 1, 2019 are subject to mandatory redemption December 1 of the years at a redemption price equal to the stated Compound Accreted Value as follows:

Year of Redemption	Redemption Price
2018	\$ 362,458
2019	275,000

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$402,033 in the Debt Service Fund to service the outstanding bonds payable.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - LONG-TERM LIABILITIES (Continued)

2. General Obligation Lease Certificates

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

	Balance July 1, 2016	Issuances	Debt Retirement	Balance June 30, 2017
General obligation lease certificates, Series 2015 dated December 7, 2015, due June 2036, interest at 3.000% to 5.000%	\$ 9,540,000	\$ -	\$ -	\$ 9,540,000
General obligation lease certificates, Series 2016 dated March 14, 2016, due June 2036, interest at 2.000% to 3.500%	9,140,000	-	120,000	9,020,000
General obligation lease certificates, Series 2016 dated March 14, 2016, due June 2021, interest at 2.029%	5,740,000	-	505,000	5,235,000
	\$ 24,420,000	\$ -	\$ 625,000	\$ 23,795,000

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

Year Ending June 30	Principal	Interest	Total
2018	\$ 640,000	\$ 735,034	\$ 1,375,034
2019	655,000	718,800	1,373,800
2020	675,000	698,850	1,373,850
2021	5,975,000	624,200	6,599,200
2022	825,000	547,300	1,372,300
2023 - 2027	4,555,000	2,308,450	6,863,450
2028 - 2032	5,385,000	1,482,950	6,867,950
2033 - 2036	5,085,000	404,813	5,489,813
Total	\$ 23,795,000	\$ 7,520,397	\$ 31,315,397

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE H - LONG-TERM LIABILITIES (Continued)

3. Debt Limitation

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2017, the statutory debt limit for the District was \$32,378,268, of which \$7,518,268 is fully available.

4. Intergovernmental Loan

In fiscal year 1998, the District entered into a \$500,000 financial agreement with the Village of Northfield to pay the costs of the addition at Middlefork for the Northfield Community Center. The loan was noninterest-bearing and was repaid over a twenty-year period, with \$25,000 payments made each year. During the year ended June 30, 2017 the District made a final payment of \$25,000. The intergovernmental loan was repaid from the Debt Service Fund with funding provided by the Operations and Maintenance Fund.

NOTE I - OPERATING LEASES

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$3,132, for the year ended June 30, 2017. The lease expired in January of 2017 upon which the District entered a month to month lease for \$522 per month plus per month usage charges.

NOTE J - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases coverage against such risks and participates in the following public entity risk pool: the Collective Liability Insurance Cooperative (CLIC) for property damage, injury claims, and worker's compensation claims. The District pays annual premiums to the pool for insurance coverage. The arrangements with the pool provide that the pool will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of certain levels established by the pool. Settled claims have not exceeded coverage for the past three years.

Complete financial statements for CLIC can be obtained from its Treasurer, 624 Kenilworth, Grayslake, Illinois 60030.

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE K - JOINT AGREEMENTS

The District is a member of the North Suburban Special Education District (NSSSED), a joint agreement that provides certain special education services to residents of many school districts. It is also a member of the risk management pool described in Note J. The District believes that, because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing board, they are not required to be included as component units of the District.

NOTE L - INTERFUND TRANSFERS

The District transferred \$25,000 from the Operations and Maintenance Fund to the Debt Service Fund. This transfer represents funds transferred to pay the principal of the District's intergovernmental loan.

The District also transferred \$1,372,766 from the General (Educational Account) Fund to the Debt Service Fund. This transfer represents funds transferred to pay principal of \$625,000 and interest of \$747,766 on lease certificates.

NOTE M - CONSTRUCTION COMMITMENTS

The District has certain contracts for construction projects which were in progress at June 30, 2017. Remaining commitments under these contracts approximated \$5,840,000 at June 30, 2017.

NOTE N - CONTINGENCIES

1. Litigation

The District is the defendant in various tax objection lawsuits, the outcome of which are presently not determinable. Although the District will continue to vigorously defend these lawsuits, an unfavorable outcome could have a significant effect on future tax revenues. The District settled one property tax objection lawsuit during the year resulting in a settlement agreement of \$613,118 which will be withheld from future tax revenues of the 2016-2018 tax levies. This amount has been included in other current liabilities and as a reduction in the property tax revenue at June 30, 2017.

With regard to other pending matters, the eventual outcome and related liability, if any, is not determinable at this time. No provision has been made in the accompanying financial statements for settlement costs, other than stated above.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE N - CONTINGENCIES (Continued)

2. Grants

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

NOTE O - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2017, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of position date that require disclosure in the financial statements, other than the items described below.

Subsequent to year-end, the District entered in a lease agreement for various copy machines. This lease has 36 monthly payments of \$1,661, plus applicable taxes and usage fees. This lease will expire on July 19, 2020. The obligations of this lease will be repaid from the General (Educational) Fund.

The District settled one property tax objection lawsuit with Willow Hills subsequent to the fiscal year-end resulting in a settlement agreement of \$34,388 which will be withheld from future tax revenues.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Sunset Ridge School District No. 29

MULTIYEAR SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 MOST RECENT CALENDAR YEARS
 Illinois Municipal Retirement Fund
June 30, 2017

Calendar year ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 134,370	\$ 130,393	\$ 144,367
Interest on the total pension liability	382,319	368,717	320,706
Difference between expected and actual experience of the total pension liability	(9,794)	(102,146)	160,103
Assumption changes	(11,449)	11,553	214,972
Benefit payments and refunds	<u>(220,492)</u>	<u>(210,532)</u>	<u>(175,512)</u>
Net change in total pension liability	274,954	197,985	664,636
Total pension liability, beginning	<u>5,154,280</u>	<u>4,956,295</u>	<u>4,291,659</u>
Total pension liability, ending	<u>\$ 5,429,234</u>	<u>\$ 5,154,280</u>	<u>\$ 4,956,295</u>
Plan fiduciary net position			
Contributions, employer	\$ 119,495	\$ 110,330	\$ 107,748
Contributions, employee	53,400	55,227	56,644
Net investment income	296,900	23,140	266,282
Benefit payments, including refunds of employee contributions	(220,492)	(210,532)	(175,512)
Other (net transfer)	<u>14,506</u>	<u>(199,321)</u>	<u>24,522</u>
Net change in plan fiduciary net position	263,809	(221,156)	279,684
Plan fiduciary net position, beginning	<u>4,429,366</u>	<u>4,650,522</u>	<u>4,370,838</u>
Plan fiduciary net position, ending	<u>\$ 4,693,175</u>	<u>\$ 4,429,366</u>	<u>\$ 4,650,522</u>
Net pension liability	<u>\$ 736,059</u>	<u>\$ 724,914</u>	<u>\$ 305,773</u>
Plan fiduciary net position as a percentage of the total pension liability	86.44 %	85.94 %	93.83 %
Covered Valuation Payroll	\$ 1,183,520	\$ 1,227,254	\$ 1,258,759
Net pension liability as a percentage of covered valuation payroll	62.19 %	59.07 %	24.29 %

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

Sunset Ridge School District No. 29
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
June 30, 2017

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 119,180	* \$ 119,495	\$ (315)	\$ 1,183,520	10.10 %
2015	110,330	110,330	-	1,227,254	8.99
2014	107,748	107,748	-	1,258,738	8.56

* Estimated based on contribution rate of 10.07% and covered valuation payroll of \$1,183,520 (most recent information available).

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

Sunset Ridge School District No. 29
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
June 30, 2017

Fiscal year ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0010369019 %	0.0011221281 %	0.0010643560 %
District's proportionate share of the net pension liability	\$ 818,489	\$ 735,170	647,749
State's proportionate share of the net pension liability associated with the District	<u>52,471,098</u>	<u>42,302,280</u>	<u>37,719,807</u>
Total	<u>\$ 53,289,587</u>	<u>\$ 43,037,450</u>	<u>38,367,556</u>
District's covered-employee payroll	\$ 6,610,563	\$ 6,533,238	6,113,904
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.38 %	11.25 %	10.59 %
Plan fiduciary net position as a percentage of the total pension liability	36.40 %	41.50 %	43.00 %

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

Note 2: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015, and therefore, 10 years of information is not available.

Sunset Ridge School District No. 29
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
June 30, 2017

Fiscal year ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 40,156	\$ 39,320	\$ 37,975
Contributions in relation to the contractually required contribution	<u>(40,156)</u>	<u>(39,320)</u>	<u>(37,975)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,794,662	\$ 6,610,563	\$ 6,533,238
Contributions as a percentage of covered-employee payroll	0.01 %	0.01 %	0.01 %

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

Sunset Ridge School District No. 29
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2017

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
06/30/2017* \$	-	\$ 80,631	0.00	% \$ 80,631	\$ 1,207,980	6.67 %
06/30/2016	-	80,631	0.00	80,631	1,207,980	6.67
06/30/2015*	-	69,927	0.00	69,927	NA	NA

* Results from prior year

Sunset Ridge School District No. 29
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$11,444,200	\$10,536,798	\$ (907,402)	\$ 11,279,289
Interest on investments	40,003	96,338	56,335	60,576
Sales to pupils - lunch	181,000	186,912	5,912	176,788
Fees	12,100	12,100	-	12,092
private sources	<u>80,000</u>	<u>137,993</u>	<u>57,993</u>	<u>89,326</u>
Total local sources	<u>11,757,303</u>	<u>10,970,141</u>	<u>(787,162)</u>	<u>11,618,071</u>
State sources				
General State Aid	112,445	112,444	(1)	106,132
Special Education - Private Facility Tuition	-	35,844	35,844	36,581
Special Education - Funding for Children Requiring Sp Ed Services	58,644	57,216	(1,428)	58,644
Special Education - Personnel	195,000	195,293	293	199,545
Special Education - Summer School	-	284	284	-
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	6,983	215	(6,768)	4,190
State Free Lunch and Breakfast	15	6	(9)	12
Other state sources	<u>750</u>	<u>-</u>	<u>(750)</u>	<u>750</u>
Total state sources	<u>373,837</u>	<u>401,302</u>	<u>27,465</u>	<u>405,854</u>

(Continued)

Sunset Ridge School District No. 29
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Federal sources				
Special Milk Program	\$ 3,500	\$ 2,983	\$ (517)	\$ 3,141
Title I - Low Income	35,585	67,801	32,216	49,662
Federal - Special Education - Pre-School Flow Through	738	1,184	446	1,023
Federal - Special Education - I.D.E.A. - Flow Through	113,045	112,873	(172)	112,609
Title II - Teacher Quality	8,400	12,684	4,284	11,299
Medicaid Matching Funds - Fee-For-Service-Program	<u>-</u>	<u>12,076</u>	<u>12,076</u>	<u>-</u>
Total federal sources	<u>161,268</u>	<u>209,601</u>	<u>48,333</u>	<u>177,734</u>
Total revenues	<u>12,292,408</u>	<u>11,581,044</u>	<u>(711,364)</u>	<u>12,201,659</u>
Expenditures				
Instruction				
Regular programs				
Salaries	4,248,960	4,166,798	82,162	4,334,962
Employee benefits	646,000	621,993	24,007	598,366
Purchased services	172,450	125,834	46,616	158,380
Supplies and materials	293,495	267,602	25,893	204,883
Capital outlay	<u>5,000</u>	<u>5,090</u>	<u>(90)</u>	<u>-</u>
Total	<u>5,365,905</u>	<u>5,187,317</u>	<u>178,588</u>	<u>5,296,591</u>
Special education programs				
Salaries	1,069,353	1,065,447	3,906	1,351,326
Employee benefits	205,809	192,088	13,721	225,941
Purchased services	17,500	11,333	6,167	12,746
Supplies and materials	<u>18,700</u>	<u>9,584</u>	<u>9,116</u>	<u>13,010</u>
Total	<u>1,311,362</u>	<u>1,278,452</u>	<u>32,910</u>	<u>1,603,023</u>

(Continued)

Sunset Ridge School District No. 29
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Remedial and Supplemental programs K-12				
Gifted programs				
Salaries	\$ 151,380	\$ 144,551	\$ 6,829	\$ 335,737
Employee benefits	35,695	33,171	2,524	53,875
Purchased services	250	244	6	-
Supplies and materials	<u>800</u>	<u>1,377</u>	<u>(577)</u>	<u>273</u>
Total	<u>188,125</u>	<u>179,343</u>	<u>8,782</u>	<u>389,885</u>
Bilingual programs				
Salaries	90,747	83,763	6,984	81,405
Employee benefits	28,183	27,905	278	28,693
Supplies and materials	<u>1,400</u>	<u>913</u>	<u>487</u>	<u>1,475</u>
Total	<u>120,330</u>	<u>112,581</u>	<u>7,749</u>	<u>111,573</u>
Total instruction	<u>6,985,722</u>	<u>6,757,693</u>	<u>228,029</u>	<u>7,401,072</u>
Support services				
Pupils				
Supplies and materials	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
Total	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
Guidance services				
Salaries	64,569	64,569	-	61,788
Employee benefits	1,828	1,814	14	2,094
Supplies and materials	<u>-</u>	<u>-</u>	<u>-</u>	<u>118</u>
Total	<u>66,397</u>	<u>66,383</u>	<u>14</u>	<u>64,000</u>

(Continued)

Sunset Ridge School District No. 29
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Health services				
Salaries	\$ 110,861	\$ 110,942	\$ (81)	\$ 107,617
Employee benefits	20,734	20,600	134	20,289
Purchased services	3,000	1,795	1,205	1,962
Supplies and materials	<u>4,600</u>	<u>6,289</u>	<u>(1,689)</u>	<u>4,037</u>
Total	<u>139,195</u>	<u>139,626</u>	<u>(431)</u>	<u>133,905</u>
Psychological services				
Salaries	92,754	92,704	50	89,597
Employee benefits	<u>20,990</u>	<u>21,107</u>	<u>(117)</u>	<u>20,332</u>
Total	<u>113,744</u>	<u>113,811</u>	<u>(67)</u>	<u>109,929</u>
Speech pathology and audiology services				
Salaries	139,247	132,083	7,164	128,217
Employee benefits	31,779	35,096	(3,317)	30,092
Supplies and materials	<u>1,800</u>	<u>1,187</u>	<u>613</u>	<u>2,113</u>
Total	<u>172,826</u>	<u>168,366</u>	<u>4,460</u>	<u>160,422</u>
Other support services - pupils				
Salaries	-	-	-	123
Purchased services	<u>13,000</u>	<u>11,875</u>	<u>1,125</u>	<u>11,050</u>
Total	<u>13,000</u>	<u>11,875</u>	<u>1,125</u>	<u>11,173</u>
Total pupils	<u>505,412</u>	<u>500,061</u>	<u>5,351</u>	<u>479,429</u>
Instructional staff				
Improvement of instruction services				
Purchased services	62,332	49,656	12,676	39,055
Supplies and materials	<u>-</u>	<u>9,766</u>	<u>(9,766)</u>	<u>7,025</u>
Total	<u>62,332</u>	<u>59,422</u>	<u>2,910</u>	<u>46,080</u>

(Continued)

Sunset Ridge School District No. 29
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Assessment and testing				
Supplies and materials	\$ 5,000	\$ 3,504	\$ 1,496	\$ 2,850
Total	<u>5,000</u>	<u>3,504</u>	<u>1,496</u>	<u>2,850</u>
Total instructional staff	<u>67,332</u>	<u>62,926</u>	<u>4,406</u>	<u>48,930</u>
General administration				
Board of education services				
Purchased services	111,875	90,987	20,888	83,464
Other objects	<u>115,200</u>	<u>78,210</u>	<u>36,990</u>	<u>90,436</u>
Total	<u>227,075</u>	<u>169,197</u>	<u>57,878</u>	<u>173,900</u>
Executive administration services				
Salaries	267,142	267,141	1	295,931
Employee benefits	43,055	43,363	(308)	43,225
Purchased services	7,000	9,520	(2,520)	5,022
Supplies and materials	2,750	4,770	(2,020)	1,966
Other objects	<u>21,850</u>	<u>18,134</u>	<u>3,716</u>	<u>4,469</u>
Total	<u>341,797</u>	<u>342,928</u>	<u>(1,131)</u>	<u>350,613</u>
Special area administrative services				
Salaries	119,483	119,482	1	116,796
Employee benefits	<u>13,137</u>	<u>13,118</u>	<u>19</u>	<u>12,452</u>
Total	<u>132,620</u>	<u>132,600</u>	<u>20</u>	<u>129,248</u>
Tort immunity services				
Purchased services	<u>82,205</u>	<u>74,581</u>	<u>7,624</u>	<u>77,812</u>
Total	<u>82,205</u>	<u>74,581</u>	<u>7,624</u>	<u>77,812</u>
Total general administration	<u>783,697</u>	<u>719,306</u>	<u>64,391</u>	<u>731,573</u>

(Continued)

Sunset Ridge School District No. 29
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
School administration				
Office of the principal services				
Salaries	\$ 419,062	\$ 419,059	\$ 3	\$ 424,427
Employee benefits	98,478	98,435	43	93,425
Purchased services	2,000	2,761	(761)	887
Supplies and materials	1,000	1,046	(46)	429
Other objects	-	435	(435)	174
Total	<u>520,540</u>	<u>521,736</u>	<u>(1,196)</u>	<u>519,342</u>
Total school administration	<u>520,540</u>	<u>521,736</u>	<u>(1,196)</u>	<u>519,342</u>
Business				
Direction of business support services				
Salaries	165,000	165,000	-	159,444
Employee benefits	<u>33,924</u>	<u>33,908</u>	<u>16</u>	<u>37,410</u>
Total	<u>198,924</u>	<u>198,908</u>	<u>16</u>	<u>196,854</u>
Fiscal services				
Salaries	146,824	146,824	-	148,509
Employee benefits	12,649	12,528	121	12,519
Purchased services	44,220	45,248	(1,028)	33,652
Supplies and materials	<u>45,000</u>	<u>30,405</u>	<u>14,595</u>	<u>36,551</u>
Total	<u>248,693</u>	<u>235,005</u>	<u>13,688</u>	<u>231,231</u>
Operation and maintenance of plant services				
Purchased services	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>

(Continued)

Sunset Ridge School District No. 29
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Food services				
Purchased services	\$ 179,500	\$ 174,774	\$ 4,726	\$ 178,681
Supplies and materials	950	350	600	999
Capital outlay	10,000	13,823	(3,823)	-
Other objects	<u>1,000</u>	<u>292</u>	<u>708</u>	<u>531</u>
Total	<u>191,450</u>	<u>189,239</u>	<u>2,211</u>	<u>180,211</u>
Total business	<u>642,067</u>	<u>626,152</u>	<u>15,915</u>	<u>611,296</u>
Central				
Information services				
Purchased services	<u>7,500</u>	<u>7,647</u>	<u>(147)</u>	<u>6,380</u>
Total	<u>7,500</u>	<u>7,647</u>	<u>(147)</u>	<u>6,380</u>
Data processing services				
Supplies and materials	18,500	15,168	3,332	18,284
Capital outlay	335,000	407,325	(72,325)	312,765
Other objects	-	-	-	-
Non-capitalized equipment	<u>1,000</u>	<u>3,844</u>	<u>(2,844)</u>	<u>-</u>
Total	<u>354,500</u>	<u>426,337</u>	<u>(71,837)</u>	<u>331,049</u>
Total central	<u>362,000</u>	<u>433,984</u>	<u>(71,984)</u>	<u>337,429</u>
Total support services	<u>2,881,048</u>	<u>2,864,165</u>	<u>16,883</u>	<u>2,727,999</u>

(Continued)

Sunset Ridge School District No. 29
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Community services				
Salaries	\$ 7,500	\$ 7,164	\$ 336	\$ 5,033
Employee benefits	<u>3,000</u>	<u>2,761</u>	<u>239</u>	<u>1,815</u>
Total	<u>10,500</u>	<u>9,925</u>	<u>575</u>	<u>6,848</u>
Payments to other districts and government units				
Payments for special education programs				
Purchased services	100,000	91,564	8,436	93,853
Other objects	<u>675,000</u>	<u>828,531</u>	<u>(153,531)</u>	<u>604,117</u>
Total	<u>775,000</u>	<u>920,095</u>	<u>(145,095)</u>	<u>697,970</u>
Total payments to other districts and other government units	<u>775,000</u>	<u>920,095</u>	<u>(145,095)</u>	<u>697,970</u>
Total expenditures	<u>10,652,270</u>	<u>10,551,878</u>	<u>100,392</u>	<u>10,833,889</u>
Excess (deficiency) of revenues over expenditures	<u>1,640,138</u>	<u>1,029,166</u>	<u>(610,972)</u>	<u>1,367,770</u>
Other financing uses				
Transfer to Debt Service Fund for principal on capital leases	-	-	-	(8,117)
Transfer to Debt Service Fund for interest on capital leases	-	-	-	(180)
Transfer to Debt Service Fund for principal on lease certificates	(625,000)	(625,000)	-	-
Transfer to Debt Service Fund for interest on lease certificates	<u>(747,767)</u>	<u>(747,766)</u>	<u>1</u>	<u>(258,817)</u>
Total other financing uses	<u>(1,372,767)</u>	<u>(1,372,766)</u>	<u>1</u>	<u>(267,114)</u>
Net change to fund balance	<u>\$ 267,371</u>	(343,600)	<u>\$ (610,971)</u>	1,100,656
Fund balance, beginning of year		<u>11,249,707</u>		<u>10,149,051</u>
Fund balance, end of year		<u>\$10,906,107</u>		<u>\$ 11,249,707</u>

(Concluded)

Sunset Ridge School District No. 29
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 541,374	\$ 778,877	\$ 237,503	\$ 527,590
Corporate personal property replacement taxes	102,172	140,925	38,753	99,865
Interest on investments	100	14	(86)	106
Rentals	<u>7,500</u>	<u>7,426</u>	<u>(74)</u>	<u>16,791</u>
Total local sources	<u>651,146</u>	<u>927,242</u>	<u>276,096</u>	<u>644,352</u>
Total revenues	<u>651,146</u>	<u>927,242</u>	<u>276,096</u>	<u>644,352</u>
Expenditures				
Support services				
Business				
Operation and maintenance of plant services				
Salaries	215,699	210,594	5,105	218,244
Employee benefits	47,332	47,265	67	45,700
Purchased services	607,982	558,796	49,186	566,939
Supplies and materials	26,515	19,684	6,831	20,184
Capital outlay	126,275	64,998	61,277	9,035
Non-capitalized equipment	<u>11,000</u>	<u>15,327</u>	<u>(4,327)</u>	<u>6,706</u>
Total business	<u>1,034,803</u>	<u>916,664</u>	<u>118,139</u>	<u>866,808</u>
Total support services	<u>1,034,803</u>	<u>916,664</u>	<u>118,139</u>	<u>866,808</u>
Total expenditures	<u>1,034,803</u>	<u>916,664</u>	<u>118,139</u>	<u>866,808</u>

(Continued)

Sunset Ridge School District No. 29
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	\$ (383,657)	\$ 10,578	\$ 394,235	\$ (222,456)
Other financing uses				
Other uses not classified elsewhere	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>
Total other financing uses	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net change in fund balance	<u>\$ (383,657)</u>	(14,422)	<u>\$ 369,235</u>	(247,456)
Fund balance, beginning of year		<u>2,736,736</u>		<u>2,984,192</u>
Fund balance, end of year		<u>\$ 2,722,314</u>		<u>\$ 2,736,736</u>

(Concluded)

Sunset Ridge School District No. 29

Transportation Fund

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

For the Year Ended June 30, 2017

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

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 81,506	\$ 102,157	\$ 20,651	\$ 84,009
Interest on investments	<u>15</u>	<u>2</u>	<u>(13)</u>	<u>17</u>
Total local sources	<u>81,521</u>	<u>102,159</u>	<u>20,638</u>	<u>84,026</u>
State sources				
Transportation - Special Education	<u>49,500</u>	<u>75,584</u>	<u>26,084</u>	<u>49,569</u>
Total state sources	<u>49,500</u>	<u>75,584</u>	<u>26,084</u>	<u>49,569</u>
Total revenues	<u>131,021</u>	<u>177,743</u>	<u>46,722</u>	<u>133,595</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	<u>121,700</u>	<u>136,901</u>	<u>(15,201)</u>	<u>141,762</u>
Total support services	<u>121,700</u>	<u>136,901</u>	<u>(15,201)</u>	<u>141,762</u>
Total expenditures	<u>121,700</u>	<u>136,901</u>	<u>(15,201)</u>	<u>141,762</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 9,321</u>	40,842	<u>\$ 31,521</u>	(8,167)
Fund balance, beginning of year		<u>169,169</u>		<u>177,336</u>
Fund balance, end of year		<u>\$ 210,011</u>		<u>\$ 169,169</u>

Sunset Ridge School District No. 29
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 177,394	\$ 161,804	\$ (15,590)	\$ 174,200
Social security/Medicare only levy	177,394	161,803	(15,591)	179,655
Interest on investments	<u>70</u>	<u>7</u>	<u>(63)</u>	<u>71</u>
Total local sources	<u>354,858</u>	<u>323,614</u>	<u>(31,244)</u>	<u>353,926</u>
Total revenues	<u>354,858</u>	<u>323,614</u>	<u>(31,244)</u>	<u>353,926</u>
Expenditures				
Instruction				
Regular programs	101,000	106,691	(5,691)	93,236
Special education programs	72,300	66,883	5,417	78,782
Gifted programs	5,910	4,231	1,679	5,661
Bilingual programs	<u>5,500</u>	<u>5,462</u>	<u>38</u>	<u>5,298</u>
Total instruction	<u>184,710</u>	<u>183,267</u>	<u>1,443</u>	<u>182,977</u>
Support services				
Pupils				
Guidance services	940	936	4	896
Health services	9,810	9,526	284	9,012
Psychological services	2,006	1,970	36	1,933
Speech pathology and audiology services	1,850	1,796	54	1,764
Other support services -pupils	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Total pupils	<u>14,606</u>	<u>14,228</u>	<u>378</u>	<u>13,625</u>

(Continued)

Sunset Ridge School District No. 29
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
General administration				
Executive administration services	\$ 11,525	\$ 11,535	\$ (10)	\$ 16,987
Special area administrative services	<u>1,713</u>	<u>1,703</u>	<u>10</u>	<u>1,665</u>
Total general administration	<u>13,238</u>	<u>13,238</u>	<u>-</u>	<u>18,652</u>
School administration				
Office of the principal services	<u>26,625</u>	<u>22,848</u>	<u>3,777</u>	<u>20,405</u>
Total school administration	<u>26,625</u>	<u>22,848</u>	<u>3,777</u>	<u>20,405</u>
Business				
Direction of business support services	2,467	2,464	3	2,381
Fiscal services	25,710	25,587	123	24,970
Operation and maintenance of plant services	<u>36,052</u>	<u>35,567</u>	<u>485</u>	<u>36,144</u>
Total business	<u>64,229</u>	<u>63,618</u>	<u>611</u>	<u>63,495</u>
Total support services	<u>118,698</u>	<u>113,932</u>	<u>4,766</u>	<u>116,177</u>
Total expenditures	<u>303,408</u>	<u>297,199</u>	<u>6,209</u>	<u>299,154</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 51,450</u>	26,415	<u>\$ (25,035)</u>	54,772
Fund balance, beginning of year		<u>229,604</u>		<u>174,832</u>
Fund balance, end of year		<u>\$ 256,019</u>		<u>\$ 229,604</u>

(Concluded)

Sunset Ridge School District No. 29

Notes to the Required Supplementary Information

June 30, 2017

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

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

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) A public hearing is conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December of each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 13, 2016.
- g) All budget appropriations lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The following funds had an excess of expenditures over budget:

<u>Funds</u>	<u>Variance</u>
Debt Service	\$ 1,274
Transportation	15,201
Fire Prevention and Safety	10,609

Sunset Ridge School District No. 29

Notes to the Required Supplementary Information

June 30, 2017

3. BUDGET RECONCILIATION

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

	<u>Revenues</u>	<u>Expenditures</u>
General fund - budgetary basis	\$ 11,581,044	\$ 10,551,878
To adjust for on-behalf payments received	5,217,882	-
To adjust for on-behalf payments made	<u>-</u>	<u>5,217,882</u>
	<u>\$ 16,798,926</u>	<u>\$ 15,769,760</u>

4. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

For the 2016 measurement year, the assumed investment rate of return was 7.00 percent, including an inflation rate of 2.50 percent and a real return of 4.50%. Salary increases were assumed to vary by service credit.

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

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

Sunset Ridge School District No. 29

Notes to the Required Supplementary Information

June 30, 2017

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

Valuation Date:

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

Methods and Assumptions Used to Determine the 2016 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 year for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 calculation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

SUPPLEMENTARY FINANCIAL INFORMATION

Sunset Ridge School District No. 29

General Fund
COMBINING BALANCE SHEET
June 30, 2017

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
ASSETS				
Cash and investments	\$ 10,124,298	\$ 36,516	\$ 1,241,935	\$ 11,402,749
Receivables (net of allowance for uncollectibles):				
Interest	39,143	-	-	39,143
Property taxes	5,150,867	40,499	4,159	5,195,525
Intergovernmental	233,895	-	-	233,895
Prepaid items	4,997	-	-	4,997
Total assets	<u>\$ 15,553,200</u>	<u>\$ 77,015</u>	<u>\$ 1,246,094</u>	<u>\$ 16,876,309</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 17,044	\$ 1,536	\$ -	\$ 18,580
Payroll deductions payable	59,111	-	-	59,111
Other current liabilities	670,770	-	-	670,770
Total liabilities	746,925	1,536	-	748,461
DEFERRED INFLOWS				
Unavailable interest revenue	26,216	-	-	26,216
Property taxes levied for a future period	5,150,867	40,499	4,159	5,195,525
Total deferred inflows	5,177,083	40,499	4,159	5,221,741
FUND BALANCES				
Nonspendable	4,997	-	-	4,997
Restricted	-	34,980	-	34,980
Unassigned	9,624,195	-	1,241,935	10,866,130
Total fund balance	9,629,192	34,980	1,241,935	10,906,107
Total liabilities, deferred inflows, and fund balance	<u>\$ 15,553,200</u>	<u>\$ 77,015</u>	<u>\$ 1,246,094</u>	<u>\$ 16,876,309</u>

Sunset Ridge School District No. 29

General Fund

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

For the Year Ended June 30, 2017

	Educational Account	Tort Immunity and Judgment Account	Working Cash Account	Total
Revenues				
Property taxes	\$ 10,441,662	\$ 86,799	\$ 8,337	\$ 10,536,798
State aid	5,619,184	-	-	5,619,184
Federal aid	209,601	-	-	209,601
Interest	96,336	2	-	96,338
Other	337,005	-	-	337,005
	<u>16,703,788</u>	<u>86,801</u>	<u>8,337</u>	<u>16,798,926</u>
Total revenues				
Expenditures				
Current:				
Instruction:				
Regular programs	5,182,554	-	-	5,182,554
Special programs	1,278,125	-	-	1,278,125
Other instructional programs	291,924	-	-	291,924
State retirement contributions	5,217,882	-	-	5,217,882
Support services:				
Pupils	500,061	-	-	500,061
Instructional staff	62,926	-	-	62,926
General administration	640,505	74,581	-	715,086
School administration	525,956	-	-	525,956
Business	609,329	-	-	609,329
Operations and maintenance	3,000	-	-	3,000
Central	26,659	-	-	26,659
Community services	9,925	-	-	9,925
Nonprogrammed charges	920,095	-	-	920,095
Capital outlay	426,238	-	-	426,238
	<u>15,695,179</u>	<u>74,581</u>	<u>-</u>	<u>15,769,760</u>
Total expenditures				
Excess of revenues over expenditures	<u>1,008,609</u>	<u>12,220</u>	<u>8,337</u>	<u>1,029,166</u>
Other financing uses				
Transfers out	<u>(1,372,766)</u>	<u>-</u>	<u>-</u>	<u>(1,372,766)</u>
Total other financing uses	<u>(1,372,766)</u>	<u>-</u>	<u>-</u>	<u>(1,372,766)</u>
Net change in fund balance	(364,157)	12,220	8,337	(343,600)
Fund balance, beginning of year	<u>9,993,349</u>	<u>22,760</u>	<u>1,233,598</u>	<u>11,249,707</u>
Fund balance, end of year	<u>\$ 9,629,192</u>	<u>\$ 34,980</u>	<u>\$ 1,241,935</u>	<u>\$ 10,906,107</u>

Sunset Ridge School District No. 29

Debt Service Fund

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

For the Year Ended June 30, 2017

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

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 371,938	\$ 365,350	\$ (6,588)	\$ 366,108
Interest on investments	<u>75</u>	<u>8</u>	<u>(67)</u>	<u>74</u>
Total local sources	<u>372,013</u>	<u>365,358</u>	<u>(6,655)</u>	<u>366,182</u>
Total revenues	<u>372,013</u>	<u>365,358</u>	<u>(6,655)</u>	<u>366,182</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds and lease certificates - interest	747,767	747,766	1	258,817
Other interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>180</u>
Total debt service - interest	<u>747,767</u>	<u>747,766</u>	<u>1</u>	<u>258,997</u>
Principal payments on long-term debt	<u>1,010,000</u>	<u>1,010,000</u>	<u>-</u>	<u>393,117</u>
Other debt service				
Purchased services	<u>500</u>	<u>1,775</u>	<u>(1,275)</u>	<u>425</u>
Total	<u>500</u>	<u>1,775</u>	<u>(1,275)</u>	<u>425</u>
Total debt service	<u>1,758,267</u>	<u>1,759,541</u>	<u>(1,274)</u>	<u>652,539</u>
Total expenditures	<u>1,758,267</u>	<u>1,759,541</u>	<u>(1,274)</u>	<u>652,539</u>
Deficiency of revenues over expenditures	<u>(1,386,254)</u>	<u>(1,394,183)</u>	<u>(7,929)</u>	<u>(286,357)</u>

(Continued)

Sunset Ridge School District No. 29

Debt Service Fund

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

For the Year Ended June 30, 2017

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

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Other financing sources				
Transfer to pay for principal on capital leases	\$ -	\$ -	\$ -	\$ 8,117
Transfer to pay for interest on capital leases	-	-	-	180
Transfer to pay for principal on lease certificates	625,000	625,000	-	-
Transfer to pay for interest on lease certificates	747,767	747,766	(1)	258,817
Other sources not classified elsewhere	-	25,000	25,000	25,000
 Total other financing sources	 <u>1,372,767</u>	 <u>1,397,766</u>	 <u>24,999</u>	 <u>292,114</u>
 Net change in fund balance	 <u>\$ (13,487)</u>	 3,583	 <u>\$ 17,070</u>	 5,757
 Fund balance, beginning of year		 <u>398,450</u>		 <u>392,693</u>
 Fund balance, end of year		 <u>\$ 402,033</u>		 <u>\$ 398,450</u>

(Concluded)

Sunset Ridge School District No. 29
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Variance From Final Budget	2016 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
Interest on investments	\$ 75,500	\$ 134,018	\$ 58,518	\$ 7,129
Contributions and donations from private sources	-	780,000	780,000	17,212
Total local sources	<u>75,500</u>	<u>914,018</u>	<u>838,518</u>	<u>24,341</u>
Total revenues	<u>75,500</u>	<u>914,018</u>	<u>838,518</u>	<u>24,341</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	5,000	9,930	(4,930)	59,147
Capital outlay	<u>22,000,000</u>	<u>19,826,985</u>	<u>2,173,015</u>	<u>1,920,849</u>
Total	<u>22,005,000</u>	<u>19,836,915</u>	<u>2,168,085</u>	<u>1,979,996</u>
Other support services				
Purchased services	-	-	-	500,045
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,045</u>
Total support services	<u>22,005,000</u>	<u>19,836,915</u>	<u>2,168,085</u>	<u>2,480,041</u>
Total expenditures	<u>22,005,000</u>	<u>19,836,915</u>	<u>2,168,085</u>	<u>2,480,041</u>
Excess (deficiency) of revenues over expenditures	<u>(21,929,500)</u>	<u>(18,922,897)</u>	<u>3,006,603</u>	<u>(2,455,700)</u>

(Continued)

Sunset Ridge School District No. 29
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other financing sources				
Debt issuance	\$ -	\$ -	\$ -	\$ 24,420,000
Premium on debt issuance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,089,086</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,509,086</u>
Net change in fund balance	<u>\$ (21,929,500)</u>	(18,922,897)	<u>\$ 3,006,603</u>	23,053,386
Fund balance, beginning of year		<u>23,103,386</u>		<u>50,000</u>
Fund balance, end of year		<u>\$ 4,180,489</u>		<u>\$ 23,103,386</u>

(Concluded)

Sunset Ridge School District No. 29
 Fire Prevention and Safety Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			2016 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 8,390	\$ 8,291	\$ (99)	\$ 8,324
Interest on investments	<u>1</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
Total local sources	<u>8,391</u>	<u>8,291</u>	<u>(100)</u>	<u>8,324</u>
Total revenues	<u>8,391</u>	<u>8,291</u>	<u>(100)</u>	<u>8,324</u>
Expenditures				
Support services				
Operations and maintenance of plant services				
Capital outlay	<u>-</u>	<u>10,609</u>	<u>(10,609)</u>	<u>-</u>
Total support services	<u>-</u>	<u>10,609</u>	<u>(10,609)</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>10,609</u>	<u>(10,609)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 8,391</u>	<u>(2,318)</u>	<u>\$ (10,709)</u>	<u>8,324</u>
Fund balance, beginning of year		<u>154,326</u>		<u>146,002</u>
Fund balance, end of year		<u>\$ 152,008</u>		<u>\$ 154,326</u>

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

Sunset Ridge School District No. 29
PROPERTY TAX RATES - LEVIES AND COLLECTIONS
LAST FIVE TAX LEVY YEARS

	2016	2015	2014	2013	2012
Assessed valuation	<u>\$469,250,265</u>	<u>\$401,339,916</u>	<u>\$414,096,955</u>	<u>\$405,356,889</u>	<u>\$453,227,558</u>
Rates Extended					
Educational	2.3529	2.8288	2.7106	2.7293	2.4738
Tort Immunity and Judgment	0.0185	0.0223	0.0246	0.0244	0.0182
Operations and Maintenance	0.2153	0.1379	0.1290	0.1221	-
Debt Service	0.0803	0.0943	0.0913	0.0933	0.0834
Transportation	0.0259	0.0204	0.0211	0.0195	0.0068
Municipal Retirement	0.0323	0.0444	0.0434	0.0415	0.0568
Social Security	0.0323	0.0444	0.0434	0.0415	0.0568
Working Cash	0.0019	0.0021	0.0021	0.0024	0.0023
Fire Prevention and Safety	<u>0.0019</u>	<u>0.0021</u>	<u>0.0021</u>	<u>0.0024</u>	<u>0.0023</u>
Total rates extended	<u>2.7613</u>	<u>3.1967</u>	<u>3.0676</u>	<u>3.0764</u>	<u>2.7004</u>
Levies Extended					
Educational	\$ 11,040,989	\$ 11,353,103	\$ 11,224,512	\$ 11,063,405	\$ 11,212,074
Tort Immunity and Judgment	86,811	89,498	101,867	98,907	82,400
Operations and Maintenance	1,010,295	553,447	534,185	494,940	1
Debt Service	376,912	378,000	378,000	378,000	378,000
Transportation	121,535	81,873	87,374	79,044	30,900
Municipal Retirement	151,567	178,194	179,718	168,223	257,500
Social Security	151,567	178,194	179,718	168,223	257,500
Working Cash	8,915	8,428	8,696	9,728	10,300
Fire Prevention and Safety	<u>8,915</u>	<u>8,428</u>	<u>8,696</u>	<u>9,728</u>	<u>10,300</u>
Total levies extended	<u>\$ 12,957,506</u>	<u>\$ 12,829,165</u>	<u>\$ 12,702,766</u>	<u>\$ 12,470,198</u>	<u>\$ 12,238,975</u>
Total collections	<u>\$ 6,782,914</u>	<u>\$ 12,670,603</u>	<u>\$ 12,498,594</u>	<u>\$ 12,245,825</u>	<u>\$ 12,105,531</u>
Percentage of extensions collected	<u>52.35%</u>	<u>98.76%</u>	<u>98.39%</u>	<u>98.20%</u>	<u>98.91%</u>

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

Sunset Ridge School District No. 29
OPERATING COST AND TUITION CHARGE
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating cost per pupil		
Average Daily Attendance (ADA):	<u>428.39</u>	<u>442.27</u>
Operating costs:		
Educational	\$ 10,477,297	\$ 10,756,077
Operations and Maintenance	916,664	866,808
Debt Service	1,759,541	652,539
Transportation	136,901	141,762
Municipal Retirement/Social Security	297,199	299,154
Tort Immunity and Judgment	<u>74,581</u>	<u>77,812</u>
Subtotal	<u>13,662,183</u>	<u>12,794,152</u>
Less Revenues/Expenditures of Nonregular Programs:		
Total payments to other districts and gov't units	920,095	697,970
Community services	9,925	6,848
Non-capitalized equipment	19,171	6,706
Capital outlay	491,236	321,800
Debt principal retired	<u>1,010,000</u>	<u>393,117</u>
Subtotal	<u>2,450,427</u>	<u>1,426,441</u>
Operating costs	<u>\$ 11,211,756</u>	<u>\$ 11,367,711</u>
Operating costs per pupil - based on ADA	<u>\$ 26,172</u>	<u>\$ 25,703</u>
Tuition Charge		
Operating costs	\$ 11,211,756	\$ 11,367,711
Less - revenues from specific programs, such as special education or lunch programs	<u>779,297</u>	<u>731,673</u>
Net operating costs	10,432,459	10,636,038
Depreciation allowance	<u>415,742</u>	<u>438,759</u>
Allowance tuition costs	<u>\$ 10,848,201</u>	<u>\$ 11,074,797</u>
Tuition charge per pupil - based on ADA	<u>\$ 25,323</u>	<u>\$ 25,041</u>