

Sunset Ridge School District No. 29

Annual Financial Report

Year Ended June 30, 2011

Sunset Ridge School District No. 29

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2011

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Sunset Ridge School District No. 29

ANNUAL FINANCIAL REPORT

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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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunset Ridge School District No. 29 as of and for the year ended June 30, 2011, which collectively comprise Sunset Ridge School District No. 29's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Sunset Ridge School District No. 29's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's June 30, 2010 financial statements and, in our report dated September 13, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sunset Ridge School District No. 29 as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

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

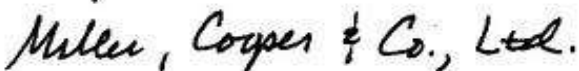
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In accordance with *Government Auditing Standards*, we have issued our report dated October 25, 2011 on our consideration of Sunset Ridge School District No. 29's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11, the Illinois Municipal Retirement Fund historical data on page 49, the other postemployment benefits data on page 50, and the budgetary comparison schedules and notes to required supplementary information on pages 51 through 65 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sunset Ridge School District No. 29's basic financial statements. The other schedules, listed in the table of contents as supplementary financial information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
October 25, 2011

Sunset Ridge School District No. 29

Management's Discussion and Analysis

For the Year Ended June 30, 2011

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, 2011. 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

- ❑ The District's financial status remains strong despite the financial crisis of the state of Illinois and the property tax cap.
- ❑ The District's Financial Profile score of 4.00 earned the designation of Recognition with ISBE for the past eight years.
- ❑ Moody's upgraded the District's "Aa1" bond rating to "AAA" in 2010, and recertified the higher rating in 2011.
- ❑ General revenues from primarily taxes and state aid accounted for \$11,425,155, or 85 % of the District's total revenue of \$13,388,525. Program specific revenues in the form of charges for services, contributions, and grants were \$1,963,370, or 15% of total revenue.
- ❑ The District had \$13,424,025 in expenses related to government activities. However, only \$1,963,370 of these expenses was offset by program specific charges, contributions, and grants.
- ❑ Among the major funds, the General Fund had \$ 10,205,587 in revenues, primarily consisting of property taxes, state aid, and other local revenue, and \$11,288,330 in expenditures. Fund balance covered this deficiency.
- ❑ The District continued to pay down its general obligation long-term debt by retiring \$360,000 in fiscal year 2011.
- ❑ The Board of Education Finance/Facilities Committee increased the frequency of its meetings to allow more opportunity to review fiscal operations.
- ❑ The FY2011 budget included several efficiency initiatives that were implemented during the year. These initiatives are ongoing and include a continuous review of all District operations. Measures taken in FY2011 eliminated the projected deficit budget.
- ❑ Enrollment remained relatively stable, increasing by approximately eight students over the course of the year, while average daily attendance (ADA) increased from 458.88 to 486.06. This reduced the operating cost per pupil by \$1,324 and the tuition charge per pupil by \$914.

Sunset Ridge School District No. 29

Management's Discussion and Analysis

For the Year Ended June 30, 2011

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

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

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

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.

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).

Sunset Ridge School District No. 29

Management's Discussion and Analysis

For the Year Ended June 30, 2011

Overview of the Financial Statements (Continued)

Fund financial statements (Continued)

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

Notes to the financial statements

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

Sunset Ridge School District No. 29
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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 pension benefits to its noncertified employees.

Government-Wide Financial Analysis

Net Assets: The District's combined net assets decreased by \$35,500 to \$15,477,022 as a result of FY11 operations (Tables 1 and 2).

Table 1		
Condensed Statement of Net Assets		
	Governmental Activities <u>2010</u>	Governmental Activities <u>2011</u>
Assets:		
Current and other assets	\$ 18,238,323	\$ 18,746,664
Capital assets (see Note G)	<u>5,505,476</u>	<u>5,237,329</u>
Total assets	<u>23,743,799</u>	<u>23,983,993</u>
Liabilities:		
Long-term debt outstanding	2,848,687	2,615,827
Other liabilities	<u>5,412,590</u>	<u>5,921,144</u>
Total liabilities	<u>8,261,277</u>	<u>8,536,971</u>
Net assets:		
Invested in capital assets, net of related debt	2,833,214	4,170,650
Restricted	617,959	668,583
Unrestricted	<u>12,031,349</u>	<u>10,607,789</u>
Total net assets	<u>\$ 15,482,522</u>	<u>\$ 15,447,022</u>

Sunset Ridge School District No. 29
Management's Discussion and Analysis
For the Year Ended June 30, 2011

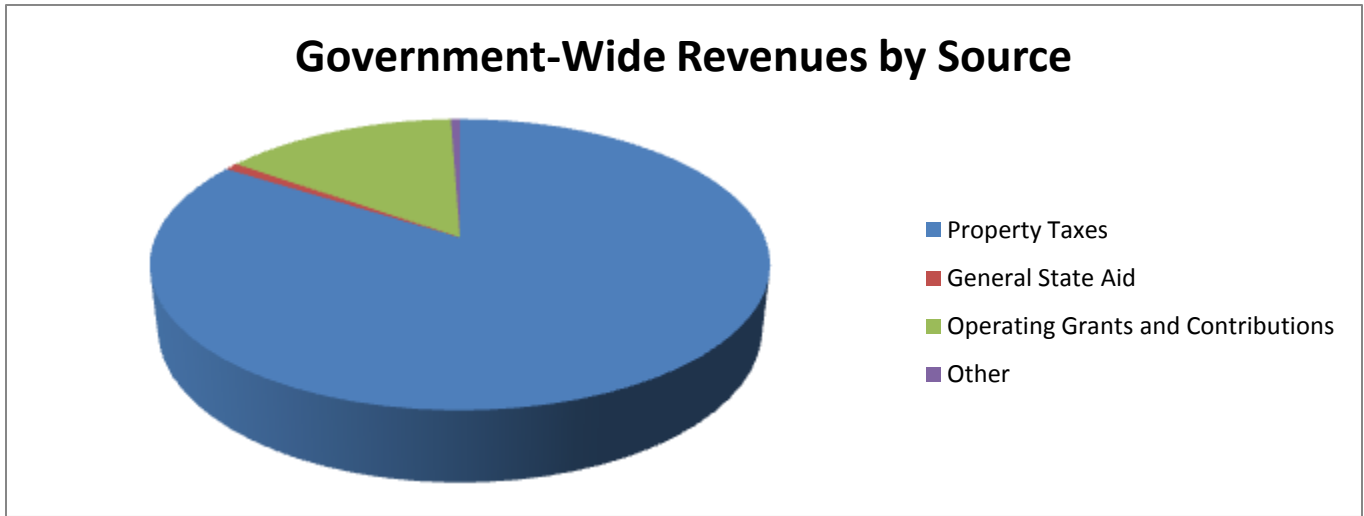
Government-Wide Financial Analysis (Continued)

Table 2		
Changes in Net Assets		
	Governmental Activities <u>2010</u>	Governmental Activities <u>2011</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 7,530	\$ 7,285
Operating grants and contributions	2,032,707	1,956,085
<i>General revenues:</i>		
Taxes	11,781,153	11,256,890
State aid-formula grants	111,268	111,115
Other	<u>127,220</u>	<u>57,150</u>
Total revenues	<u>14,059,878</u>	<u>13,388,525</u>
Expenses:		
Instruction	9,561,329	9,207,183
Pupil and instructional staff services	571,900	572,821
Administration and business	2,073,291	2,283,085
Transportation	141,309	95,647
Operations and maintenance	1,353,086	1,116,045
Interest and fees	<u>169,524</u>	<u>149,244</u>
Total expenses	<u>13,870,439</u>	<u>13,424,025</u>
Increase (decrease) in net assets	189,439	(35,500)
Net assets, beginning of year	<u>15,293,083</u>	<u>15,482,522</u>
Net assets, end of year	<u>\$ 15,482,522</u>	<u>\$ 15,447,022</u>

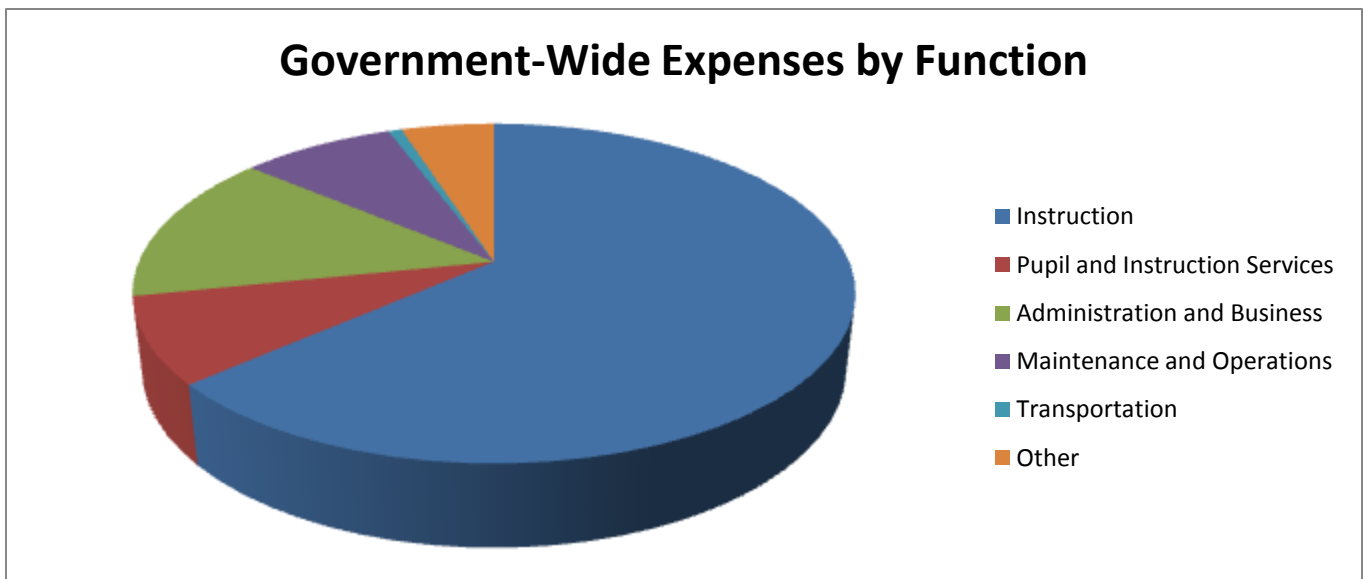
Sunset Ridge School District No. 29 Management's Discussion and Analysis For the Year Ended June 30, 2011

Government-Wide Financial Analysis (Continued)

Revenues by Source: Property taxes accounted for the largest portion of the District's revenue, contributing 84 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 \$13,388,525. The District's expenses are predominantly related to instructing, caring for (pupil services), and transporting students (86%).



Sunset Ridge School District No. 29

Management's Discussion and Analysis

For the Year Ended June 30, 2011

Financial Analysis of the District's Funds

The District's governmental funds' combined fund balance increased from \$12,793,136 to \$12,804,842.

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 expenditures would exceed revenues by \$1.4 million. The actual results for the year show a reduction of the fund balance by \$1 million.

Capital Assets and Debt Administration

Capital Assets

By the end of FY2011, the District had compiled a total investment of \$5,237,329 (net of accumulated depreciation) in a broad range of capital assets including buildings, building improvements, land, and equipment. Total depreciation expense for the year was \$505,306.

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>2010</u>	<u>2011</u>
Land	\$ 76,885	\$ 76,885
Improvements other than buildings	468,361	654,692
Buildings	4,548,244	4,269,260
Equipment	<u>411,986</u>	<u>236,492</u>
Total	<u>\$ 5,505,476</u>	<u>\$ 5,237,329</u>

Sunset Ridge School District No. 29
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Capital Assets and Debt Administration (Continued)

Long-term debt

At year-end, the District retired \$360,000 in general obligation bonds, and recognized \$148,799 of accretion on capital appreciation bonds in 2011. The carrying amount of these capital appreciation bonds on June 30, 2011 is \$2,461,061. The District also retired \$25,000 of its Northfield Community Center intergovernmental loan in 2011.

Table 4		
Outstanding Long-Term Debt		
	<u>2010</u>	<u>2011</u>
General obligation bonds	\$ 2,672,262	\$ 2,461,061
Intergovernmental loan and other	<u>176,425</u>	<u>154,766</u>
Total	<u>\$ 2,848,687</u>	<u>\$ 2,615,827</u>

During fiscal year 2011, the District did not enter into any additional lease agreements. The District has no plans to issue new debt in the near future, other than possibly leasing technology equipment, which is part of the Board-approved multiyear technology plan.

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

Sunset Ridge School District No. 29

Management's Discussion and Analysis

For the Year Ended June 30, 2011

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was unaware of any existing circumstances that will significantly affect financial operations in the future. There is little undeveloped land remaining within the District 29 boundaries.

For Tax Year 2009 payable in 2010, the District's equalized assessed value (EAV) for all real property within the District 29 boundaries decreased approximately .82% from \$615 million to \$610 million. This was due to the Cook County Assessor devaluing portions of Northfield Township by 7%, while new property growth in the district was \$5.9 million.

For Tax Year 2010 payable in 2011, the District's equalized assessed value (EAV) for all real property within the District 29 boundaries decreased approximately 14% from \$610 million to \$535 million. New property growth was only \$3.5 million. Triennial reassessment reductions, continued phase-out of the 7% cap on assessed value increases, property owner assessment appeals, and lower than usual new property additions to the tax rolls all contributed to this reduction.

Property tax cap legislation (PTELL) limited the levy extension increase to \$10,752,314 because of the 0.10% CPI used for the 2009 levy. Total 2009 levy extension was \$11,248,869. CPI used for the 2010 extension is 2.7%. The total 2010 levy extension will be \$11,623,744.

The two-year long Facilities Study and Community Engagement Process concluded with the Board of Education engaging in a District-wide air quality improvement project. The construction work began in FY2011 and will conclude in FY2012, at a total cost of less than \$2 million. Funding for the entire capital project will come from prior year savings.

The District's teaching staff completed the second year of a two-year contract in June 2011. During the spring of 2011, the Board of Education and Sunset Ridge Education Association successfully negotiated a new three-year contract, which will begin in September 2011.

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 ASSETS - GOVERNMENTAL ACTIVITIES
June 30, 2011

ASSETS

Cash and investments	\$ 12,893,819
Receivables (net of allowance for uncollectibles):	
Interest	25,763
Property taxes	5,618,125
Replacement taxes	15,050
Intergovernmental	183,936
Prepaid items	8,830
Other current assets	1,141
Capital assets:	
Land	76,885
Depreciable buildings, property, and equipment, net	<u>5,160,444</u>
 Total assets	 <u>23,983,993</u>

LIABILITIES

Accounts payable	280,820
Payroll deductions payable	64,475
Unearned revenue	5,575,849
Long-term liabilities:	
Due within one year	385,000
Due after one year	<u>2,230,827</u>
 Total liabilities	 <u>8,536,971</u>

NET ASSETS

Invested in capital assets, net of related debt	4,170,650
Restricted For:	
Debt service	355,524
Student transportation	185,674
Capital projects	127,385
Unrestricted	<u>10,607,789</u>
 Total net assets	 <u>\$ 15,447,022</u>

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, 2011

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 5,505,787	\$ 7,285	\$ 42,199	\$ (5,456,303)
Special programs	2,049,980	-	369,635	(1,680,345)
Other instructional programs	211,953	-	7,626	(204,327)
State retirement contributions	1,439,463	-	1,439,463	-
Support services:				
Pupils	489,505	-	-	(489,505)
Instructional staff	83,316	-	15,620	(67,696)
General administration	761,067	-	-	(761,067)
School administration	688,363	-	-	(688,363)
Business	833,655	-	4,779	(828,876)
Transportation	95,647	-	76,763	(18,884)
Operations and maintenance	1,116,045	-	-	(1,116,045)
Interest and fees	149,244	-	-	(149,244)
	<u>\$ 13,424,025</u>	<u>\$ 7,285</u>	<u>\$ 1,956,085</u>	<u>\$ (11,460,655)</u>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				8,116,609
Real estate taxes, levied for specific purposes				2,659,493
Real estate taxes, levied for debt service				358,518
Personal property replacement taxes				122,270
State aid-formula grants				111,115
Investment earnings				35,405
Miscellaneous				21,745
Total general revenues				<u>11,425,155</u>
Change in net assets				(35,500)
Net assets, beginning of year				<u>15,482,522</u>
Net assets, end of year				<u>\$ 15,447,022</u>

The accompanying notes are an integral part of this statement.

Sunset Ridge School District No. 29

Governmental Funds

BALANCE SHEET

June 30, 2011

With Comparative Totals for June 30, 2010

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 5,635,091	\$ 6,534,700	\$ 147,785	\$ 509
Receivables (net of allowance for uncollectibles):				
Interest	11,260	13,297	295	1
Property taxes	4,276,461	965,778	24,230	144,757
Replacement taxes	-	15,050	-	-
Intergovernmental	139,068	6,486	38,382	-
Due from other funds	58,321	-	-	-
Prepaid items	8,830	-	-	-
Other current assets	1,141	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,130,172</u>	<u>\$ 7,535,311</u>	<u>\$ 210,692</u>	<u>\$ 145,267</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 133,583	\$ 50,981	\$ 971	\$ -
Payroll deductions payable	64,334	141	-	-
Due to other funds	-	-	-	58,321
Unearned revenue	4,253,312	969,181	24,284	143,670
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>4,451,229</u>	<u>1,020,303</u>	<u>25,255</u>	<u>201,991</u>
Fund balances (deficit):				
Nonspendable	8,830	-	-	-
Restricted	7,779	6,624,113	185,437	-
Unassigned	5,662,334	(109,105)	-	(56,724)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance (deficit)	<u>5,678,943</u>	<u>6,515,008</u>	<u>185,437</u>	<u>(56,724)</u>
Total liabilities and fund balance (deficit)	<u>\$ 10,130,172</u>	<u>\$ 7,535,311</u>	<u>\$ 210,692</u>	<u>\$ 145,267</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	2011	Total 2010
\$ 353,499	\$ 95,285	\$ 126,950	\$ 12,893,819	\$ 12,703,732
656	-	254	25,763	38,793
182,669	-	24,230	5,618,125	5,251,613
-	-	-	15,050	14,115
-	-	-	183,936	230,070
-	-	-	58,321	-
-	-	-	8,830	-
-	-	-	1,141	-
<u>\$ 536,824</u>	<u>\$ 95,285</u>	<u>\$ 151,434</u>	<u>\$ 18,804,985</u>	<u>\$ 18,238,323</u>
\$ -	\$ 95,285	\$ -	\$ 280,820	\$ 152,817
-	-	-	64,475	63,172
-	-	-	58,321	-
181,827	-	24,253	5,596,527	5,229,198
<u>181,827</u>	<u>95,285</u>	<u>24,253</u>	<u>6,000,143</u>	<u>5,445,187</u>
-	-	-	8,830	-
354,997	-	126,950	7,299,276	6,031,450
-	-	231	5,496,736	6,761,686
<u>354,997</u>	<u>-</u>	<u>127,181</u>	<u>12,804,842</u>	<u>12,793,136</u>
<u>\$ 536,824</u>	<u>\$ 95,285</u>	<u>\$ 151,434</u>	<u>\$ 18,804,985</u>	<u>\$ 18,238,323</u>

Sunset Ridge School District No. 29
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2011

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

Total fund balances - governmental funds	\$ 12,804,842
Net capital assets used in governmental activities and included in the statement of net assets do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	5,237,329
Certain revenues receivable by the District and recognized in the statement of net assets (interest) do not provide current financial resources and are deferred in the governmental funds balance sheet.	20,678
Long-term liabilities included in the statement of net assets are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.	<u>(2,615,827)</u>
Net assets - governmental activities	<u>\$ 15,447,022</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 (DEFICIT)

For the Year Ended June 30, 2011

With Comparative Actual Totals for the Year Ended June 30, 2010

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 8,145,775	\$ 2,306,134	\$ 39,595	\$ 235,559
Replacement taxes	-	122,270	-	-
State aid	1,833,397	-	76,763	-
Federal aid	150,554	6,486	-	-
Interest	46,831	298	-	34
Other	29,030	-	-	-
Total revenues	<u>10,205,587</u>	<u>2,435,188</u>	<u>116,358</u>	<u>235,593</u>
Expenditures				
Current:				
Instruction:				
Regular programs	5,285,981	-	-	103,917
Special programs	1,389,771	-	-	80,125
Other instructional programs	206,173	-	-	5,780
State retirement contributions	1,439,463	-	-	-
Support services:				
Pupils	477,154	-	-	12,351
Instructional staff	46,770	-	-	-
General administration	749,466	-	-	6,596
School administration	651,525	-	-	31,833
Business	455,031	-	-	23,073
Transportation	-	-	95,647	-
Operations and maintenance	3,000	1,065,695	-	31,793
Nonprogrammed charges	561,011	-	-	302
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	22,985	30,289	-	-
Total expenditures	<u>11,288,330</u>	<u>1,095,984</u>	<u>95,647</u>	<u>295,770</u>
Excess (deficiency) of revenues over expenditures	<u>(1,082,743)</u>	<u>1,339,204</u>	<u>20,711</u>	<u>(60,177)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	(252,562)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(252,562)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(1,082,743)</u>	<u>1,086,642</u>	<u>20,711</u>	<u>(60,177)</u>
Fund balance, beginning of year (as restated - see Note Q)	<u>6,761,686</u>	<u>5,428,366</u>	<u>164,726</u>	<u>3,453</u>
Fund balance (deficit), end of year	<u>\$ 5,678,943</u>	<u>\$ 6,515,008</u>	<u>\$ 185,437</u>	<u>\$ (56,724)</u>

The accompanying notes are an integral part of this statement.

	Debt	Capital	Fire Prevention	Total	
	Service	Projects	and Safety	2011	2010
\$	358,518	\$ -	\$ 49,039	\$ 11,134,620	\$ 11,686,867
	-	-	-	122,270	94,286
	-	-	-	1,910,160	1,842,993
	-	-	-	157,040	377,441
	141	-	20	47,324	107,863
	-	-	-	29,030	26,094
	<u>358,659</u>	<u>-</u>	<u>49,059</u>	<u>13,400,444</u>	<u>14,135,544</u>
	-	-	-	5,389,898	5,393,674
	-	-	-	1,469,896	1,494,786
	-	-	-	211,953	225,566
	-	-	-	1,439,463	1,357,142
	-	-	-	489,505	483,625
	-	-	-	46,770	50,217
	-	-	-	756,062	671,932
	-	-	-	683,358	564,166
	-	-	-	478,104	471,865
	-	-	-	95,647	141,309
	-	-	-	1,100,488	1,341,020
	-	-	-	561,313	977,972
	385,000	-	-	385,000	619,483
	445	-	-	445	9,834
	-	227,562	-	280,836	119,898
	<u>385,445</u>	<u>227,562</u>	<u>-</u>	<u>13,388,738</u>	<u>13,922,489</u>
	<u>(26,786)</u>	<u>(227,562)</u>	<u>49,059</u>	<u>11,706</u>	<u>213,055</u>
	25,000	227,562	-	227,562	268,876
	-	-	-	(227,562)	(268,876)
	<u>25,000</u>	<u>227,562</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(1,786)	-	49,059	11,706	213,055
	<u>356,783</u>	<u>-</u>	<u>78,122</u>	<u>12,793,136</u>	<u>12,580,081</u>
\$	<u>354,997</u>	<u>\$ -</u>	<u>\$ 127,181</u>	<u>\$ 12,804,842</u>	<u>\$ 12,793,136</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, 2011

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

Net change in fund balances - total governmental funds \$ 11,706

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period. (268,147)

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

Interest (11,919)

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. 232,860

Change in net assets - governmental activities \$ (35,500)

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, 2011

	Student Activity Fund
<hr/>	
ASSETS	
Cash	\$ <u>47,379</u>
LIABILITIES	
Due to student groups	\$ <u>47,379</u>

The accompanying notes are an integral part of this statement.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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 Funds), and the acquisition or construction of major capital facilities (Capital Projects Fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

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

3. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues instead.

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 Fund Account, the Working Cash Fund Account, and the Tort Immunity and Judgment Fund Account. The Educational Fund 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 Fund Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements to the special revenue fund's Operations and Maintenance and Transportation Funds. Money loaned by the Working Cash Fund Account to other funds must be repaid within one year. As allowed by the School Code of Illinois, this Fund may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Fund Account of at least .05% of the District's current equalized assessed valuation. The Tort Immunity and Judgment Fund is used to account for revenues derived from a specific property levy and state reimbursement grants and expenditures of these monies is for risk management activities.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

b. Special Revenue Funds

The special revenue funds are used to account for 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.

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 - is used for expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes.

Tort Immunity and Judgment Fund - accounts for all revenues and expenditures related to liability insurance. Revenues consist primarily of local property taxes.

Transportation Fund - accounts for all 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 are derived primarily from local property taxes and personal property replacement taxes.

c. Debt Service

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

d. Capital Projects Fund

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

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

e. Fiduciary Fund

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

The *Student Activity Funds* - are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These Funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. They account for activities such as student yearbook, student clubs and council, and scholarships.

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, as are the Fiduciary Fund statements. 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. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter 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 generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District reports unearned revenue on its financial statements. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

5. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. 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.

6. Deposits and Investments

State statutes require the District to use the investment services of the Township School Treasurer and authorize the District's Treasurer to invest in obligations of the U.S. Treasury, certain highly rated commercial paper, corporate bonds, repurchase agreements, and money market mutual funds registered under the Investment Company Act of 1940, with certain restrictions. Investments are stated at fair value. Changes in the fair value of investments are recorded as investment income.

7. Personal Property Replacement Taxes

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

8. Capital Assets

Capital assets, which include land, 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 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 fair value at the date of donation.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Improvements other than buildings	40
Equipment	10 - 20

9. Comparative Total Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the 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 costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Use of Estimates

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

12. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which was adopted by the District as of the fiscal year ended June 30, 2011. In the fund financial statements, governmental funds now 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 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 are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds.
- 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 Certified School Business Official.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Fund Balance (Continued)

- 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.

See Note P for additional detail on the components of the General Fund's fund balance at June 30, 2011.

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 Assets

The governmental funds balance sheet includes a reconciliation between total fund balances - governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities included in the statement of net assets 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	\$ (2,461,061)
Intergovernmental loan	(150,000)
Other postemployment benefits	<u>(4,766)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$ <u><u>(2,615,827)</u></u>

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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 assets - 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	\$ 239,130
Loss on disposal	(1,971)
Depreciation expense	<u>(505,306)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities	<u>\$ (268,147)</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 bonds	\$ 360,000
Intergovernmental Loan	25,000
Additions	
Other postemployment benefits	(3,341)
Accretion on general obligation bonds	<u>(148,799)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities.	<u>\$ 232,860</u>

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE C - DEPOSITS AND INVESTMENTS

At June 30, 2011, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>12,893,819</u>	\$ <u>47,379</u>	\$ <u>12,941,198</u>

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

	<u>Total</u>
Cash on hand	\$ 600
Deposits with financial institutions	12,048,041
Illinois School District Liquid Asset Fund Plus	892,557
	\$ 12,941,198

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

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 School Code and 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 petty cash 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 weighted-average maturity of all pooled marketable investments held by the Treasurer was 0.41 years at June 30, 2011. The Treasurer also holds money market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all investments held by the Treasurer's office was \$11,988,172.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

Interest Rate Risk

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

2. Credit Risk

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

3. Cash and Investments in the Custody of the District

At June 30, 2011, the carrying value of the District's student activity funds was \$47,379, all of which was deposited with financial institutions.

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.

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The 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, 2011, the bank balance of the District's deposits with financial institutions totaled \$12,049,541.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

4. Concentration of Credit Risk (Continued)

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

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 ordinance was approved by the Board on December 7, 2010. The District's property tax is levied each year on all taxable real property located in the District, and becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

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

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which the tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 3.3000 for 2010.

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 2010 tax levy was \$535,066,547.

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The portion of the 2010 property tax levy not received by June 30 is recorded as receivable, net of estimated uncollectibles of 1%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time thereafter does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as unearned revenue.

NOTE E - RETIREMENT FUND COMMITMENTS

1. Teachers' Retirement System of the State of Illinois

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of the employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and June 30, 2009.

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

On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2011, state of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$1,386,639 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent, \$1,310,073, and 17.08 percent, \$791,842, respectively.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE E - RETIREMENT FUND COMMITMENTS (Continued)

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

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

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$34,816. Contributions for the years ended June 30, 2010 and June 30, 2009 were \$32,500 and \$26,889, respectively.

Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an additional employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective beginning in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent, respectively, of salaries paid from federal and special trust funds. For the year ended June 30, 2011, salaries totaling \$73,080 were paid from federal and special trust funds that required employer contributions of \$16,881. For the years ended June 30, 2010 and June 30, 2009, required District contributions were \$18,829 and \$6,700, respectively.

Early Retirement Option (ERO)

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

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

For the year ended June 30, 2011, the District paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the District paid \$0 and \$0, respectively, in employer ERO contributions.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE E - RETIREMENT FUND COMMITMENTS (Continued)

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

Salary Increases Over 6 Percent and Excess Sick Leave

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

For the year ended June 30, 2011, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2010 and June 30, 2009, the District paid \$0 and \$0, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, the District paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2010 and June 30, 2009, the District paid \$0 and \$0, respectively, in employer contributions granted for sick leave days.

Further Information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011 is expected to be available in late 2011.

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

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE E - RETIREMENT FUND COMMITMENTS (Continued)

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

THIS Fund Employer Contributions

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action, with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan, with the cooperation of TRS. The Director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires that all active contributors to the TRS who are not employees of the state make a contribution to the THIS Fund.

The percentage of employer-required contributions in the future will be determined by the Director of HFS and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On-behalf Contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members, which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$52,824, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2010 and June 30, 2009 were 0.84 percent of pay. State contributions on behalf of district employees were \$47,069 and \$38,943, respectively.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE E - RETIREMENT FUND COMMITMENTS (Continued)

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

Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011 and 0.63 percent during the years ended June 30, 2010 and June 30, 2009. For the year ended June 30, 2011, the District paid \$39,618 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the District paid \$35,301 and \$29,207, respectively, to the THIS Fund, which was 100 percent of the required contribution.

The publicly available financial report on the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, Illinois 62763-3838.

2. Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent, multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by state statute, the District's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's contribution rate for calendar year 2010 used by the employer was 8.46 percent of annual covered payroll. The District's annual required contribution rate for calendar year 2010 was 8.76 percent. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE E - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost

For the calendar year ending December 31, 2010, the District's actual contributions for pension cost for the regular employees were \$118,284. Its required contribution for calendar year 2010 was \$122,479.

Trend Information				
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
12/31/10	\$ 122,479.00	97%	\$	-
12/31/09	91,199.00	100%		-
12/31/08	81,718.00	100%		-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial value and market value of assets. The District's regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 94.97 percent funded. The actuarial accrued liability for benefits was \$2,207,736 and the actuarial value of assets was \$2,096,707, resulting in an underfunded actuarial accrued liability (UAAL) of \$111,029. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,398,161 and the ratio of the UAAL to the covered payroll was 8 percent.

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 liabilities for benefits.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE E - RETIREMENT FUND COMMITMENTS (Continued)

3. Social Security/Medicare

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

NOTE F - OTHER POSTEMPLOYMENT BENEFITS

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. In fiscal year 2010, one retired administrator and one former IMRF employee accessed a postemployment benefit(s) through the District.

Funding Policy

The District funds 100% of the insurance costs for retired administrators, while all others are funded on a "direct pay" basis. For fiscal year 2011, the District contributed \$3,306 toward the cost of the postemployment benefits for retirees.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

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 estimated net OPEB obligation to the Retiree Health Plan:

		<u>June 30, 2011</u>
Annual required contribution	\$	6,576
Interest on net OPEB obligation		71
Adjustment to annual required contribution		<u>-</u>
Annual OPEB cost		6,647
Contributions made		<u>(3,306)</u>
Increase in net OPEB obligation		3,341
Net OPEB obligation beginning of year		<u>1,425</u>
Net OPEB obligation end of year	\$	<u><u>4,766</u></u>

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 and the two preceding fiscal years were as follows:

Actuarial Valuation Date	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11*	\$ 6,647	49.7%	\$ 4,766
6/30/10	6,653	78.6%	1,425
6/30/09	NA	NA	NA

NA - not available

* - Annual OPEB cost estimated using ARC from most recent valuation information.

Funding Status and Funding Progress

As of June 30, 2010 (most recent date available), the actuarial accrued liability for benefits was \$44,827, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

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.

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, 2011

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following simplifying assumptions were made:

Contribution rates:	
District	Not applicable
Plan members	0%
Actuarial valuation date	June 30, 2010
Actuarial cost method	Entry age
Amortization period	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases	5.00%
Healthcare inflation rate	8.00% initial 6.00% ultimate
Mortality, Turnover, Disability, Retirement ages	Same rates utilized for IMRF
Percentage of active employees assumed to elect benefit	20%
Employer provided benefit	Explicit (current retiree only): 100% of Premium to age 65 Implicit: 40% of premium to age 65 (50% of \$526/mo + 50% of \$1,137/mo)

*Includes inflation at 3.00%

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE G - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 76,885	\$ -	\$ -	\$ 76,885
Capital assets, being depreciated				
Buildings	10,094,473	-	-	10,094,473
Improvements, other than buildings	796,798	227,562	-	1,024,360
Equipment	2,829,781	11,568	174,512	2,666,837
Total capital assets being depreciated	<u>13,721,052</u>	<u>239,130</u>	<u>174,512</u>	<u>13,785,670</u>
Less accumulated depreciation for:				
Buildings	5,546,229	278,984	-	5,825,213
Building improvements	328,437	41,231	-	369,668
Equipment	2,417,795	185,091	172,541	2,430,345
Total accumulated depreciation	<u>8,292,461</u>	<u>505,306</u>	<u>172,541</u>	<u>8,625,226</u>
Total capital assets being depreciated, net	<u>5,428,591</u>	<u>(266,176)</u>	<u>1,971</u>	<u>5,160,444</u>
Governmental activities capital assets, net	<u>\$ 5,505,476</u>	<u>\$ (266,176)</u>	<u>\$ 1,971</u>	<u>\$ 5,237,329</u>

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

Governmental activities	
Regular programs	\$ 87,592
Special programs	18,771
Instructional staff	36,546
General administration	5,005
School administration	5,005
Business	2,501
Operations and maintenance	349,886
	<u>\$ 505,306</u>

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE H - LONG-TERM LIABILITIES

The following is the long-term liability activity for the District for the year ended June 30, 2011.

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions/</u> <u>Accretion</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
General obligation bonds	\$ 2,672,262	\$ 148,799	\$ 360,000	\$ 2,461,061
Intergovernmental loan	175,000	-	25,000	150,000
Other postemployment benefits	<u>1,425</u>	<u>6,647</u>	<u>3,306</u>	<u>4,766</u>
Total long-term liabilities	<u>\$ 2,848,687</u>	<u>\$ 155,446</u>	<u>\$ 388,306</u>	<u>\$ 2,615,827</u>
Due within one year:				
General obligation bonds	\$ 360,000			
Intergovernmental loan	<u>25,000</u>			
	<u>\$ 385,000</u>			

1. General Obligation Bonds Payable

The summary of bonds payable for the year ended June 30, 2011 is as follows:

	<u>Face</u> <u>Amount</u>	<u>Carrying</u> <u>Amount</u>
Capital Appreciation Bonds, dated February 8, 2000, due December 2019, interest at 5.35% to 6.125%	<u>\$ 3,225,000</u>	<u>\$ 2,461,061</u>

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE H - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds Payable (Continued)

At June 30, 2011, the District's future cash flow requirements for retirement of bond principal were as follows:

Year Ending June 30	Principal	Total
2012	\$ 360,000	\$ 360,000
2013	360,000	360,000
2014	360,000	360,000
2015	360,000	360,000
2016	360,000	360,000
2017 - 2020	1,425,000	1,425,000
Total	\$ 3,225,000	\$ 3,225,000

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$354,997 in the Debt Service Fund to service the outstanding bonds payable. As of June 30, 2011, the District was in compliance with all significant bond covenants.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2011, the statutory debt limit for the District was \$36,919,592, of which \$34,308,531 is fully available.

2. 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 is noninterest-bearing and will be repaid over a twenty-year period, with \$25,000 payments made each year. For the year ended June 30, 2011, the District made a payment of \$25,000. The intergovernmental loan will be repaid from the Debt Service Fund with funding provided by the Operations and Maintenance Fund. At June 30, 2011, there was \$150,000 outstanding on this intergovernmental loan.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE I - OPERATING LEASES

The District leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$21,335 for the year ended June 30, 2011. At June 30, 2011, future minimum lease payments for these leases are as follows:

Year Ending June 30	Total
2012	\$ 19,415
2013	16,835
2014	<u>3,689</u>
Total	<u>\$ 39,939</u>

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.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance.

Settled claims have not exceeded commercial insurance coverage for the past three fiscal years.

NOTE K - JOINT AGREEMENTS

The District is a member of the North Suburban Special Education District (NSSED), a joint agreement that provides certain special education services to residents of many school districts. 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 boards, these are not required to be included as component units of the District.

Sunset Ridge School District No. 29
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE L - INTERFUND TRANSFER

The District transferred \$227,562 from the Operations and Maintenance Fund to the Capital Projects Fund. This transfer represents funds transferred to pay for capital improvements.

The District also 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.

NOTE M - DEFICIT FUND BALANCE

The District had a deficit fund balance in the Municipal Retirement/Social Security Fund in the amount of \$56,724 at June 30, 2011.

NOTE N - CONTINGENCIES

1. Litigation

The District is not involved in any significant litigation that would materially affect the balances reported at June 30, 2011. 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.

2. Grants

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

Sunset Ridge School District No. 29
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE O - CONSTRUCTION COMMITMENTS

As of June 30, 2011, the District had the following commitments with respect to the unfinished Air Quality Improvement Project.

<u>Capital Project</u>	<u>Amount Committed</u>	<u>Amount Expended</u>	<u>Remaining Construction Commitment</u>
Architect and Engineering	\$ 173,500	\$ 165,282	\$ 8,218
Construction/Installation of A/C Units	<u>1,207,000</u>	<u>62,280</u>	<u>1,144,720</u>
	<u>\$ 1,380,500</u>	<u>\$ 227,562</u>	<u>\$ 1,152,938</u>

NOTE P - FUND BALANCE REPORTING

As defined in Note A-12, the District had the following components of fund balance in the General Fund at June 30, 2011:

General Fund

Nonspendable - prepaid items	\$ <u>8,830</u>
Restricted for tort immunity	\$ <u>7,779</u>

NOTE Q - PRIOR PERIOD ADJUSTMENT

The implementation of GASB 54 (Note A-12) required the restatement of the General Fund to include the Working Cash and Tort Immunity Funds. Prior to GASB 54, these two funds were reported as special revenue funds. As a result of this implementation, the beginning fund balance of the General Fund was restated by \$1,187,852.

NOTE R - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2011, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Sunset Ridge School District No. 29
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND
June 30, 2011

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)
12/31/10	\$ 2,096,707	\$ 2,207,736	94.97 %	\$ 111,029	\$ 1,398,161	7.94 %
12/31/09	1,890,237	2,067,942	91.41	177,705	1,388,118	12.80
12/31/08	1,778,492	1,831,926	97.08	53,434	1,293,010	4.13

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$2,220,148. On a market basis, the funded ratio would be 100.56%.

Sunset Ridge School District No. 29

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

June 30, 2011

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)
6/30/2010	\$ -	\$ 44,827	0.00 %	\$ 44,827	\$ NA	NA %
6/30/2009	NA	NA	NA	NA	NA	NA
6/30/2008	NA	NA	NA	NA	NA	NA

Sunset Ridge School District No. 29

General Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 8,309,506	\$ 8,145,775	\$ (163,731)	\$ 8,053,552
Interest on investments	79,000	46,831	(32,169)	54,256
Fees	21,670	7,285	(14,385)	7,430
Contributions and donations from private sources	10,000	12,050	2,050	13,726
Refund of prior years' expenditures	<u>-</u>	<u>9,695</u>	<u>9,695</u>	<u>4,838</u>
Total local sources	<u>8,420,176</u>	<u>8,221,636</u>	<u>(198,540)</u>	<u>8,133,802</u>
State sources				
General State Aid	111,121	111,115	(6)	91,021
Other Unrest. Grants-In-Aid from State Sources	-	-	-	15,668
Special Education - Private Facility Tuition	-	-	-	333
Special Education - Extraordinary	63,283	63,283	-	80,097
Special Education - Personnel	136,000	195,947	59,947	216,348
Special Education - Orphanage - Individual	-	15,469	15,469	5,743
Special Education - Summer School	-	437	437	359
CTE -				
Secondary Program Improvement (CTEI)	484	960	476	-
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	7,894	6,666	(1,228)	5,728
State Free Lunch and Breakfast	-	57	57	53
Reading Improvement Block Grant	-	-	-	16,722
School Safety and Educational Block Grant (Flat Grant)	-	-	-	4,433
On Behalf Payments to TRS from the State	<u>1,130,809</u>	<u>1,439,463</u>	<u>308,654</u>	<u>1,357,142</u>
Total state sources	<u>1,449,591</u>	<u>1,833,397</u>	<u>383,806</u>	<u>1,793,647</u>

(Continued)

Sunset Ridge School District No. 29

General Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Federal sources				
Special Milk Program	\$ 4,000	\$ 4,722	\$ 722	\$ 4,629
Title I - Low Income	35,713	35,713	-	42,015
Safe and Drug Free Schools - Form. (Title IV)	-	-	-	1,801
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	126,783	94,031	(32,752)	95,944
ARRA General State Aid - Ed. Stabilization	-	-	-	15,185
ARRA IDEA - Part B - Preschool	854	468	(386)	14,822
ARRA IDEA - Part B - Flow-Through	-	-	-	182,516
ARRA General State Aid - Other Govt Svcs Stab.	-	-	-	5,062
Title II - Teacher Quality	<u>15,620</u>	<u>15,620</u>	<u>-</u>	<u>15,467</u>
Total federal sources	<u>182,970</u>	<u>150,554</u>	<u>(32,416)</u>	<u>377,441</u>
Total revenues	<u>10,052,737</u>	<u>10,205,587</u>	<u>152,850</u>	<u>10,304,890</u>
Expenditures				
Instruction				
Regular programs				
Salaries	4,220,934	4,177,837	43,097	4,031,821
Employee benefits	624,650	653,470	(28,820)	596,419
On-behalf payments to TRS from the state	1,130,809	1,439,463	(308,654)	1,357,142
Purchased services	203,479	107,854	95,625	145,606
Supplies and materials	227,355	149,693	77,662	225,796
Capital outlay	-	22,985	(22,985)	107,832
Non-capitalized equipment	<u>299,520</u>	<u>197,127</u>	<u>102,393</u>	<u>288,590</u>
Total	<u>6,706,747</u>	<u>6,748,429</u>	<u>(41,682)</u>	<u>6,753,206</u>

(Continued)

Sunset Ridge School District No. 29

General Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Special education programs				
Salaries	\$ 1,065,246	\$ 1,134,607	\$ (69,361)	\$ 1,122,595
Employee benefits	209,864	183,742	26,122	215,341
Purchased services	5,265	14,361	(9,096)	16,847
Supplies and materials	<u>11,200</u>	<u>6,362</u>	<u>4,838</u>	<u>6,123</u>
Total	<u>1,291,575</u>	<u>1,339,072</u>	<u>(47,497)</u>	<u>1,360,906</u>
Remedial and Supplemental programs K-12				
Salaries	39,409	37,518	1,891	35,797
Employee benefits	13,363	13,181	182	13,001
Supplies and materials	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,818</u>
Total	<u>52,772</u>	<u>50,699</u>	<u>2,073</u>	<u>57,616</u>
Gifted programs				
Salaries	101,060	101,060	-	117,840
Employee benefits	14,333	14,763	(430)	14,880
Purchased services	1,622	59	1,563	46
Supplies and materials	<u>3,150</u>	<u>498</u>	<u>2,652</u>	<u>818</u>
Total	<u>120,165</u>	<u>116,380</u>	<u>3,785</u>	<u>133,584</u>
Bilingual programs				
Salaries	71,117	74,635	(3,518)	68,712
Employee benefits	14,280	15,121	(841)	14,576
Supplies and materials	<u>1,400</u>	<u>37</u>	<u>1,363</u>	<u>142</u>
Total	<u>86,797</u>	<u>89,793</u>	<u>(2,996)</u>	<u>83,430</u>
Total instruction	<u>8,258,056</u>	<u>8,344,373</u>	<u>(86,317)</u>	<u>8,388,742</u>

(Continued)

Sunset Ridge School District No. 29

General Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services				
Salaries	\$ 88,828	\$ 88,669	\$ 159	\$ 104,563
Employee benefits	27,758	15,968	11,790	21,595
Supplies and materials	<u>1,278</u>	<u>144</u>	<u>1,134</u>	<u>1,406</u>
Total	<u>117,864</u>	<u>104,781</u>	<u>13,083</u>	<u>127,564</u>
Guidance services				
Salaries	48,128	48,128	-	46,500
Employee benefits	<u>1,155</u>	<u>1,715</u>	<u>(560)</u>	<u>1,602</u>
Total	<u>49,283</u>	<u>49,843</u>	<u>(560)</u>	<u>48,102</u>
Health services				
Salaries	92,141	89,637	2,504	86,789
Employee benefits	20,055	21,383	(1,328)	20,001
Purchased services	6,000	(2,377)	8,377	4,692
Supplies and materials	<u>12,548</u>	<u>2,744</u>	<u>9,804</u>	<u>8,295</u>
Total	<u>130,744</u>	<u>111,387</u>	<u>19,357</u>	<u>119,777</u>
Psychological services				
Salaries	90,566	80,566	10,000	78,180
Employee benefits	<u>17,002</u>	<u>12,921</u>	<u>4,081</u>	<u>14,442</u>
Total	<u>107,568</u>	<u>93,487</u>	<u>14,081</u>	<u>92,622</u>

(Continued)

Sunset Ridge School District No. 29

General Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Speech pathology and audiology services				
Salaries	\$ 98,205	\$ 104,116	\$ (5,911)	\$ 72,460
Employee benefits	<u>10,096</u>	<u>13,540</u>	<u>(3,444)</u>	<u>8,193</u>
Total	<u>108,301</u>	<u>117,656</u>	<u>(9,355)</u>	<u>80,653</u>
Total pupils	<u>513,760</u>	<u>477,154</u>	<u>36,606</u>	<u>468,718</u>
Instructional staff				
Improvement of instruction services				
Purchased services	48,626	29,308	19,318	32,940
Supplies and materials	<u>6,912</u>	<u>6,079</u>	<u>833</u>	<u>14,455</u>
Total	<u>55,538</u>	<u>35,387</u>	<u>20,151</u>	<u>47,395</u>
Assessment and testing				
Supplies and materials	<u>10,416</u>	<u>11,383</u>	<u>(967)</u>	<u>2,822</u>
Total	<u>10,416</u>	<u>11,383</u>	<u>(967)</u>	<u>2,822</u>
Total instructional staff	<u>65,954</u>	<u>46,770</u>	<u>19,184</u>	<u>50,217</u>
General administration				
Board of education services				
Employee benefits	-	560	(560)	-
Purchased services	95,381	157,795	(62,414)	105,888
Other objects	<u>59,519</u>	<u>34,082</u>	<u>25,437</u>	<u>42,259</u>
Total	<u>154,900</u>	<u>192,437</u>	<u>(37,537)</u>	<u>148,147</u>

(Continued)

Sunset Ridge School District No. 29

General Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Executive administration services				
Salaries	\$ 275,486	\$ 275,486	\$ -	\$ 259,892
Employee benefits	6,449	6,943	(494)	6,303
Purchased services	-	1,230	(1,230)	1,257
Supplies and materials	-	159	(159)	1,658
Other objects	3,136	4,033	(897)	10,433
Total	285,071	287,851	(2,780)	279,543
Special area administrative services				
Salaries	176,118	176,118	-	153,312
Employee benefits	21,500	19,890	1,610	18,589
Total	197,618	196,008	1,610	171,901
Tort immunity services				
Employee benefits	-	2,339	(2,339)	-
Purchased services	82,010	70,831	11,179	55,228
Capital outlay	-	-	-	11,016
Total	82,010	73,170	8,840	66,244
Total general administration	719,599	749,466	(29,867)	665,835

(Continued)

Sunset Ridge School District No. 29

General Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Office of the principal services				
Salaries	\$ 580,143	\$ 579,965	\$ 178	\$ 470,577
Employee benefits	59,378	67,594	(8,216)	58,055
Purchased services	14,925	3,730	11,195	7,854
Supplies and materials	750	106	644	156
Other objects	<u>2,000</u>	<u>130</u>	<u>1,870</u>	<u>633</u>
Total	<u>657,196</u>	<u>651,525</u>	<u>5,671</u>	<u>537,275</u>
Total school administration	<u>657,196</u>	<u>651,525</u>	<u>5,671</u>	<u>537,275</u>
Business				
Direction of business support services				
Salaries	196,696	209,606	(12,910)	195,638
Employee benefits	<u>23,944</u>	<u>21,420</u>	<u>2,524</u>	<u>20,756</u>
Total	<u>220,640</u>	<u>231,026</u>	<u>(10,386)</u>	<u>216,394</u>
Fiscal services				
Salaries	126,475	126,325	150	121,448
Employee benefits	18,060	17,490	570	17,988
Purchased services	45,206	28,343	16,863	39,741
Supplies and materials	<u>40,000</u>	<u>45,474</u>	<u>(5,474)</u>	<u>48,029</u>
Total	<u>229,741</u>	<u>217,632</u>	<u>12,109</u>	<u>227,206</u>
Operations 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

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Food services				
Other objects	<u>7,700</u>	<u>6,373</u>	<u>1,327</u>	<u>7,623</u>
Total	<u>7,700</u>	<u>6,373</u>	<u>1,327</u>	<u>7,623</u>
Total business	<u>461,081</u>	<u>458,031</u>	<u>3,050</u>	<u>454,223</u>
Total support services	<u>2,417,590</u>	<u>2,382,946</u>	<u>34,644</u>	<u>2,176,268</u>
Payments to Other Districts and Gov't Units				
Payments for special education programs				
Purchased services	37,633	34,356	3,277	217,062
Other objects	<u>761,500</u>	<u>526,655</u>	<u>234,845</u>	<u>760,910</u>
Total	<u>799,133</u>	<u>561,011</u>	<u>238,122</u>	<u>977,972</u>
Total payments to other districts and other Gov'ts	<u>799,133</u>	<u>561,011</u>	<u>238,122</u>	<u>977,972</u>
Total expenditures	<u>11,474,779</u>	<u>11,288,330</u>	<u>186,449</u>	<u>11,542,982</u>
Deficiency of revenues over expenditures	<u>(1,422,042)</u>	<u>(1,082,743)</u>	<u>339,299</u>	<u>(1,238,092)</u>
Other financing uses				
Trans to Debt Svc Fund for Prin on Cap Leases	-	-	-	(209,483)
Trans to Debt Svc Fund for Int on Cap Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,389)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(218,872)</u>
Net change to fund balance	<u>\$ (1,422,042)</u>	<u>(1,082,743)</u>	<u>\$ 339,299</u>	<u>(1,456,964)</u>
Fund balance, beginning of year		<u>6,761,686</u>		<u>8,218,650</u>
Fund balance, end of year		<u>\$ 5,678,943</u>		<u>\$ 6,761,686</u>

(Concluded)

Sunset Ridge School District No. 29
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2011
With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 2,291,777	\$ 2,306,134	\$ 14,357	\$ 3,011,647
Corporate personal property replacement taxes	122,587	122,270	(317)	94,286
Interest on investments	60,000	298	(59,702)	50,936
Rentals	-	-	-	100
Total local sources	<u>2,474,364</u>	<u>2,428,702</u>	<u>(45,662)</u>	<u>3,156,969</u>
Federal sources				
Other Federal Sources	-	6,486	6,486	-
Total federal sources	<u>-</u>	<u>6,486</u>	<u>6,486</u>	<u>-</u>
Total revenues	<u>2,474,364</u>	<u>2,435,188</u>	<u>(39,176)</u>	<u>3,156,969</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction services				
Capital outlay	-	14,732	(14,732)	-
Total	<u>-</u>	<u>14,732</u>	<u>(14,732)</u>	<u>-</u>

(Continued)

Sunset Ridge School District No. 29

Operations and Maintenance Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Operations and maintenance of plant services				
Salaries	\$ 221,159	\$ 201,076	\$ 20,083	\$ 226,727
Employee benefits	33,810	29,799	4,011	33,334
Purchased services	890,005	782,151	107,854	971,519
Supplies and materials	33,540	29,547	3,993	36,398
Capital outlay	18,000	15,557	2,443	12,066
Non-capitalized equipment	<u>36,500</u>	<u>23,122</u>	<u>13,378</u>	<u>37,165</u>
Total business	<u>1,233,014</u>	<u>1,095,984</u>	<u>137,030</u>	<u>1,317,209</u>
Total support services	<u>1,233,014</u>	<u>1,095,984</u>	<u>137,030</u>	<u>1,317,209</u>
Total expenditures	<u>1,233,014</u>	<u>1,095,984</u>	<u>137,030</u>	<u>1,317,209</u>
Excess of revenues over expenditures	<u>1,241,350</u>	<u>1,339,204</u>	<u>97,854</u>	<u>1,839,760</u>
Other financing uses				
Transfer to capital projects fund	-	(227,562)	(227,562)	-
Other uses not classified elsewhere	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(50,000)</u>
Total other financing uses	<u>-</u>	<u>(252,562)</u>	<u>(252,562)</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ 1,241,350</u>	1,086,642	<u>(154,708)</u>	1,789,760
Fund balance, beginning of year		<u>5,428,366</u>		<u>3,638,606</u>
Fund balance, end of year		<u>\$ 6,515,008</u>		<u>\$ 5,428,366</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, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 40,500	\$ 39,595	\$ (905)	\$ 28,551
Interest on investments	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>922</u>
Total local sources	<u>41,500</u>	<u>39,595</u>	<u>(1,905)</u>	<u>29,473</u>
State sources				
Transportation - Special Education	<u>35,045</u>	<u>76,763</u>	<u>41,718</u>	<u>49,346</u>
Total state sources	<u>35,045</u>	<u>76,763</u>	<u>41,718</u>	<u>49,346</u>
Total revenues	<u>76,545</u>	<u>116,358</u>	<u>39,813</u>	<u>78,819</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	<u>95,490</u>	<u>95,647</u>	<u>(157)</u>	<u>141,309</u>
Total support services	<u>95,490</u>	<u>95,647</u>	<u>(157)</u>	<u>141,309</u>
Total expenditures	<u>95,490</u>	<u>95,647</u>	<u>(157)</u>	<u>141,309</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (18,945)</u>	20,711	<u>\$ 39,656</u>	(62,490)
Fund balance, beginning of year		<u>164,726</u>		<u>227,216</u>
Fund balance, end of year		<u>\$ 185,437</u>		<u>\$ 164,726</u>

Sunset Ridge School District No. 29
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL
For the Year Ended June 30, 2011
With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 119,250	\$ 117,295	\$ (1,955)	\$ 70,994
Social security/medicare only levy	117,195	118,264	1,069	82,570
Interest on investments	-	34	34	40
Total local sources	236,445	235,593	(852)	153,604
Total revenues	236,445	235,593	(852)	153,604
Expenditures				
Instruction				
Regular programs	109,296	103,917	5,379	105,442
Special education programs	78,557	79,748	(1,191)	75,906
Remedial and supplemental programs K-12	373	377	(4)	358
Gifted programs	4,968	1,371	3,597	4,752
Bilingual programs	3,933	4,409	(476)	3,800
Total instruction	197,127	189,822	7,305	190,258

(Continued)

Sunset Ridge School District No. 29

Municipal Retirement / Social Security Fund SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services	\$ 1,211	\$ 1,271	\$ (60)	\$ 1,169
Guidance services	699	698	1	674
Health services	11,075	7,770	3,305	10,657
Psychological services	1,097	1,107	(10)	1,060
Speech pathology and audiology services	<u>1,397</u>	<u>1,505</u>	<u>(108)</u>	<u>1,347</u>
Total pupils	<u>15,479</u>	<u>12,351</u>	<u>3,128</u>	<u>14,907</u>
General administration				
Executive administration services	4,088	4,111	(23)	3,948
Special area administrative services	<u>2,225</u>	<u>2,485</u>	<u>(260)</u>	<u>2,149</u>
Total general administration	<u>6,313</u>	<u>6,596</u>	<u>(283)</u>	<u>6,097</u>
School administration				
Office of the principal services	<u>27,945</u>	<u>31,833</u>	<u>(3,888)</u>	<u>26,891</u>
Total school administration	<u>27,945</u>	<u>31,833</u>	<u>(3,888)</u>	<u>26,891</u>
Business				
Direction of business support services	3,012	2,972	40	2,812
Fiscal services	18,475	20,101	(1,626)	17,830
Operations and maintenance of plant services	<u>34,052</u>	<u>31,793</u>	<u>2,259</u>	<u>32,877</u>
Total business	<u>55,539</u>	<u>54,866</u>	<u>673</u>	<u>53,519</u>
Total support services	<u>105,276</u>	<u>105,646</u>	<u>(370)</u>	<u>101,414</u>

(Continued)

Sunset Ridge School District No. 29
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL
For the Year Ended June 30, 2011
With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Payments to other districts and Gov'ts				
Payments for special education programs	\$ -	\$ 302	\$ (302)	\$ -
Total payments to other districts and Gov'ts	<u>-</u>	<u>302</u>	<u>(302)</u>	<u>-</u>
Total expenditures	<u>302,403</u>	<u>295,770</u>	<u>6,633</u>	<u>291,672</u>
Deficiency of revenues over expenditures	<u>\$ (65,958)</u>	(60,177)	<u>\$ 5,781</u>	(138,068)
Fund balance, beginning of year		<u>3,453</u>		<u>141,521</u>
Fund deficit, end of year		<u>\$ (56,724)</u>		<u>\$ 3,453</u>

(Concluded)

Sunset Ridge School District No. 29

Notes to the Required Supplementary Information

June 30, 2011

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) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December 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) Budgetary control is maintained at line-item levels and built up into program and/or cost centers before being combined to form totals by fund. All actual activity compared to budget is available to the District's management in real time. These expenditure reports list each item's fiscal year-to-date expenditure, budget amount, and account balance.
- g) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 14, 2010.
- h) 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>
Transportation	\$ 157
Capital Projects	227,562

SUPPLEMENTARY FINANCIAL INFORMATION

Sunset Ridge School District No. 29

General Fund BALANCE SHEET June 30, 2011

	<u>Educational</u>	<u>Tort Immunity and Judgment</u>	<u>Working Cash</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 4,464,513	\$ 7,485	\$ 1,163,093	\$ 5,635,091
Receivables (net of allowance for uncollectibles):				
Interest	8,921	15	2,324	11,260
Property taxes	4,220,949	38,644	16,868	4,276,461
Intergovernmental	139,068	-	-	139,068
Loan to other funds	-	-	58,321	58,321
Prepaid items	8,830	-	-	8,830
Other current assets	<u>1,141</u>	<u>-</u>	<u>-</u>	<u>1,141</u>
Total assets	<u>\$ 8,843,422</u>	<u>\$ 46,144</u>	<u>\$ 1,240,606</u>	<u>\$ 10,130,172</u>
 LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 133,583	\$ -	\$ -	\$ 133,583
Payroll deductions payable	64,334	-	-	64,334
Unearned revenue	<u>4,196,343</u>	<u>38,365</u>	<u>18,604</u>	<u>4,253,312</u>
Total liabilities	<u>4,394,260</u>	<u>38,365</u>	<u>18,604</u>	<u>4,451,229</u>
 Fund balances:				
Nonspendable	8,830	-	-	8,830
Restricted	-	7,779	-	7,779
Unassigned	<u>4,440,332</u>	<u>-</u>	<u>1,222,002</u>	<u>5,662,334</u>
Total fund balance	<u>4,449,162</u>	<u>7,779</u>	<u>1,222,002</u>	<u>5,678,943</u>
Total liabilities and fund balance	<u>\$ 8,843,422</u>	<u>\$ 46,144</u>	<u>\$ 1,240,606</u>	<u>\$ 10,130,172</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, 2011

	General	Tort Immunity and Judgment	Working Cash	Total
Revenues				
Property taxes	\$ 8,033,026	\$ 78,205	\$ 34,544	\$ 8,145,775
State aid	1,833,397	-	-	1,833,397
Federal aid	150,554	-	-	150,554
Interest	46,820	11	-	46,831
Other	29,030	-	-	29,030
Total revenues	<u>10,092,827</u>	<u>78,216</u>	<u>34,544</u>	<u>10,205,587</u>
Expenditures				
Current:				
Instruction:				
Regular programs	5,285,981	-	-	5,285,981
Special programs	1,389,771	-	-	1,389,771
Other instructional programs	206,173	-	-	206,173
State retirement contributions	1,439,463	-	-	1,439,463
Support services:				
Pupils	477,154	-	-	477,154
Instructional staff	46,770	-	-	46,770
General administration	678,635	70,831	-	749,466
School administration	651,525	-	-	651,525
Business	455,031	-	-	455,031
Operations and maintenance	3,000	-	-	3,000
Nonprogrammed charges	561,011	-	-	561,011
Capital outlay	22,985	-	-	22,985
Total expenditures	<u>11,217,499</u>	<u>70,831</u>	<u>-</u>	<u>11,288,330</u>
Excess (deficiency) of revenues over expenditures	(1,124,672)	7,385	34,544	(1,082,743)
Fund balance, beginning of year	<u>5,573,834</u>	<u>394</u>	<u>1,187,458</u>	<u>6,761,686</u>
Fund balance, end of year	<u>\$ 4,449,162</u>	<u>\$ 7,779</u>	<u>\$ 1,222,002</u>	<u>\$ 5,678,943</u>

Sunset Ridge School District No. 29

Debt Service Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 376,089	\$ 358,518	\$ (17,571)	\$ 386,035
Interest on investments	<u>1,000</u>	<u>141</u>	<u>(859)</u>	<u>797</u>
Total local sources	<u>377,089</u>	<u>358,659</u>	<u>(18,430)</u>	<u>386,832</u>
Total revenues	<u>377,089</u>	<u>358,659</u>	<u>(18,430)</u>	<u>386,832</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds - interest	<u>161,399</u>	<u>-</u>	<u>161,399</u>	<u>9,389</u>
Total debt service - interest	<u>161,399</u>	<u>-</u>	<u>161,399</u>	<u>9,389</u>
Principal payments on long-term debt	<u>223,601</u>	<u>385,000</u>	<u>(161,399)</u>	<u>619,483</u>
Other debt service				
Other objects	<u>500</u>	<u>445</u>	<u>55</u>	<u>445</u>
Total	<u>500</u>	<u>445</u>	<u>55</u>	<u>445</u>
Total debt service	<u>385,500</u>	<u>385,445</u>	<u>55</u>	<u>629,317</u>
Total expenditures	<u>385,500</u>	<u>385,445</u>	<u>55</u>	<u>629,317</u>
Deficiency of revenues over expenditures	<u>(8,411)</u>	<u>(26,786)</u>	<u>(18,375)</u>	<u>(242,485)</u>

(Continued)

Sunset Ridge School District No. 29

Debt Service Fund

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

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Other financing sources				
Transfer to pay for principal on capital leases	\$ -	\$ -	\$ -	\$ 209,483
Transfer to pay for interest on capital leases	-	-	-	9,389
Other sources not classified elsewhere	-	<u>25,000</u>	<u>25,000</u>	<u>50,000</u>
Total other financing sources	-	<u>25,000</u>	<u>25,000</u>	<u>268,872</u>
Net change in fund balance	<u>\$ (8,411)</u>	(1,786)	<u>\$ 6,625</u>	26,387
Fund balance, beginning of year		<u>356,783</u>		<u>330,396</u>
Fund balance, end of year		<u>\$ 354,997</u>		<u>\$ 356,783</u>

(Concluded)

Sunset Ridge School District No. 29
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011
 With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Support services				
Facilities acquisition and construction services				
Capital outlay	-	227,562	(227,562)	-
Total support services	-	227,562	(227,562)	-
Total expenditures	-	227,562	(227,562)	-
Deficiency of revenues over expenditures	-	(227,562)	(227,562)	-
Other financing sources				
Transfer in	-	227,562	227,562	-
Total other financing sources	-	227,562	227,562	-
Net change in fund balance	\$ -	-	\$ -	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ -		\$ -

Sunset Ridge School District No. 29

Fire Prevention and Safety Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 49,500	\$ 49,039	\$ (461)	\$ 53,518
Interest on investments	<u>500</u>	<u>20</u>	<u>(480)</u>	<u>912</u>
Total local sources	<u>50,000</u>	<u>49,059</u>	<u>(941)</u>	<u>54,430</u>
Total revenues	<u>50,000</u>	<u>49,059</u>	<u>(941)</u>	<u>54,430</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ 50,000</u>	49,059	<u>\$ (941)</u>	54,430
Fund balance, beginning of year		<u>78,122</u>		<u>23,692</u>
Fund balance, end of year		<u>\$ 127,181</u>		<u>\$ 78,122</u>

Sunset Ridge School District No. 29
 GENERAL LONG-TERM DEBT
 SCHEDULE OF GENERAL OBLIGATION BONDS
Year Ended June 30, 2011

	<u>Maturity as follows for the Year Ended June 30</u>	<u>Principal</u>
Capital Appreciation Bonds, dated February 8, 2000, (Interest at 5.35% to 6.125%, principal due December 1)	2012	\$ 360,000
	2013	360,000
	2014	360,000
	2015	360,000
	2016	360,000
	2017	360,000
	2018	-
	2019	-
	2020	<u>1,065,000</u>
Total		<u>\$ 3,225,000</u>

OTHER SUPPLEMENTAL INFORMATION

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

	2010	2009	2008	2007	2006
Assessed valuation	<u>\$535,066,547</u>	<u>\$610,219,904</u>	<u>\$615,261,741</u>	<u>\$578,324,530</u>	<u>\$469,567,698</u>
Rates Extended					
Educational	1.6176	1.2650	1.2137	1.2561	1.6539
Tort Immunity and Judgment	0.0154	0.0135	-	0.0216	0.0249
Operations and Maintenance	0.3850	0.4545	0.4952	0.4529	0.3194
Debt Service	0.0706	0.0619	0.0614	0.0654	0.0805
Transportation	0.0096	0.0051	0.0042	0.0043	0.0316
Municipal Retirement	0.0289	0.0143	0.0084	0.0057	0.0249
Social Security	0.0289	0.0147	0.0117	0.0073	0.0316
Working Cash	0.0067	0.0059	0.0060	0.0060	0.0068
Fire Prevention and Safety	<u>0.0096</u>	<u>0.0084</u>	<u>0.0084</u>	<u>0.0178</u>	<u>0.0110</u>
Total rates extended	<u>2.1723</u>	<u>1.8433</u>	<u>1.8090</u>	<u>1.8371</u>	<u>2.1846</u>
Levies Extended					
Educational	\$ 8,655,294	\$ 7,719,134	\$ 7,467,169	\$ 7,264,099	\$ 7,822,748
Tort Immunity and Judgment	82,400	82,400	-	125,149	113,428
Operations and Maintenance	2,060,000	2,773,622	3,046,653	2,619,181	1,456,000
Debt Service	378,000	378,000	378,000	378,000	360,000
Transportation	51,500	30,900	26,022	24,769	143,853
Municipal Retirement	154,500	87,550	51,500	33,166	113,300
Social Security	154,500	89,713	72,100	42,211	144,200
Working Cash	36,050	36,050	36,875	34,424	31,200
Fire Prevention and Safety	<u>51,500</u>	<u>51,500</u>	<u>51,500</u>	<u>103,000</u>	<u>50,000</u>
Total levies extended	<u>\$ 11,623,744</u>	<u>\$ 11,248,869</u>	<u>\$ 11,129,819</u>	<u>\$ 10,623,999</u>	<u>\$ 10,234,729</u>
Total collections	<u>\$ 5,899,398</u>	<u>\$ 11,147,732</u>	<u>\$ 10,903,999</u>	<u>\$ 10,570,743</u>	<u>\$ 10,014,468</u>
Percentage of extensions collected	<u>50.75%</u>	<u>99.10%</u>	<u>97.97%</u>	<u>99.50%</u>	<u>97.85%</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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating cost per pupil		
Average Daily Attendance (ADA):	<u>486.06</u>	<u>458.88</u>
Operating costs:		
Educational	\$ 9,778,036	\$ 10,143,764
Operations and Maintenance	1,095,984	1,317,209
Debt Service	385,445	629,317
Transportation	95,647	141,309
Municipal Retirement/Social Security	295,770	291,672
Tort Immunity and Judgment	<u>70,831</u>	<u>42,076</u>
Subtotal	<u>11,721,713</u>	<u>12,565,347</u>
Less Revenues/Expenditures of Nonregular Programs:		
Total payments to other districts and govt. units	561,313	977,972
Non-capitalized equipment	220,249	-
Capital outlay	53,274	445,653
Debt principal retired	<u>385,000</u>	<u>619,483</u>
Subtotal	<u>1,219,836</u>	<u>2,043,108</u>
Operating costs	<u>\$ 10,501,877</u>	<u>\$ 10,522,239</u>
Operating costs per pupil - based on ADA	<u>\$ 21,606</u>	<u>\$ 22,930</u>
Tuition Charge		
Operating costs	\$ 10,501,877	\$ 10,522,239
Less - revenues from specific programs, such as special education or lunch programs	<u>523,907</u>	<u>743,886</u>
Net operating costs	9,977,970	9,778,353
Depreciation allowance	<u>527,331</u>	<u>558,792</u>
Allowance tuition costs	<u>\$ 10,505,301</u>	<u>\$ 10,337,145</u>
Tuition charge per pupil - based on ADA	<u>\$ 21,613</u>	<u>\$ 22,527</u>