

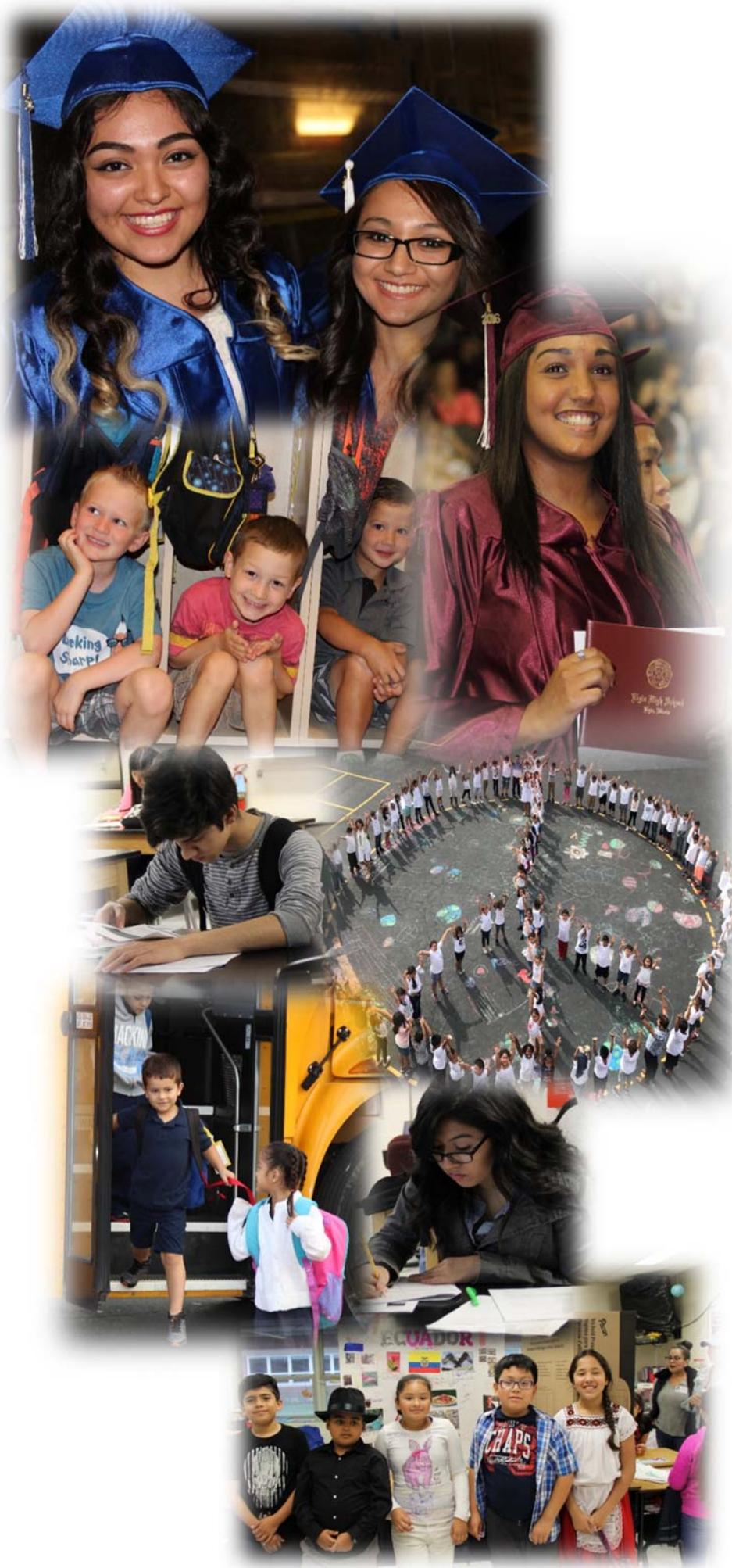
**SCHOOL
DISTRICT
U-46
ELGIN, ILLINOIS**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**



355 E. Chicago Street
Elgin, IL 60120
www.u-46.org



**SCHOOL DISTRICT U-46
ELGIN, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

Prepared By:

Mr. Dale Burnidge
Director of Financial Operations

Mr. Thomas Lyons, CPA
Financial Coordinator

SCHOOL DISTRICT U-46

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Tony Sanders, Chief Executive Officer

School District U-46
Educational Services Center
355 E. Chicago Street, Elgin, IL 60120-6543
Tel: 847.888.5000 x5007
Fax: 847.608.4173

U-46.org

November 6, 2017

Donna Smith, President
Members of the Board of Education
And Community Residents of
School District U-46
Elgin, Illinois 60120

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of School District U-46, Elgin, Illinois, (the District) as of and for the year ended June 30, 2017. The audit was completed and the Independent Auditor's Report was issued on November 6, 2017.

Management Responsibilities

Management of the District is responsible for establishing and maintaining a comprehensive framework of internal control to provide a reasonable basis for asserting that the financial statements are fairly presented and to ensure that adequate accounting data is properly recorded to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The information contained in this report is based on the comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data, as presented, is accurate in all material respects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as shown by the disclosure of all financial activity of its various funds; and all disclosures, necessary for public understanding of the District's financial status, have been incorporated within this report.

Financial Reporting

The CAFR includes all funds of the District and is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the District's organizational chart, and a list of principal officers and elected officials. The Financial Section includes the Independent Auditor's Report on the financial statements and schedules referenced below under the Independent Audit heading. The Management's Discussion and Analysis (MD&A) is immediately following the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction. The remainder of the Financial Section contains the audited, basic financial statements including notes to the financial statements, required and other supplemental information such as the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Independent Audit

The School Code of Illinois and the District's adopted policy require an annual audit of the books and accounts of the District by an independent certified public accountant in conformance with prescribed standards and legal requirements. The certified public accountant is selected by the Board of Education. The selected certified public accountants, RSM US LLP, have issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2017 (pages 1 – 2). The submission of the CAFR is intended to meet these annual requirements.

The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget's (OMB) Uniform Grant Guidance, formerly Circular A-133, *"Audits of States, Local Governments, and Non-profit Organizations."* Information related to this single audit, including a schedule of federal financial assistance and the independent auditor's reports on the internal control structure and on compliance with applicable laws and regulations, is included under separate cover.

DISTRICT PROFILE

Legal Autonomy and Fiscal Independence

School District U-46 is organized under the School Code of the State of Illinois, as amended. The District exists as a legal entity deriving its just powers from the General Assembly of the State of Illinois through the State Board of Education for the purpose of providing a system of free public education. The District constitutes a body politic and corporate with all powers as prescribed by laws including but not limited to the power to sue and be sued, purchase, hold and sell personal property and real estate, and enter into such obligations as are authorized or implied by law. It has the statutory authority to adopt its own budget, levy taxes and issue bonded debt without the approval of another government and it is not considered a component unit of any other entity.

The legal authority of the Board of Education is transmitted through the superintendent or designee along specific paths from person to person as shown in the Board-approved organizational chart of the District. The lines of authority on the organizational chart (page ix) represent direction of authority and responsibility. The Board of Education expects the superintendent/designee to keep the administrative structure up-to-date with the need for supervision and accountability throughout the school district.

Size and Scope

The District is the second-largest school district in Illinois. Covering 90 square miles, the District is located approximately 45 minutes northwest of Chicago. The District serves nearly 40,000 children in grades Pre-K-12 at our 53 school buildings, one alternative high school and two pre-K centers throughout the communities of Bartlett, Elgin, Hanover Park, South Elgin, Streamwood, Wayne, and portions of Carol Stream, Hoffman Estates, St. Charles, Schaumburg, and West Chicago.

The District offers general, special and vocational education and continues to support and expand various programs including Dual Language programs, gifted offerings, social and emotional supports, and services for students with special needs. Community involvement plays a valuable role within the District and the opportunities to engage parents, businesses and community leaders have continued to increase.

Budget Control

All governmental funds of the District adopt annual budgets. A report of actual activity compared to budget is prepared by the Finance Department and reported to the District's Board of Education on a monthly basis. Account balances are compared to the annual budget with accumulation to the cost center, fund and total District levels. Full disclosures are made if extraordinary variances appear during the year. Further budgetary information such as the budget process and legal level of budgetary control are addressed in Notes to Required Supplementary Information – Note 1 (page 60).

ECONOMIC CONDITION

Local Economy and Economic Outlook

The economy continues to show signs of low growth and low inflation resulting in minimal revenue growth for the District. The area's unemployment rate has steadily declined over the past five years with population and wage growth expected to increase over the next five years. Although the State of Illinois recently passed a fiscal year budget, program funding and amounts are still uncertain. The State's fiscal situation continues to be a challenging environment for all who receive funding from the State. Excluding on-behalf payments, the District received more than 30 percent of its revenues from the State in fiscal

year 2017. The State of Illinois is in financial difficulty and is often slow in paying funds vouchered by the State Board of Education. The State Teachers' Retirement System pension obligation continues to be underfunded and there are proposals to shift that cost to school districts.

Approximately half of the District's revenues are sourced from property taxes. The property tax base is derived from the Equalized Assessed Valuation (EAV) of the property within the District's boundaries. District property values peaked at \$6,112,265,852 in tax year 2009 and have declined each year thereafter until hitting a low of \$4,070,166,849 in tax year 2014. The EAV over the last two tax years has increased and the most recent EAV, 2016 tax year, is \$4,592,498,346 which is an increase over the prior year of 11.2 percent. Property tax revenue growth from year to year closely tracks the Consumer Price Index (CPI) for the related period. Within the past five years CPI has peaked at 3.0 percent in 2011 and hit a new low of 0.7 percent in 2015. In 2016, the CPI has rebounded to 2.1 percent.

Long-Term Financial Planning

The District has made deep cuts and implemented spending freezes since 2011. The District continues to do more with less. With its conservative budgeting, U-46 has weathered both the recession and the recent Illinois budget crisis. School District U-46 has earned the State Board of Education's top financial profile rating called "financial recognition" in fiscal year 2017 for the third consecutive year.

During this same time period the District's General Fund balance has increased \$121,890,753 from \$101,661,414 in fiscal year 2011 to \$223,552,167 in fiscal year 2017. Over the next five years management will continue to reduce the deficit balances in the Transportation and Fire and Prevention funds while maintaining a minimum balance of 15 to 20 percent of annual operating fund expenditures to operating fund balance (Educational, Operations and Maintenance, and Transportation make up the District's Operating Fund).

In 2015 the District refunded several debt issuances originally issued from 1999 to 2009 with the purpose of improving interest rates and smoothing out the debt service payments over the next several years. As of June 30, 2017 the District's outstanding general obligation bonded debt was \$281,093,662, down over \$58.2 million or 17 percent from a decade ago. Management will continue to identify and recommend solutions for maintaining a responsible level of debt while addressing the District's capital project needs.

Projected Enrollment

The District's enrollment remained consistent from 2016 to 2017 and is projected to decrease approximately 2 percent per year over the next three years. Lower birth rates in the area over the last 5 years is the primary factor for the reduction in the projected enrollments. For further historical enrollment information refer to District Enrollment by school in the Statistical Section (page 112).

Age of School Buildings

In addition to the 53 school buildings, one alternative high school and two Pre-K centers the District operates six other buildings. A majority of the buildings built before 2000 have had additions and/or renovations since they were built. The average age of the 53 school buildings, one alternative high school and two Pre-K centers, not including subsequent renovations, is 50 years. For the buildings that had an addition and/or renovation the average age of the last addition and/or renovation is 17 years.

Relevant Financial Policies

The District's budget serves as the guide to direct and control expenditures and is the spending plan of the ensuing year.

The Board of Education (the Board) will adopt the annual budget, subsequent to a public hearing and prior to filing the annual tax levy. The Board recognizes the right of the public to be informed about the budgeting of public tax monies and therefore will make the budget available for public examination at least thirty days prior to the final adoption as set forth in the Illinois School Code. The Chief Executive Officer or designee shall post the District's final budget, itemized by receipts and expenditures, on the

District's official website, and notify parents or guardians of the budget's posting and provide the website's address. The Board may amend the budget by the same procedures that adhere to the original adoption when transfers exceed the ten percent limitations. The Board may authorize the treasurer to make loans, interfund transfers, and transfer within funds from the Operations and Maintenance Fund, Educational Fund, Transportation Fund, and/or Working Cash Fund in accordance with the Illinois School Code.

The District seeks to maintain year-end fund balances no less than the range of 15-20 percent of the annual expenditures to operating funds.

Major Initiatives / Strategic Goals

The District's Strategic Plan is the roadmap we will use to improve District operations, student achievement, staffing, and community engagement.

While approved by our Board of Education, this Strategic Plan represents the vision of our community. Hundreds of community members, from employees to local leaders, participated in the development of the plan. Administration and Board members, working with the school consultant firm, District Management Council, led efforts to solicit community feedback through interviews, several District-hosted public meetings and calls for feedback via the District's website, social media sites and newsletters. We carefully and collaboratively wrote and re-wrote drafts to put forth a final vision that represents the shared values and goals of our many partners.

The Strategic Plan aims to guide both Board members and employees for the next five years as they work together and with students, families and our community at large to meet these four aspirational goals and priorities.



AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to School District U-46 for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Association of School Business Officials (ASBO) International has awarded School District U-46 its Certificate of Excellence in Financial Reporting for having met or exceeded the program's high standards for financial reporting and accountability. The District was recognized for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2016.

A Certificate of Achievement and Certificate of Excellence are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet both programs' requirements and we are submitting it to the GFOA and ASBO to determine its eligibility for continued certificates.

It is our intention that this Comprehensive Annual Financial Report will provide the District's management, outside investors, interested District residents, and any other stakeholders with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2017.

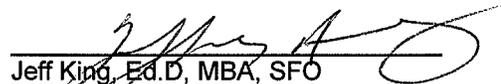
The preparation of the CAFR on a timely basis was made possible by the dedicated service of the Finance Department staff. Each member of the Finance Department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the School District U-46 Board of Education, preparation of this report would not have been possible.

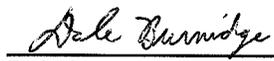
Respectfully submitted,



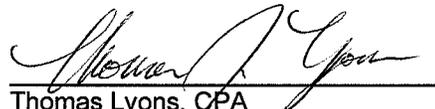
Tony Sanders
Chief Executive Officer



Jeff King, Ed.D, MBA, SFO
Chief Operations Officer / CSBO



Dale Burnidge
Director of Financial Operations



Thomas Lyons, CPA
Financial Coordinator

SCHOOL DISTRICT U-46

Principal Officials

BOARD OF EDUCATION

<u>Member</u>	<u>Position/Term Expires</u>
Donna Smith	President 2021
Susan Kerr	Vice President 2019
Veronica Noland.....	Secretary Pro-Tempore 2021
Phil Costello	Member 2019
Traci O'Neal Ellis.....	Member 2019
Melissa Owens.....	Member 2021
Jeanette Ward.....	Member 2019
Casey Pearce.....	Student Advisor 2018

SUPERINTENDENT AND EXECUTIVE STAFF

Tony Sanders.....	Chief Executive Officer
Miguel Rodriguez	Chief Legal Officer
Dr. Ushma Shah.....	Assistant Superintendent, Elementary Education
Steve Burger	Assistant Superintendent, Elementary Education
Dr. Terri Lozier	Assistant Superintendent, Secondary Education
Ron Raglin	Assistant Superintendent, Education Support Programs
Dr. Jeffrey King	Chief Operating Officer/Chief School Business Official
Dr. Suzanne Johnson.....	Assistant Superintendent for Teaching and Learning
Melanie Meidel	Assistant Superintendent, Human Resources

OFFICIALS ISSUING REPORT

Dale Burnidge	Director of Financial Operations
Thomas Lyons.....	Financial Coordinator

DIVISION ISSUING REPORT

Diane Belton.....	Payroll Coordinator
Kyle Eleosida	Accounting Assistant
Kathy Fitzpatrick.....	Grants Manager
Judy Freeman	General Accountant
Aleli Go.....	Accounting Specialist
Rosita Koscielski	Senior Accountant
Sara McGregor.....	Accounts Payable Manager
Lori Nommensen.....	Retirement and Pension Specialist
Paz Pamatmat.....	Budget and Compliance Analyst
Ray Shifrin.....	Pension Specialist



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**School District U-46
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

School District U-46

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

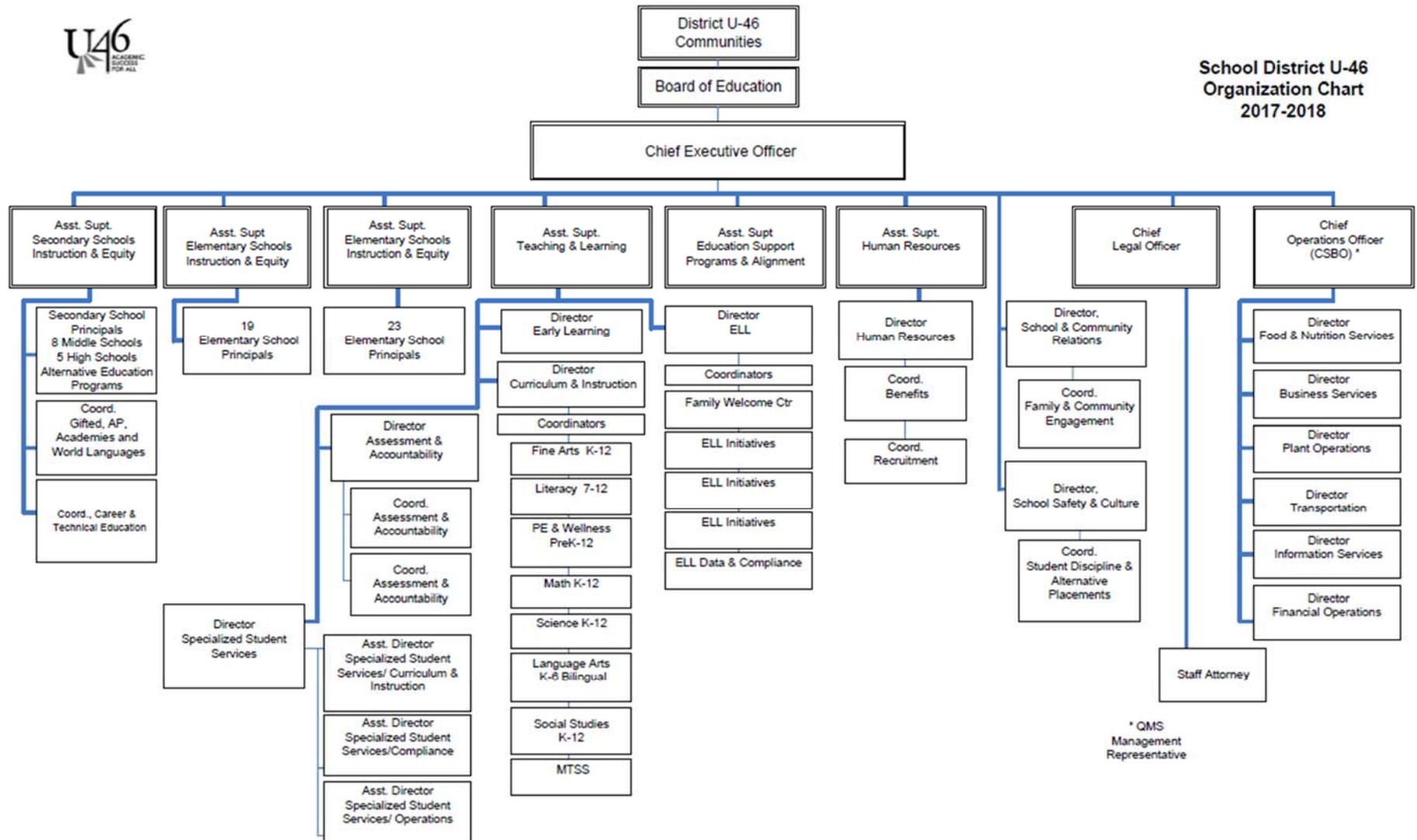
Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



**School District U-46
Organization Chart
2017-2018**



Independent Auditor's Report



RSM US LLP

Independent Auditor's Report

Board of Education
School District U-46
Elgin, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District U-46, Elgin, Illinois (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 School District U-46, Elgin, Illinois as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the July 1, 2016, fund balance for the non-major governmental funds has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis (pages 3 - 11), schedules of net pension liabilities, employer contributions, and schedule of funding progress (pages 53 - 56), and budgetary comparison information (pages 57 - 60) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the combining and individual fund financial statements, and other schedules as listed in the table of contents as supplementary information and the other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

RSM US LLP

Chicago, Illinois
November 6, 2017

**REQUIRED SUPPLEMENTARY INFORMATION –
MANAGEMENT’S DISCUSSION AND ANALYSIS**

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2017

The discussion and analysis of School District U-46's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2017. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the MD&A).

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$195.5 million (net position).
- In total, net position increased by \$36.9, which represents a 23.3 percent overall increase from the prior year. This increase was primarily the result of two factors, 1) actual expenses were lower than expected and actual revenues were higher than expected, and 2) outstanding general obligation bonded debt and debt certificate balances were reduced by \$26.3 million while no additional debt was issued.
- General revenues were \$430.8 million or 64.4 percent of all revenues. Program specific revenues, in the form of charges for services and grants, were \$238.0 million or 35.6 percent of total revenues of \$668.8 million.
- Overall, the combined revenues of the District's governmental funds were \$19.3 million more than expenditures. After factoring in a net change of zero in other financing sources, fund balances increased by \$19.3 million. This surplus increased the District's governmental funds' combined fund balance by 8.2 percent to \$254.5 million from \$235.2 million in the prior year.

Overview of the Financial Statements

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

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements

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

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

Government-wide financial statements

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

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

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

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction (regular education, special education and other), support services, community services, payments to other governments and interest on debt.

Fund financial statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances (deficits) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances (deficits) for the District's major funds, the General Fund (the General Fund consists of four accounts: Educational Account, Tort Immunity Account, Operations and Maintenance Account and Working Cash Account), Transportation Fund, and the Debt Service Fund. Management has determined the Debt Service Fund to be major due to public interest. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

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 statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements.

Notes to 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.

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 employees and to provide for the District's retiree's health plan.

District-Wide Financial Analysis

The District's net position increased by \$36.9 million or 23.3 percent compared to the prior year. At year-end, total net position was \$195.5 million (see Table 1).

The District's financial position is the product of many factors. However, a few events of the last year stand out:

- The District retired \$33.0 million of general obligation bonds, debt certificates and related discounts and premiums and increased accretion of interest on long-term debt by \$6.7 million resulting in a net reduction of general obligation bonds and debt certificates of \$26.3 million during the year.
- The District received \$120.2 million of General State Aid (GSA) payments during the current year, which exceeded the GSA revenue from the prior year by \$5.0 million.
- During the year the District received an additional \$3.5 million from other local sources, primarily the e-rate program, over the last year.
- In addition to the \$5.0 million increase from GSA the District also received \$6.0 million more in funding from the State during the current year.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

Table 1
Condensed Statement of Net Position
(in millions of dollars)

	Governmental Activities		Percentage Change
	2017	2016	
Assets			
Current and other assets	\$ 483.9	\$ 492.5	(1.7)%
Capital assets	389.1	386.8	0.6%
Total assets	873.0	879.3	(0.7)%
Deferred Outflows	48.7	32.2	51.2%
Liabilities			
Long-term liabilities	502.7	509.0	(1.2)%
Other liabilities	52.1	69.0	(24.5)%
Total liabilities	554.8	578.0	(4.0)%
Deferred Inflows	171.4	174.9	(2.0)%
Net Position			
Net investment in capital assets	162.1	143.0	13.4%
Restricted	3.4	1.6	112.5%
Unrestricted	30.0	14.0	(114.3)%
Total net position	\$ 195.5	\$ 158.6	23.3%

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
 For the Year Ended June 30, 2017

Table 2, Changes in Net Position, illustrates in summary form revenues and expenses from fiscal year 2017 and the increase in net position of \$36.9 million. Comparative data from fiscal year 2016 is also illustrated.

Table 2
Changes in Net Position
 (in millions of dollars)

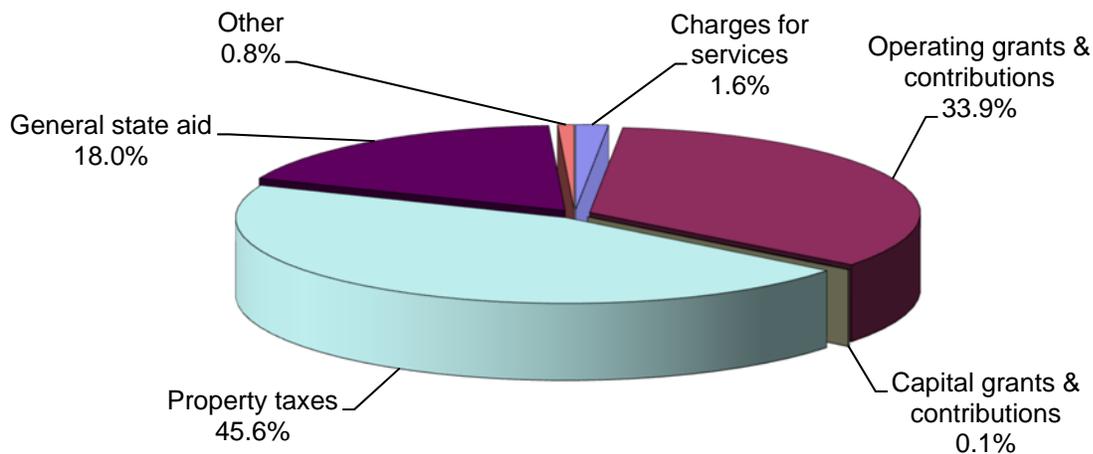
	Governmental Activities		Percentage Change
	2017	2016	
Revenues			
Program revenues			
Charges for services	\$ 11.1	\$ 12.1	(8.3)%
Operating grants and contributions	226.5	189.2	19.7%
Capital grants and contributions	0.4	0.3	33.3%
General revenues			
Property and replacement taxes	305.3	304.9	0.1%
General state aid	120.2	115.2	4.3%
Other	5.3	1.3	307.7%
Total revenues	668.8	623.0	7.4%
Expenses			
Instruction	398.8	347.9	14.6%
Support services	213.1	202.0	5.5%
Community services	4.6	4.4	4.5%
Debt service - interest and fees	15.4	16.8	(8.3)%
Total expenses	631.9	571.1	10.6%
Increase in net position	\$ 36.9	\$ 51.9	(28.9)%
Beginning net position	158.6	106.7	
Ending net position	\$ 195.5	\$ 158.6	

SCHOOL DISTRICT U-46

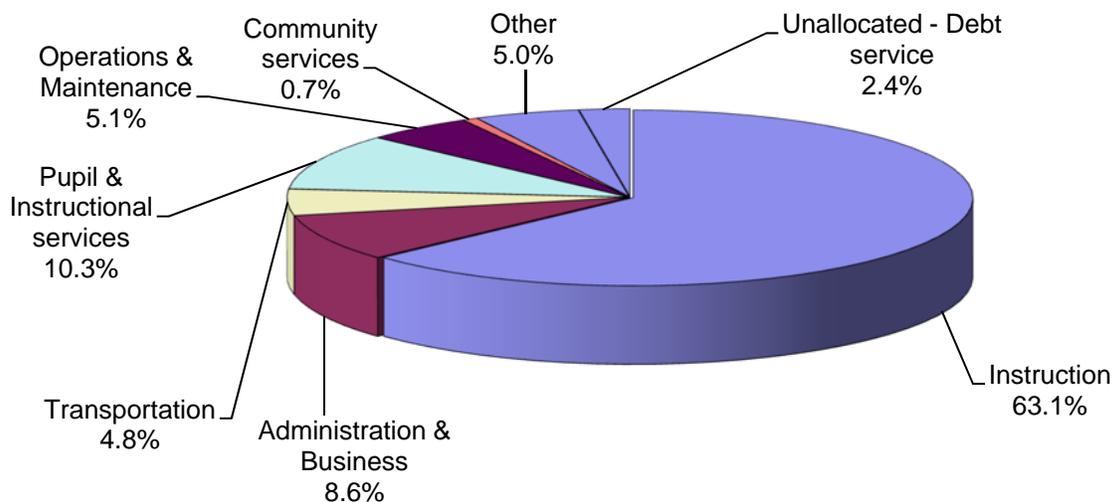
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

The District's total revenues were \$668.8 million. General revenues, including taxes and General State Aid were 64.4 percent of the total or \$430.8 million. Property and replacement taxes increased \$0.4 million over the prior year or 0.1 percent. Grants and contributions for specific programs and General State Aid brought in \$347.1 million, an increase of 13.9 percent over the prior year. The total cost of all programs and services in 2017 was \$631.9 million. The District's expenses are predominantly related to instruction and support services (caring for and transportation of students, etc.), which accounted for 96.9 percent of the total expense (see Table 2.2). The District's remaining activities, unallocated debt service and community services, were 3.1 percent of total expense. Total revenues on the statement of activities surpassed expenses, increasing net position by \$36.9 million from the prior year.

District-Wide Revenues by Source - Table 2.1



District-Wide Expenses by Function - Table 2.2



SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

Financial Analysis of the District's Funds

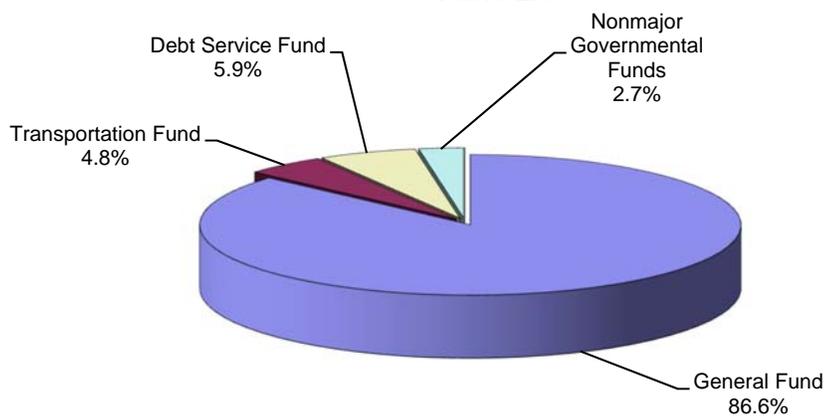
As the District completed the year, its governmental funds reported combined fund balances of \$254.5 million. Revenues for the District's governmental funds were \$678.8 million, while total expenditures were \$659.5 million. Of the revenues and expenditures reported in the governmental funds \$160.4 million of the revenues and expenditures were attributable to State on-behalf payments. These on-behalf payments include contributions made to Teachers' Retirement System (TRS) and Teachers' Health Insurance Security Fund (THIS) by the State of Illinois on behalf of School District U-46.

The General Fund experienced a current year surplus of \$9.3 million. This was due primarily to expenditures being less than expected in regular programs and more than expected revenues from state and local sources, primarily the E-rate program. This surplus resulted in an increase in the year-end fund balance to \$223.6 million.

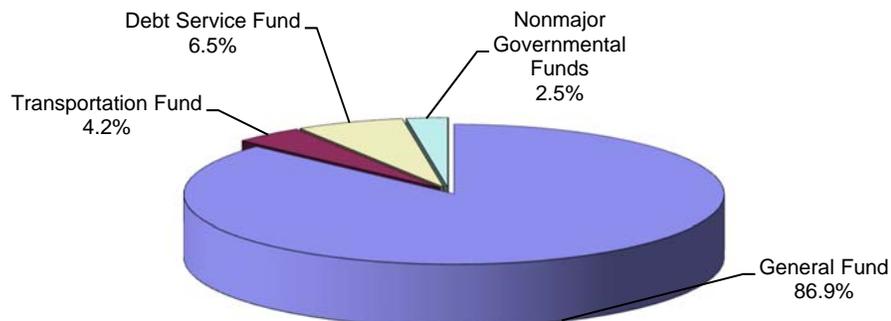
The revenues exceeded expenditures in the Transportation Fund by \$5.4 million. The expected excess of revenues over expenditures was \$2.9 million or \$2.5 million less than actual. This was due to higher than expected state grant revenue related to the transportation claim during the year. When factoring in other financing sources and uses the Transportation Fund deficit was reduced by \$6.4 million to a year-end fund deficit of \$0.2 million.

During the year a portion of the 2016 levy was abated resulting in \$3.9 million being transferred into the Debt Service Fund from the General Fund. This transfer accounted for most of the increase in fund balance after factoring in the deficiency of revenues under expenditures of \$2.7 million. The resulting year-end fund balance in the Debt Service Fund was \$27.9.

**Revenues by Major Fund and Aggregate Nonmajor Funds
- Table 2.3**



**Expenditures by Major Fund and Aggregate Nonmajor Funds
- Table 2.4**



SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

General Fund Budgetary Highlights

While the District's budget for the General Fund anticipated that expenditures would exceed revenues by \$7.7 million before other financing sources (uses), the actual result for the year was an excess of revenues over expenditures of \$14.8 million. State and non-property tax locally sourced revenue exceeded the budget by a combined \$6.6 million. The property tax abatement was not included in the budget for fiscal year 2017 resulting in actual property tax revenue coming in under budget by an amount greater than \$3.2 million. Regular program expenditures came in under budget by \$14.5 million. Actual expenditures lagged the budget by \$18.4 million or 4.3 percent.

Capital Asset and Debt Administration

Capital assets

Table 3 illustrates capital assets, net of depreciation:

Table 3
Capital Assets (Net of Depreciation)
(in millions)

	2017	2016	Percentage Change
Land	\$ 28.4	\$ 27.7	2.5%
Construction in progress	5.8	12.0	(51.7)%
Buildings	341.9	332.6	2.8%
Transportation equipment	8.1	9.0	(10.0)%
Other equipment	4.9	5.5	(10.9)%
Total	<u>\$ 389.1</u>	<u>\$ 386.8</u>	<u>0.6%</u>

At June 30, 2017, the District has outstanding commitments relating to construction projects of approximately \$11.3 million.

Additional information about the District's capital assets is included in Note 3 to the basic financial statements.

Long-term Obligations

Table 4 on the following page illustrates the District's outstanding long-term obligations. The District did not issue any new bonded debt or enter into any new lease agreements in fiscal year 2017 and reduced outstanding general obligation bonded debt, debt certificates and related items by \$26.3 million. The District's other long-term obligations increased by \$20.0 million. The pension liabilities increased \$26.7 million while the lease liability or purchase contracts, claims incurred but not reported, compensated absences, and other postemployment benefits (OPEB) liabilities decreased \$6.7 million. Additional information is available in Note 4 – Long-Term Obligations.

The District is subject to the Illinois School Code, which limits the amount of bond indebtedness to 13.8 percent of the most recent available equalized assessed valuation of the District. As of June 30, 2017, the statutory debt limit for the District was \$633.8 million providing a debt margin of \$372.6 million.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2017

The ratio of general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the District's debt position to District management, residents, and investors. These indicators for the District at the end of fiscal year 2017 were 2.29 percent and \$1,448, respectively. Due to the increase in taxable property value and the reduction of outstanding bonded debt, the general bonded debt to assessed valuation decreased compared to fiscal year 2016 when the ratio was 2.97 percent. The bonded debt per capita decreased from fiscal year 2016 when it was \$1,571.

Table 4
Outstanding Long-Term Obligations
(in millions)

	2017	2016	Percentage Change
General obligation bonds/debt certificates	\$ 370.2	\$ 396.5	(6.6)%
Other	132.5	112.5	17.8%
Total	\$ 502.7	\$ 509.0	(1.2)%

Factors Impacting the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- In July 2017, Illinois approved a new law changing the Illinois Pension Code which will shift additional pension costs to the District.
- Because the State does not provide an ongoing capital improvements budget plan, in the future, the District will be forced to issue additional debt to address the improvements needed for its aging facilities. As can be seen in Table 1, at the end of the current fiscal year, the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debts used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The current economy in the State continues to affect the District's state funding levels and timing of state receipts. The State of Illinois now has a fiscal year 2018 budget including a newly defined equity based funding model for school districts. Under this restructuring of funding it is not yet clear exactly what School District U-46 will be receiving going forward, however, the Illinois State Board of Education is currently in the process of calculating the funding allocations described under the new budget.

Requests for Information

This financial report is designed to provide the District's residents, 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 Chief Operations Officer, School District U-46, 355 E. Chicago St., Elgin, IL 60120.

BASIC FINANCIAL STATEMENTS

School District U-46

**Statement of Net Position
June 30, 2017**

	Governmental Activities
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 288,088,724
Accrued interest	451,162
Property taxes receivable, net of allowance	145,777,682
Replacement taxes receivable	645,054
Grants receivable	43,855,141
Accounts receivable	1,173,943
Inventories	41,791
Prepays	3,973,995
Capital assets not being depreciated	34,153,916
Capital assets being depreciated, net of accumulated depreciation	354,912,924
Total assets	<u>873,074,332</u>
Deferred outflows of resources	
Deferred pension actuarial adjustments	41,954,828
Deferred pension contributions	6,712,616
Total deferred outflows of resources	<u>48,667,444</u>
Total assets and deferred outflows of resources	<u><u>\$ 921,741,776</u></u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable	\$ 11,355,266
Accrued payroll	27,094,285
Payroll deductions	2,096,864
Other payable	235,071
Insurance claims payable	3,240,464
Construction retainage payable	603,957
Accrued interest	5,538,413
Unearned grant revenue	23,585
Unearned other revenue	1,660,512
Unclaimed property	287,070
Long-term obligations, due within one year	41,645,457
Long-term obligations, due in more than one year	461,065,653
Total liabilities	<u>554,846,597</u>
Deferred inflows of resources	
Deferred property taxes	150,068,514
Deferred amount on refunding	1,518,662
Deferred pension actuarial adjustments	19,800,068
Total deferred inflows of resources	<u>171,387,244</u>
Net Position	
Net investment in capital assets	162,058,302
Restricted for:	
Capital projects	3,204,262
Operating and maintenance	211,138
Unrestricted	30,034,233
Total net position	<u>195,507,935</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 921,741,776</u></u>

See Notes to Basic Financial Statements.

School District U-46

Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular programs	\$ 228,013,812	\$ 5,190,125	\$ 103,854,491	\$ -	\$ (118,969,196)
Special programs	65,998,471	39,106	31,794,858	-	(34,164,507)
Other instructional programs	104,755,592	889,942	33,477,465	-	(70,388,185)
Total instruction	398,767,875	6,119,173	169,126,814	-	(223,521,888)
Support services:					
Pupils	46,601,131	-	10,106,301	-	(36,494,830)
Instructional staff	18,460,720	-	11,824,121	-	(6,636,599)
General administration	16,990,192	-	1,216,267	-	(15,773,925)
School administration	32,634,709	-	4,187,971	-	(28,446,738)
Business	4,646,020	-	661,573	-	(3,984,447)
Operations and maintenance	30,376,085	-	125,388	-	(30,250,697)
Transportation	30,287,605	1,439,237	15,488,066	-	(13,360,302)
Facilities acquisition and construction	1,857,521	-	-	409,674	(1,447,847)
Food service	16,797,450	3,528,555	12,600,494	-	(668,401)
Central	13,075,487	-	188,083	-	(12,887,404)
Other support services	1,440,556	-	-	-	(1,440,556)
Total support services	213,167,476	4,967,792	56,398,264	409,674	(151,391,746)
Community services	4,624,227	-	946,682	-	(3,677,545)
Debt service - interest and fees	15,369,249	-	-	-	(15,369,249)
Total governmental activities	\$ 631,928,827	\$ 11,086,965	\$ 226,471,760	\$ 409,674	(393,960,428)
General revenues:					
Taxes:					
Property taxes, general purposes					260,999,080
Property taxes, debt service					39,920,250
Replacement taxes and other payment in lieu of taxes					4,395,273
Unrestricted state grants					120,158,178
Interest and investment earnings					1,628,143
Other general revenues					3,734,702
Total general revenues					<u>430,835,626</u>
Change in net position					36,875,198
Net position:					
Beginning of year					<u>158,632,737</u>
End of year					<u>\$ 195,507,935</u>

See Notes to Basic Financial Statements.

School District U-46

**Balance Sheet
Governmental Funds
June 30, 2017**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Transportation Fund	Debt Service Fund		
Assets					
Cash and investments	\$ 254,337,221	\$ 638	\$ 28,489,880	\$ 5,260,985	\$ 288,088,724
Accrued interest	451,162	-	-	-	451,162
Property taxes receivable, net of allowance	112,230,936	8,059,472	18,856,971	6,630,303	145,777,682
Replacement taxes receivable	-	-	-	645,054	645,054
Grants receivable	19,587,560	24,267,581	-	-	43,855,141
Accounts receivable	1,032,225	141,718	-	-	1,173,943
Due from other funds	3,437,764	-	-	-	3,437,764
Inventories	41,791	-	-	-	41,791
Prepays	3,973,995	-	-	-	3,973,995
Total assets	\$ 395,092,654	\$ 32,469,409	\$ 47,346,851	\$ 12,536,342	\$ 487,445,256
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)					
Liabilities					
Accounts payable	\$ 10,708,895	\$ 40,306	\$ -	\$ 606,065	\$ 11,355,266
Accrued payroll	26,910,768	183,517	-	-	27,094,285
Payroll deductions	581,815	-	-	1,515,049	2,096,864
Other payable	-	-	-	235,071	235,071
Insurance claims payable	3,240,464	-	-	-	3,240,464
Construction retainage payable	523,637	-	-	80,320	603,957
Unearned grant revenue	23,585	-	-	-	23,585
Unearned other revenue	1,660,512	-	-	-	1,660,512
Due to other funds	-	3,437,764	-	-	3,437,764
Unclaimed property	196,316	-	-	90,754	287,070
Total liabilities	43,845,992	3,661,587	-	2,527,259	50,034,838
Deferred inflows of resources					
Deferred grant revenue	12,160,143	20,693,988	-	-	32,854,131
Deferred property taxes	115,534,352	8,296,695	19,412,008	6,825,459	150,068,514
Total deferred inflows of resources	127,694,495	28,990,683	19,412,008	6,825,459	182,922,645
Fund balances (deficits)					
Nonspendable	4,015,786	-	-	-	4,015,786
Restricted	211,138	-	27,934,843	3,659,274	31,805,255
Unassigned	219,325,243	(182,861)	-	(475,650)	218,666,732
Total fund balances (deficits)	223,552,167	(182,861)	27,934,843	3,183,624	254,487,773
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 395,092,654	\$ 32,469,409	\$ 47,346,851	\$ 12,536,342	\$ 487,445,256

See Notes to Basic Financial Statements.

School District U-46

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2017**

Total fund balances - governmental funds \$ 254,487,773

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:

Capital assets	\$ 687,291,042	
Accumulated depreciation	(298,224,202)	
Net capital assets		389,066,840

Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.	(5,538,413)
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Certain revenues that are deferred in the fund financial statements because they are not available, are recognized as revenue in the government-wide financial statements.	32,854,131
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Certain pension-related items are reported as deferred outflows of resources in the government-wide financial statements but not in the fund statements.	48,667,444
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Certain pension-related items are reported as deferred inflows of resources in the government-wide financial statements but not in the fund statements.	(19,800,068)
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Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in the governmental funds. These liabilities consist of:

General obligation bonds	(281,093,662)	
Accreted interest on long-term debt	(64,392,849)	
General obligation debt certificates	(2,552,611)	
Purchase contracts	(5,432,856)	
Compensated absences	(834,037)	
Other postemployment benefits	(7,446,763)	
Net pension liability - Illinois Municipal Retirement Fund (IMRF)	(45,257,019)	
Net pension liability - Teachers' Retirement System (TRS)	(65,248,035)	
Claims incurred but not reported	(8,329,202)	
Unamortized premiums related to debt issuance	(22,245,994)	
Unamortized discounts related to debt issuance	121,918	
Deferred amount on refunding	(1,518,662)	(504,229,772)

Net position of governmental activities	\$ 195,507,935
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See Notes to Basic Financial Statements.

School District U-46

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Governmental Funds
 Year Ended June 30, 2017

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Transportation Fund	Debt Service Fund		
Revenues:					
Property taxes	\$ 231,291,867	\$ 16,322,229	\$ 39,920,250	\$ 13,384,984	\$ 300,919,330
Replacement taxes and payments in lieu of taxes	77,839	-	-	4,317,434	4,395,273
Charges for services	9,647,728	1,439,237	-	-	11,086,965
Earnings on investments	1,620,206	120	317	7,500	1,628,143
Rentals	596,797	-	-	-	596,797
Local grants	26,919	-	-	-	26,919
Other local sources	3,607,328	-	-	409,674	4,017,002
State grants-in-aid	142,356,301	15,016,172	-	-	157,372,473
Federal grants-in-aid	38,327,985	-	-	-	38,327,985
State on-behalf payments	160,409,310	-	-	-	160,409,310
Total revenues	587,962,280	32,777,758	39,920,567	18,119,592	678,780,197
Expenditures:					
Current:					
Instruction:					
Regular programs	213,744,956	-	-	1,694,754	215,439,710
Special programs	60,633,288	-	-	2,199,740	62,833,028
Other instructional programs	98,335,262	-	-	907,481	99,242,743
Support services:					
Pupils	42,083,732	-	-	1,398,412	43,482,144
Instructional staff	16,713,949	-	-	443,972	17,157,921
General administration	15,217,316	-	-	504,926	15,722,242
School administration	29,737,718	-	-	1,263,313	31,001,031
Business	3,733,120	-	-	476,783	4,209,903
Operations and maintenance	25,495,928	-	-	1,985,817	27,481,745
Transportation	1,988,850	22,294,746	-	3,245,354	27,528,950
Facilities acquisition and construction	1,578,295	-	-	187,150	1,765,445
Food service	15,281,310	-	-	-	15,281,310
Central	10,936,060	-	-	968,826	11,904,886
Other support services	1,316,512	-	-	56,954	1,373,466
Community services	4,033,151	-	-	207,424	4,240,575
Intergovernmental:					
Payments to other governments	8,604,268	-	-	-	8,604,268
Debt service:					
Principal	-	2,708,464	19,971,705	-	22,680,169
Interest and fees	-	114,600	22,671,137	-	22,785,737
Capital outlay	23,707,762	2,306,440	-	702,895	26,717,097
Total expenditures	573,141,477	27,424,250	42,642,842	16,243,801	659,452,370
Excess (deficiency) of revenues over (under) expenditures	14,820,803	5,353,508	(2,722,275)	1,875,791	19,327,827
Other financing sources (uses):					
Transfer in	-	1,000,000	4,544,138	-	5,544,138
Transfer out	(5,544,138)	-	-	-	(5,544,138)
Total other financing sources (uses)	(5,544,138)	1,000,000	4,544,138	-	-
Net change in fund balances (deficits)	9,276,665	6,353,508	1,821,863	1,875,791	19,327,827
Fund balances (deficits):					
Beginning of year - as restated	214,275,502	(6,536,369)	26,112,980	1,307,833	235,159,946
End of year	\$ 223,552,167	\$ (182,861)	\$ 27,934,843	\$ 3,183,624	\$ 254,487,773

See Notes to Basic Financial Statements.

School District U-46

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
to the Statement of Activities
Year Ended June 30, 2017**

Net change in fund balances (deficits)—total governmental funds	\$ 19,327,827
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report purchases of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital expenditures	\$ 20,782,421
Depreciation	(18,492,586)
Capital expenditures in excess of depreciation	<u>2,289,835</u>
Some revenues were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds. The change from fiscal year 2016 to 2017 was:	
	(9,976,172)
Repayment of debt principal and accreted interest is an expenditure in the governmental funds, but the repayment reduced long-term obligations in the statement of net position. The following amounts were retired:	
General obligation bonds	19,555,883
Debt certificates	415,822
Purchase contracts	2,708,464
Accreted interest	11,319,117
Total retired debt	<u>33,999,286</u>
The accretion of interest on long-term debt is not reported as an expenditure in governmental funds but as an addition to principal outstanding in the statement of activities.	
	(6,693,948)
Items related to pension expense and revenue are reported as deferred inflows and outflows on the government-wide financial statements but not on the fund statements.	
Deferred outflows related to pension expense	15,496,811
Deferred inflows related to pension expense	2,386,257
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds.	
Increase in other postemployment benefits	(634,252)
Decrease in net pension liability - Illinois Municipal Retirement Fund (IMRF)	4,722,274
Increase in net pension liability - Teachers' Retirement System (TRS)	(31,379,651)
Increase in compensated absences payable	(114,569)
Decrease in accrued interest on debt	234,435
Decrease in claims incurred but not reported	4,660,181
Amortization of bond premiums	1,778,156
Amortization of bond discounts	(26,237)
Amortization of deferred amount on refunding	804,965
	<u>(19,954,698)</u>
Change in net position of governmental activities	<u>\$ 36,875,198</u>

See Notes to Basic Financial Statements.

School District U-46

Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2017

	<u>Agency Student Activity Fund</u>
Assets , cash and investments	\$ 3,599,465
Liabilities , due to activity fund organizations	\$ 3,599,465

See Notes to Basic Financial Statements.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

School District U-46 was incorporated in 1875 and operates as a public school system governed by an elected seven-member board of education. The District is organized under the School Code of the State of Illinois, as amended. The District covers a 90 square mile area extending into three counties, Cook, DuPage and Kane and serves the communities of Bartlett, Elgin, Hanover Park, South Elgin, Streamwood, Wayne and portions of Carol Stream, Hoffman Estates, St. Charles, Schaumburg, and West Chicago.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Financial benefit or financial burden is created if any one of the following relationships exists:

- (1) The primary government is legally entitled to or has access to the component unit's resources.
- (2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.
- (3) The primary government is obligated in some manner for the other component unit's debt.

Based upon the application criteria, no component units have been identified that should be included within the reporting entity.

The District is the administrative agent for the Northern Kane County Regional Career and Technical Education System (the System), a jointly governed organization of School District U-46 and other local districts. The System is considered a separate entity for financial reporting purposes and issues its own basic financial statements which are available at 355 E. Chicago St., Elgin, IL 60120.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the District. Eliminations have been made to minimize the double counting of internal activities of the District. The financial activities of the District consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the District's non-fiduciary assets and liabilities with the difference reported as net position.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function. Interest and other long-term debt related items are considered indirect expenses and are reported separately on the Statement of Activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program or are capital in nature. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The District's General Fund consists of four accounts: the Educational Account, which records direct costs of instruction and administration, including the District's food service operations, the Tort Immunity Account, which records the District's risk financing activities, the Operations and Maintenance Account, which reports all costs of maintaining, improving or repairing school buildings and property and the Working Cash Account, which accounts for financial resources held by the District to be used for temporary interfund loans to other District funds.

Transportation Fund

The Transportation Fund (a special revenue fund) accounts for all revenues and costs relating to the transportation of pupils.

Debt Service Fund

The Debt Service Fund (a debt service fund) accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The District also reports the following other fund types/funds, aggregated and reported as nonmajor governmental funds:

Special Revenue Funds

The Special Revenue Fund type is used to account for the proceeds of specific revenue sources (other than those accounted for in Debt Service, Capital Projects or Fiduciary Funds) that are legally restricted to expenditures for specified purposes. The District's nonmajor special revenue fund is the Municipal Retirement / Social Security Fund, which accounts for the District's share of retirement benefit and social security costs for employees.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Capital Projects Funds

The Capital Projects Funds are used to account for and report financial resources that are to be used for expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District's nonmajor capital projects funds are the Capital Projects Fund, which accounts for financial resources to be used for the acquisition, construction or renovation of major capital facilities, and the Fire Prevention and Safety Fund, which is used to account for the altering, reconstructing and repairing of the existing school buildings of the District.

Fiduciary Fund

The reporting focuses on assets and liabilities. The District's fiduciary funds are agency funds, the Student Activity Funds, and are accounted for on the accrual basis. These funds account for assets held by the District as an agent for the students and teachers. The funds are custodial in nature and do not involve the measurement of results of operations. The amounts due to the activity fund organizations are equal to the assets.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state-shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized in the period in which they are intended to finance, when the District has a legal claim to the resources. Grants, entitlements, state-shared revenues and similar items are recognized in the fiscal year in which 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 recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. The District uses sixty days in order to capture reimbursement payments released by the state of Illinois during the month of August. The District also considers property taxes to be available if they are collected within sixty (60) days of the end of the fiscal period and intended to finance the current period.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, termination benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Real Estate and Other Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2016 tax levy was passed by the Board of Education on December 12, 2016, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and August 2017 in Cook County and in June and September 2017 in DuPage County and Kane County, and are collected by the County Collector, who in turn returns to the District its respective share. The District typically receives the remittances from the County Treasurer within one month after collection.

The District has recognized as revenue 50 percent of the 2016 tax extension and 50 percent of the 2015 tax extension in the current fiscal year based on estimated collections, as this is the period for which the taxes have been levied (intended to finance). Property taxes are recorded net of estimated allowance for uncollectible accounts. The allowance for uncollectible accounts is based on collection history and is estimated at 1.3 percent of the total levy. As of June 30, 2017 the property tax allowance was as follows:

Fund	Allowance
General Fund	\$ 3,043,459
Debt Service Fund	511,360
Transportation Fund	218,555
Nonmajor Governmental Funds	179,798
	<u>\$ 3,953,172</u>

The District has recorded a receivable for the uncollected portion of the 2016 taxes extended. The District has recorded a deferred inflow of resources net of any allowance, which approximates 50 percent of the 2016 tax extension which will be recognized as revenue in the following fiscal year, the period for which those taxes were levied.

Revenue from replacement taxes is recognized when collected by the State, prior to disbursement to the District.

Investments

The investments are stated at fair value, based on quoted market prices unless otherwise specified in Note 2, Deposits and Investments.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The method used to report prepaid items is the purchase method.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when purchased. Year-end balances are recorded as assets. General Fund inventory consists primarily of school supplies.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District maintains a capitalization threshold of \$10,000. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation for assets of governmental activities is computed using the straight-line method over the following useful lives:

Buildings	40 years
Transportation equipment	5-10 years
Other equipment	3-10 years

Interfund Transactions

The District has the following types of interfund transactions:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (due from or advances to other funds) in lender funds and interfund payables (due to or advances from other funds) in borrower funds.

Transfers – flows of assets (typically cash) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Reimbursements – interfund transactions that constitute reimbursement of a fund for expenditures initially made from it that are properly applicable to another fund. Interfund reimbursements are recorded as expenditures in the reimbursing fund and reductions of expenditures in the fund that was originally charged.

Compensated Absences

The District records compensated absences for vacation benefits as a liability in the government-wide financial statements as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

Deferred Inflows of Resources, Deferred Outflows of Resources and Unearned Revenue

The District reports deferred inflows of resources, deferred outflows of resources and unearned revenue on its financial statements.

Deferred inflows of resources are the acquisition of net position or fund balance that is applicable to future reporting periods. Property taxes that are received or recorded as receivables prior to the period the levy is intended to finance are recorded as deferred inflows of resources on both fund financial statements and government-wide financial statements. Potential grant revenue is recorded as deferred inflows of resources on the fund financial statements when it has not yet met both the "measurable" and "available" criteria for recognition in the current period.

Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. The net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions are reported as deferred outflows or inflows of resources on the government-wide financial statements. The District's pension payments made subsequent to the pension liability measurement date are also considered to be deferred outflows of resources on the government-wide financial statements. See Note 6 for further discussion of the District's deferred outflows and inflows of resources related to pensions.

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources, Deferred Outflows of Resources and Unearned Revenue (Continued)

Unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when 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 financial statements and revenue is recognized.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. Other obligations (e.g. compensated absences, claims and judgments and postemployment benefits), are reported as fund liabilities when amounts have matured or are due and payable rather than when the liability is expected to be financed from expendable available financial resources. The remaining portions of such obligations have been reported as liabilities in the statement of net position.

The District has issued two types of general obligation bonds, a conventional type for which interest is paid on the bonds semi-annually and a capital appreciation type, for which no interest is paid, but rather the interest "accrues" to long-term interest semi-annually and is finally paid upon maturity of the bonds.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Debt Premium, Discount and Debt Issuance/Refunding Costs

In the fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond, debt certificate, and purchase contract proceeds are reported as "other financing sources" as are applicable premiums or discounts. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

In the government-wide financial statements, bond premiums and discounts, as well as deferred refunding amounts, are capitalized and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium and discount. Deferred refunding amounts are reported as deferred outflows or deferred inflows of resources and amortized over the term of the related debt. All amortization is computed using the straight-line method. Debt issuance costs are expensed when incurred.

Fund Balances

Within the governmental fund types, the District's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact. At June 30, 2017, the District's nonspendable fund balances in the general fund related to inventories for \$41,791, and prepaid expenses of \$3,973,995.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes 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 highest level of decision-making authority rests with the District's Board of Education. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same action it employed to previously commit those amounts. The District passes formal resolutions to commit their fund balances. There are no committed fund balances as of June 30, 2017.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Assigned – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. There are no assigned fund balances at June 30, 2017.

Unassigned – includes the residual fund balances that have not been restricted, committed, or assigned within the General Fund and unassigned deficit fund balances of other governmental funds.

It is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e. committed, assigned or unassigned fund balances) are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

The District seeks to maintain year-end fund balances at no less than the range of 15 to 20 percent of the annual expenditures to operating funds. For management purposes the District considers the Educational Fund, Operations and Maintenance Fund and the Transportation Fund in aggregate to make up the operating funds.

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District in order to enable the District to have in its treasury at all times sufficient money to meet demands thereon. These working cash funds may be lent to other District governmental funds in need, but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish the funds to the Educational Account, of the General Fund, or abate the fund to any fund of the District most in need. At June 30, 2017, the District had working cash stabilization fund balances of \$110,853,897 that have been classified as unassigned fund balances in the General Fund.

At June 30, 2017, the District had the following fund balances restricted for various purposes as follows:

Fund	Fund balance	Purpose of restriction
General Fund	\$ 211,138	Operations and maintenance
Debt Service Fund	27,934,843	Repayment of principal and interest on long-term debt
Capital Projects Fund	3,204,436	School construction projects
IMRF/Social Security Fund	454,838	Employee pension
	<u>\$ 31,805,255</u>	

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position

Net position consists of the following categories:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of net position that does not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

Eliminations

Eliminations have been made in the statement of net position to remove the "grossing-up" effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables. Similarly, transfers between funds have been eliminated in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the period. Actual results may differ from these estimates.

Note 2. Deposits and Investments

Permitted Deposits and Investments - State statutes and Board policy authorize the District to invest any available funds in: (1) direct obligations of or obligations guaranteed by the United States or its agencies; (2) commercial paper issued by United States corporations rated within the three highest classifications by at least two standard rating services and maturing within 180 days or less; (3) interest-bearing savings accounts, certificates of deposit, or other time deposits in federally insured and/or state chartered banks and savings and loans associations; (4) the Illinois School District Liquid Asset Fund Plus (ISDLAF+); (5) the Illinois Funds; (6) money market mutual funds; (7) bankers' acceptances of banks whose senior obligations are rated in the top two rating categories by two national rating agencies and maintain that rating during the term of the investment; (8) repurchase agreements of government securities; and (9) interest-bearing bonds of any county, township, city, village incorporated town, municipality, or school district. Shares in the ISDLAF+ and the Illinois Funds represent investments in external investment pools that are regulated by the state of Illinois; the fair value of the position in the pools is the same as the value of the pool shares.

School District U-46

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Deposits

As of June 30, 2017, the District had deposits with federally insured financial institutions of \$278,653,707 with the book balances totaling \$278,276,260. The deposits held in fiduciary funds with federally insured financial institutions were \$3,913,154 with the book balances totaling \$3,599,465.

Custodial credit risk – deposits. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires all bank deposits in excess of FDIC insurance limits be secured by collateral. As of June 30, 2017, the District was not exposed to custodial credit risk.

Investments

Interest Rate Risk

The District's investment policy does not limit its investment portfolio to specific maturities.

Credit Risk

The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. Investment choices are not limited beyond the State statutes.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Illinois School District Liquid Asset Fund, Illinois Funds, and the Government Money Market Funds held by the District are not subject to custodial credit risk.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the District's investments at June 30, 2017. The schedule also includes credit ratings by Standard & Poor's at June 30, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)		% of Total Investments	Credit Ratings
		Less than 1	1 - 5		
ISDLAF	\$ 5,278,761	\$ 5,278,761	\$ -	53.83 %	AAAm
Government Money Market Funds	1,302,026	1,302,026	-	13.28	AAAm
	6,580,787	\$ 6,580,787	\$ -		
Illinois Funds	3,225,697			32.89	AAAm
	<u>\$ 9,806,484</u>			<u>100.00 %</u>	

School District U-46

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The Districts investments are measured at the net asset value (NAV) per share, and the valuation method is as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
ISDLAF	\$ 5,278,761	N/A	Daily	One Day
Government Money Market Funds	1,302,026	N/A	Daily	One Day
Illinois Funds	3,225,697	N/A	Daily	One Day
	<u>\$ 9,806,484</u>			

The Illinois School District Liquid Asset Fund is shown as maturing in less than one year because the weighted average maturity of the pool is less than one year.

The Illinois School District Liquid Asset Fund, which includes the money market, is an unrated, not-for profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees, elected from the participating members. It is not registered with the Securities Exchange Commission (SEC) as an investment company. The fair value of the pool is the same as the value of the pool shares.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, is not registered with the SEC but operates as a 2a7-like pool and thus reports all investments at amortized cost rather than market value. The Illinois Treasurer's investment policies are government by State statute. In addition, the Treasurer's Office has adopted its own investment practices that supplement the statutory requirement. The fair value of the pool is the same as the value of the pool shares.

The above deposits and investments (plus \$5,980 held by the District as petty cash) are presented in the basic financial statements as cash and investments as follows:

Cash and investments per statement of net position	\$ 288,088,724
Cash and investments per statement of fiduciary assets and liabilities	<u>3,599,465</u>
Total	<u>\$ 291,688,189</u>

School District U-46

Notes to Basic Financial Statements

Note 3. Capital Assets

Capital asset balances and activity for the year ended June 30, 2017, are as follows:

	Balance July 1, 2016	Transfers and Additions	Transfers and Retirements	Balance June 30, 2017
Capital Assets, not being depreciated:				
Land	\$ 27,687,264	\$ 710,148	\$ -	\$ 28,397,412
Construction in progress	11,988,440	14,460,257	20,692,193	5,756,504
Total capital assets, not being depreciated	39,675,704	15,170,405	20,692,193	34,153,916
Capital Assets, being depreciated:				
Buildings	583,158,646	22,888,608	-	606,047,254
Transportation equipment	26,240,587	2,306,440	1,553,710	26,993,317
Other equipment	18,987,394	1,109,161	-	20,096,555
Total capital assets being depreciated	628,386,627	26,304,209	1,553,710	653,137,126
Less accumulated depreciation:				
Buildings	250,566,355	13,624,471	-	264,190,826
Transportation equipment	17,241,384	3,156,806	1,553,710	18,844,480
Other equipment	13,477,587	1,711,309	-	15,188,896
Total accumulated depreciation	281,285,326	18,492,586	1,553,710	298,224,202
Total capital assets being depreciated, net	347,101,301	7,811,623	-	354,912,924
Governmental activities				
Capital assets, net	\$ 386,777,005	\$ 22,982,028	\$ 20,692,193	\$ 389,066,840

School District U-46

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Activity	Depreciation Expense
Instruction:	
Regular programs	\$ 6,941,894
Special education programs	2,015,530
Other instructional programs	3,183,464
Support services:	
Pupils	1,394,801
Instructional staff	550,384
General administration	504,331
School administration	994,437
Business	135,043
Operations and maintenance	881,547
Transportation	883,061
Food services	490,187
Central	381,880
Community services	136,027
Total	<u>\$ 18,492,586</u>

Note 4. Long-Term Obligations

The following is a summary of activity for the District's long-term obligations for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
G.O. Bonds/Debt Certificates Payable:					
General obligation bonds	\$ 300,649,545	\$ -	\$ (19,555,883)	\$ 281,093,662	\$ 20,889,896
Accreted interest on long-term debt	69,018,018	6,693,948	(11,319,117)	64,392,849	10,370,105
Debt certificates	2,968,433	-	(415,822)	2,552,611	418,578
Unamortized premium	24,024,150	-	(1,778,156)	22,245,994	1,778,157
Unamortized discount	(148,155)	-	26,237	(121,918)	(26,237)
Total General Obligation Bonds/ Debt Certificates Payable	<u>396,511,991</u>	<u>6,693,948</u>	<u>(33,042,741)</u>	<u>370,163,198</u>	<u>33,430,499</u>
Purchase contracts	8,141,320	-	(2,708,464)	5,432,856	2,745,758
Compensated absences	719,468	12,656,632	(12,542,063)	834,037	834,037
Net pension liability - IMRF	49,979,293	29,278,479	(34,000,753)	45,257,019	-
Net pension liability - TRS	33,868,384	31,379,651	-	65,248,035	-
Other postemployment benefits	6,812,511	2,168,515	(1,534,263)	7,446,763	-
Claims incurred but not reported	12,989,383	49,268,986	(53,929,167)	8,329,202	4,635,163
Total	<u>\$ 509,022,350</u>	<u>\$ 131,446,211</u>	<u>\$(137,757,451)</u>	<u>\$ 502,711,110</u>	<u>\$ 41,645,457</u>

School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

At June 30, 2017, general obligation bonds consisted of the following:

General Obligation Bonds - Payable by the Debt Service Fund

\$18,300,000, 1999 School Building Bonds due in installments of \$5,025,000 to \$7,000,000 through 2019 with interest due semiannually at 5.00% to 5.15%. Issued for the purpose of building new schools.	\$ 12,025,000
\$54,499,619, 2002 Illinois Development Finance Authority Program Capital Appreciation Revenue Bonds due in annual installments of \$1,065,463 to \$7,678,182 through 2021 with interest due annually in years of maturity at a rate yielding 5.3789%. Issued for the purpose of building new schools.	21,305,230
\$65,999,779, 2003B Capital Appreciation School Bonds due in annual installments of \$960,659 to \$10,591,479 through 2023 with interest due annually in years of maturity at a rate yielding 5.35%. Issued for the purpose of building new schools.	33,573,432
\$34,405,000 2009 General Obligation Limited School Bonds due in annual installments of \$1,175,000 to \$1,480,000 through 2023 with interest due semiannually at 4.00% to 5.00%. Issued for the purpose of capital projects and funding the tort fund.	8,115,000
\$25,925,000, 2011A Taxable General Obligation Limited School Bonds due in annual installments of \$1,515,000 to \$3,085,000 through 2022 with interest due semiannually at 4.75% to 6.0%. Issued for the purpose of capital projects and working cash.	13,000,000
\$2,030,000, 2011B Taxable General Obligation Limited School Bonds due in annual installments of \$200,000 to \$230,000 through 2021 with interest due semiannually at 0.65%. Issued for the purpose of capital projects.	830,000
\$31,045,000, 2012B Taxable General Obligation Limited School Bonds due in annual installments of \$75,000 to \$5,705,000 beginning in fiscal year 2016 through 2026 with interest due semiannually at 3.0% to 4.5%. Issued for the purpose of working cash and funding the tort fund.	20,845,000
\$44,310,000, 2015A General Obligation Limited School Bonds due in annual installments of \$2,955,000 through \$8,205,000 beginning in fiscal year 2028 through 2034 with interest due semiannually at 5.00%. Issued for the purpose of working cash.	44,310,000
\$10,780,000, 2015B Taxable General Obligation Limited Refunding Bonds due in annual installments of \$2,170,000 through \$6,215,000 beginning in fiscal year 2026 through 2028 with interest due semiannually at 3.7% to 3.95%. Issued for the purpose of refunding capital project related bonds and working cash.	10,780,000
\$19,235,000, 2015C General Obligation Refunding School Bonds due in annual installments of \$3,740,000 through \$6,095,000 beginning in fiscal year 2016 through 2020 with interest due semiannually at 4.00% to 5.00%. Issued for the purpose of refunding capital project related bonds.	14,735,000

(continued)

School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

General Obligation Bonds - Payable by the Debt Service Fund (Continued)

\$101,575,000, 2015D General Obligation Refunding School Bonds due in annual installments of \$6,480,000 through \$10,900,000 beginning in fiscal year 2024 through 2035 with interest due semiannually at 5.00%. Issued for the purpose of refunding capital project related bonds.

	101,575,000
Total General Obligation Bonds	\$ 281,093,662

Debt Service Requirements to Maturity - General Obligation Bonds

Annual debt service requirements to maturity for all bond issues to be paid from property taxes of the Debt Service Fund for each of the next five fiscal years and in five-year increments thereafter are as follows:

Due in Fiscal Year	General Obligation		Total
	Principal	Interest	Debt Service
2018	\$ 20,889,896	\$ 21,300,530	\$ 42,190,426
2019	22,661,283	19,516,546	42,177,829
2020	19,228,841	22,943,767	42,172,608
2021	15,856,253	26,482,713	42,338,966
2022	15,576,479	26,706,309	42,282,788
2023-2027	66,185,910	56,887,963	123,073,873
2028-2032	78,360,000	22,692,353	101,052,353
2033-2035	42,335,000	3,873,748	46,208,748
	\$ 281,093,662	\$ 200,403,929	\$ 481,497,591

Interest maturities include \$64,392,849 of accreted interest on capital appreciation bonds.

Accreted Interest on Long-term Debt - Capital Appreciation Bonds

The District has two outstanding capital appreciation bond issues. Interest on the capital appreciation bonds are paid only when principal payments are made, not semi-annually like conventional bond issues. The District records the accretion of interest as long-term debt in the statement of net position as if the interest had been paid semi-annually. Accreted interest on long-term debt was reduced by a net total of \$4,625,169 during the fiscal year ended June 30, 2017. At year end, the total interest accreted on the capital appreciation bonds was \$64,392,849.

Debt Certificates

The District has one outstanding debt certificate. Payments are expected to be made from the Debt Service Fund through transfers from the General Fund. Descriptions of the District's debt certificate are as follows:

\$6,200,000, 2007 Debt Certificates (Qualified Zone Academy Bonds) due in annual installments of \$418,578 to \$432,360 through 2023 with interest due annually at 0.65%. Issued for the purpose of capital projects.

	\$ 2,552,611
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School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

Purchase Contracts

The District did not enter into any new lease/purchase contracts during the year. The total cost of the property currently under leases is \$13,711,524. Future minimum payments total \$5,569,558 of which \$136,702 represents interest and \$5,432,856 represents principal. Payments are expected to be made from the Transportation Fund. Upon entering a contract, the District records the activity as capital outlay expenditures with an offsetting credit to "proceeds from purchase contracts". Some items purchased through this method, however, may not be capitalized as new equipment if the value of an individual item such as a desktop computer does not meet or exceed the District's capitalization threshold.

As of June 30, 2017 the District had two outstanding leases as follows:

\$7,249,105 purchase contract for new buses dated June 26, 2013 due in five annual payments of \$1,449,821 through August 2017. Over the life of the contract the principal and interest portions of the contract are \$7,057,727 and \$191,378, respectively. \$ 1,431,336

\$6,866,225 purchase contract for new buses dated August 1, 2015 due in five annual payments of \$1,373,245 through October 2019. Over the life of the contract the principal and interest portions of the contract are \$6,653,797 and \$212,428, respectively. 4,001,520

Total Purchase Contracts \$ 5,432,856

Debt Service Requirements to Maturity – Debt Certificates and Purchase Contracts

Annual debt service requirements to maturity for debt certificates and purchase contracts to be paid from the Transportation Fund and the Debt Service Fund through transfers from the General Fund are as follows:

Due in Fiscal Year	Debt Certificates		Purchase Contracts		Total Debt Service
	Principal	Interest	Principal	Interest	
2018	\$ 418,578	\$ 16,592	\$ 2,745,758	\$ 77,308	\$ 3,258,236
2019	421,299	13,871	1,333,745	39,500	1,808,415
2020	424,037	11,133	1,353,353	19,894	1,808,417
2021	426,770	8,399	-	-	435,169
2022	429,567	5,603	-	-	435,170
2023	432,360	2,810	-	-	435,170
Total	<u>\$ 2,552,611</u>	<u>\$ 58,408</u>	<u>\$ 5,432,856</u>	<u>\$ 136,702</u>	<u>\$ 8,180,577</u>

Legal Debt Margin

As of June 30, 2017, the legal debt limit of the District was \$633,764,772, based upon 13.8 percent of its 2016 equalized assessed valuation of \$4,592,498,346. The debt limit less outstanding debt subject to the debt limit of \$289,079,129 plus amounts held in the Debt Service Fund of \$27,934,843, results in a legal debt margin of \$372,620,486 as of June 30, 2017.

School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

Compensated Absences

The District offers sick, personal and in some cases vacation days to its employees. Depending on the union status of the District's employees the number of sick, personal and vacation days provided each year may differ.

The District provides up to 20 vacation days per year, most of which must be used by August 31st of the following year. Some vacation days may be used up until October 31st of the following year depending on the employee union. The District provides up to four personal days per year to its employees. Personal balances left over at the end of the year are carried forward into the sick day balance for the next year. The District also offers up to 14 sick days per year. Accumulated personal and sick days are not paid out upon termination. If an employee is vested in the Teachers' Retirement System (TRS) or the Illinois Municipal Retirement Fund (IMRF), the employee is allowed extra service credit based on unused sick days. Since accrued personal and sick days are not paid out upon termination, the District does not accrue a payable for these days at year-end. Based on accumulated vacation days as of year-end, the District's maximum liability for accumulated vacation days to be paid upon its employees' termination was calculated to be \$834,037 at June 30, 2017. The amounts will be paid from the General Fund within the next year.

Net Pension and Collective Net Pension Liability

Net pension and collective net pension liabilities of \$110,505,054 at June 30, 2017 represent the District's share of pension liability to plan members for benefits provided through defined benefit pension plans (see Note 6). \$45,257,019 relates to IMRF and will be paid from the Municipal Retirement/Social Security Fund. \$65,248,035 relates to TRS and will be paid from the General Fund.

Other Postemployment Benefits Obligation

Other postemployment benefits (OPEB) payable represent the long-term portion of the actuarially determined net OPEB obligation for healthcare insurance for eligible retirees and their dependents through the District's group health insurance plan (see Note 7). The District's OPEB obligation at June 30, 2017 was \$7,446,763 and will be paid from the General Fund.

Debt Refunding

As of June 30, 2017, the outstanding balance of all defeased bonds totaled \$125,870,000.

School District U-46

Notes to Basic Financial Statements

Note 5. 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 is self-insured for the above risks. For property-related risks, the District maintains excess insurance coverage to cover claims in excess of \$100,000 per occurrence to a maximum of \$250,000,000. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in any of the past three fiscal years. For workers' compensation risks, the District maintains excess insurance coverage to cover claims in excess of \$400,000 per occurrence to a maximum of \$1,000,000. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in any of the past three fiscal years.

The District is also self-insured for medical claims to cover its employees and their qualifying dependents. The District funds a self-insurance account and has engaged an outside agency to administer its medical claims. The District does not assume unlimited liability for medical claims. As of June 30, 2017, the District had purchased (stop-loss) insurance to cover claims in excess of \$500,000 per person per year and \$2,000,000 lifetime. Estimated claims incurred but not yet submitted by insurers were estimated based on historical trends as provided by the District's third party administrator. Estimated insurance claims incurred but not reported (IBNR) liabilities at June 30, 2017, total \$8,329,202 and claims payable totaled \$3,240,464. Settled claims have not exceeded coverage in any of the past three fiscal years. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and societal factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Fiscal Year Ended June 30,	
	Total 2017	Total 2016
Claims liability - beginning	\$ 17,349,593	\$ 15,473,250
Incurred claims	52,509,450	56,171,970
Claim payments and reductions	58,289,377	54,295,627
Claims liability - ending	<u>\$ 11,569,666</u>	<u>\$ 17,349,593</u>

Note 6. Employee Retirement Systems and Plans

Teachers' Retirement System

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cfafs/fy2016>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

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

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

Contributions

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

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

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

On-behalf contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2017, state of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$158,045,246 in pension contributions from the state of Illinois.

The expenditures of \$158,045,246 have been allocated and reported by function on the financial statements.

2.2 formula contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$1,224,247, and are deferred because they were paid after the June 30, 2016 measurement date. As of June 30, 2017, \$4,705 was due and payable to TRS.

Federal and special trust fund contributions

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

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$4,090,469 were paid from federal and special trust funds that required employer contributions of \$1,576,467. These contributions are deferred because they were paid after the June 30, 2016 measurement date. As of June 30, 2017, a receivable of \$793,863 was due from TRS.

Employer retirement cost contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the employer paid \$1,118,742 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the employer paid \$152,767 to TRS for employer contributions due on salary increases in excess of 6 percent and no sick leave days granted in excess of the normal annual allotment.

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

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

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

Employer's proportionate share of the collective net pension liability	\$ 65,248,035
State's proportionate share of the collective net pension liability associated with the employer	<u>1,609,322,179</u>
Total	<u><u>\$ 1,674,570,214</u></u>

The collective net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The employer's proportion of the collective net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2016, the employer's proportion was 0.0827 percent, which was an increase of 0.0310 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the employer recognized pension expense of \$158,966,799 and revenue of \$158,045,246 for support provided by the State. At June 30, 2017, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 482,451	\$ 44,253
Net difference between projected and actual earnings on pension plan investments	1,843,372	-
Changes of assumptions	5,603,833	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>16,423,508</u>	<u>15,241,761</u>
Total deferred pension actuarial adjustments	24,353,164	15,286,014
Employer contribution subsequent to the measurement date	<u>2,800,714</u>	-
Total deferred amounts related to pensions	<u><u>\$ 27,153,878</u></u>	<u><u>\$ 15,286,014</u></u>

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

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

Of the amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, \$2,800,714 will be recognized as a reduction of the collective net pension liability in the reporting year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ (116,864)
2019	(116,864)
2020	2,419,916
2021	5,786,677
2022	1,094,285
Total deferred outflows (inflows) related to pensions	<u>\$ 9,067,150</u>

Actuarial Assumptions

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

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

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

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

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4 %	6.94 %
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds core	10.7	2.44
International debt developed	5.3	1.70
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private equity	14.0	10.63
Total	<u>100.0 %</u>	

Discount Rate

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

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

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Sensitivity of the Employer’s Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 5.83%	Current Discount Rate 6.83%	1% Increase 7.83%
Employer's proportionate share of the collective net pension liability	\$ 79,800,996	\$ 65,248,035	\$ 53,362,126

TRS Fiduciary Net Position

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

Teachers’ Health Insurance Security Fund

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

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

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

- On-behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$2,364,064, and the employer recognized revenue and expenditures of this amount during the year.

The expenditures of \$2,364,064 have been allocated and reported by function on the financial statements.

- Employer contributions to the THIS Fund

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the employer paid \$1,773,048 to the THIS Fund, which was 100 percent of the required contribution.

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Further Information on the THIS Fund

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

Illinois Municipal Retirement Fund

Plan Description

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

Benefits Provided

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

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

- 3 percent of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

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

Retirees and Beneficiaries currently receiving benefits	1,210
Inactive Plan Members entitled to but not yet receiving benefits	1,680
Active Plan Members	2,041
Total	4,931

Note 6. Employee Retirement Systems and Plans (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rates for calendar years 2017 and 2016 were 11.45 percent and 11.82 percent, respectively. For the fiscal year ended June 30, 2017, the District contributed \$7,707,311 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

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

Actuarial Assumptions

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75 percent.
- **Salary Increases** were expected to be 3.75 percent to 14.50 percent, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50 percent.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

School District U-46

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	38 %	6.85 %
International equities	17	6.75
Fixed income	27	3.00
Real estate	8	5.75
Alternatives	9	
Private equity		7.35
Hedge funds		5.25
Commodities		2.65
Cash Equivalents	1	2.25
Total	<u>100 %</u>	

Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.78 percent (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve), and the resulting single discount rate is 7.50 percent.

School District U-46

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

The following table shows the components of the District's annual pension liability and related plan fiduciary net position for the calendar year ended December 31, 2016:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2015	\$ 297,808,813	\$ 247,829,520	\$ 49,979,293
Changes for the year:			
Service Cost	7,287,074	-	7,287,074
Interest on the Total Pension Liability	21,991,405	-	21,991,405
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(5,058,203)	-	(5,058,203)
Changes of Assumptions	(1,091,259)	-	(1,091,259)
Contributions - Employer	-	7,623,785	(7,623,785)
Contributions - Employees	-	2,932,617	(2,932,617)
Net Investment Income	-	17,057,396	(17,057,396)
Benefit Payments, including Refunds of Employee Contributions	(14,112,060)	(14,112,060)	-
Other (Net Transfer)	-	237,493	(237,493)
Net Changes	9,016,957	13,739,231	(4,722,274)
Balances at December 31, 2016	\$ 306,825,770	\$ 261,568,751	\$ 45,257,019

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

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

	1% Decrease 6.50%	Current Single Discount Rate 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 346,080,886	\$ 306,825,770	\$ 274,581,549
Plan Fiduciary Net Pension	261,568,751	261,568,751	261,568,751
Net Pension Liability	\$ 84,512,135	\$ 45,257,019	\$ 13,012,798

School District U-46

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2017, the District recognized pension expense of \$6,882,738. At June 30, 2017, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,659,736	\$ 3,713,008
Net difference between projected and actual earnings on pension plan investments	12,809,992	-
Changes of assumptions	2,131,936	801,046
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Total deferred pension actuarial adjustments	<u>17,601,664</u>	<u>4,514,054</u>
Employer contribution subsequent to the measurement date	<u>3,911,902</u>	-
Total deferred amounts related to pensions	<u>\$ 21,513,566</u>	<u>\$ 4,514,054</u>

Of the amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, \$3,911,902 will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ 6,402,853
2019	3,909,349
2020	2,494,329
2021	281,079
Total deferred outflows related to pensions	<u>\$ 13,087,610</u>

School District U-46

Notes to Basic Financial Statements

Note 7. Other Postemployment Benefits

The District had an actuarial valuation performed to determine its liability for other postemployment benefits (OPEB) as of July 1, 2015. According to Governmental Accounting Standards Board Statement No. 45 (GASB 45), an actuarial valuation should be performed at a minimum frequency of every two years for a plan the size of the District's.

Plan Description

The District administers a single-employer defined benefit healthcare plan, the "Retiree Healthcare Plan" or "the Plan." The Plan provides healthcare insurance for eligible retirees and their dependents through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the District and the unions representing District employees and are renegotiated each bargaining period. Certain retirees are eligible until the first month of Medicare eligibility and others are eligible for their lifetime. The Plan does not issue a stand-alone financial report.

Funding Policy

Contribution requirements are also negotiated between the District and union representatives. All plan funding is done on a pay-as-you-go basis. Funding varies from 0 percent to 100 percent, depending on the retiree's status at the time of retirement. Currently, the current and retired employees pay a specified blended premium rate for healthcare insurance and the District pays the difference. For fiscal year 2017, the District contributed \$1,249,014 to the Plan. Plan members receiving benefits contributed \$285,249, or approximately 18.6 percent of the total premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual 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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Government-Wide Activities
Annual required contribution	\$ 2,234,060
Interest on net OPEB obligation	340,626
Adjustment to annual required contribution	(406,171)
Annual OPEB cost	<u>2,168,515</u>
Contributions made	<u>1,534,263</u>
Increase in net OPEB obligation	634,252
Net OPEB obligation - beginning of year	<u>6,812,511</u>
Net OPEB obligation - end of year	<u><u>\$ 7,446,763</u></u>

School District U-46

Notes to Basic Financial Statements

Note 7. 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 2017 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation
2017	\$2,168,515	70.8%	\$7,446,763
2016	2,147,791	80.7	6,812,511
2015	2,510,634	77.2	6,398,035

The District has reported the net OPEB obligation of \$7,446,763 in the statement of net position. Payments to liquidate the liability have typically been made by the General Fund.

Funded Status and Funding Progress

As of July 1, 2015, the date of the most recent valuation, the actuarial accrued liability for benefits was \$19,705,737, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$253,502,518 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.77 percent.

The projection of future benefit payments for an ongoing plan involves 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 District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents only one valuation; however, in subsequent years, 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 will be provided.

School District U-46

Notes to Basic Financial Statements

Note 7. Other Postemployment Benefits (Continued)

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District 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, consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

Actuarial valuation date: July 1, 2015
Actuarial cost method: Projected Unit Credit Cost Method
Amortization method: Closed, Level Dollar Method
Remaining amortization period: 30 years
Actuarial assumptions:
Discount Rate 5.0%
Healthcare Trend Rate Beginning at 7.0%, trending to 5.0%

Note 8. Other Financial Disclosures

Expenditures Exceeding Budgets

The District adopts annual budgets for all funds except the Student Activity Fund, an agency fund. The Transportation Fund excesses of expenditures over budgeted expenditures are shown in the Notes to Required Supplementary Information (RSI) – Note 2. The remaining funds with annually adopted budgets and excesses of expenditures over budgeted expenditures during fiscal year 2017 are as follows:

Fund	Final Budget	Actual Expenditures	Amount Over Budget
Debt Service Fund	\$ 42,625,595	\$ 42,642,842	\$ 17,247

Interfund Transfers

During fiscal year 2017, the District transferred \$4,544,138 from the General Fund to the Debt Service Fund to provide resources to pay principal and interest on debt certificates and purchase contracts and to abate a portion of the 2016 property tax levy. The General Fund also transferred \$1,000,000 of interest earned to the Transportation Fund for the purpose of financing transportation related expenses.

School District U-46

Notes to Basic Financial Statements

Note 8. Other Financial Disclosures (Continued)

Due To/From Other Funds

Interfund debt balances as of June 30, 2017 are as follows:

Fund	Due From Other Funds	Due To Other Funds
Major governmental funds		
General	\$ 3,437,764	\$ -
Transportation	-	3,437,764
Total	<u>\$ 3,437,764</u>	<u>\$ 3,437,764</u>

The interfund balances reflect loans to be used as resources for current operating expenditures which are expected to be repaid in the following fiscal year.

Deficit Fund Balances

The Transportation Fund had a deficit fund balance as of June 30, 2017 of (\$182,861). District management expects to reduce this deficit with future revenues.

The Fire Prevention and Safety Fund had a deficit fund balance as of June 30, 2017 of (\$475,650). District management expects to reduce this deficit with future revenues.

Note 9. Contingent Liabilities

Litigation

The District is a defendant in various lawsuits wherein substantial amounts are claimed. In the opinion of the District's legal counsel, these suits are without substantial merit and should not result in judgments, which in aggregate would have a material adverse effect on the District's financial statements.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the Illinois State Board of Education. 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

Note 10. Commitments

At June 30, 2017, the District had approximately \$11.3 million in outstanding construction project commitments. The projects were comprised of work to be done at various school buildings and to be paid from the Operations and Maintenance Account of the General Fund, Fire Prevention and Safety Fund and the Capital Projects Fund.

Note 11. Restatement

The District restated beginning fund balance in the Non-Major Governmental Funds in the amount of \$970,017 to adjust for the Illinois Municipal Retirement Fund (IMRF) payable in the Municipal Retirement/Social Security Fund. As a result, opening fund balance in the Non-Major Government Funds decreased from \$2,277,850 to \$1,307,833. The net change in fund balance for the Non-Major Governmental Funds would have decreased from a deficit of \$1,658,227 to a deficit of \$2,628,244 for the year ending June 30, 2016.

School District U-46

Notes to Basic Financial Statements

Note 12. Authoritative Pronouncements Issued But Not Yet Adopted

The following is a description of other GASB authoritative pronouncements, which have been issued but not yet adopted by the District:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Employer)*, will be effective for the District beginning with its year ending June 30, 2018. This statement requires governments to report a liability on the face of the financial statements for the OPEB they provide and requires governments in all types of OPEB plans to report more extensive note disclosures and required supplementary information about their OPEB liabilities.

Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for the District beginning with its year ending June 30, 2018. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the District beginning with its year ending June 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO) and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

Statement No. 84, *Fiduciary Activities*, will be effective for the District beginning with its year ending June 30, 2020. This Statement is intended to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Statement No. 85, *Omnibus 2017*, will be effective for the District beginning with its year ending June 30, 2018. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for the District beginning with its year ending June 30, 2018. This Statement is intended to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Statement No. 87, *Leases*, will be effective for the District beginning with its year ending June 30, 2021. This Statement is intended to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Management has not currently determined what impact, if any, these Statements may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability – Teachers' Retirement System

Schedule of Employer Contributions – Teachers' Retirement System

Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund

Schedule of Employer Contributions – Illinois Municipal Retirement Fund

Schedule of Funding Progress - Retiree Healthcare Plan

Budgetary Comparison Information: General Fund and Major Special Revenue Fund

Notes to Required Supplementary Information (RSI)

School District U-46

**Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability
Teachers' Retirement System**

Fiscal Year Ended	2017	2016	2015
Employer's proportion of the collective net pension liability	0.0827%	0.0517%	0.0814%
Employer's proportionate share of the collective net pension liability	\$ 65,248,035	\$ 33,868,384	\$ 49,508,342
State's proportionate share of the collective net pension liability associated with the employer	1,609,322,179	1,275,250,978	1,173,916,748
Total	\$ 1,674,570,214	\$ 1,309,119,362	\$ 1,223,425,090
Employer's covered-employee payroll	\$ 204,244,433	\$ 198,258,595	\$ 188,448,392
Employer's proportionate share of the collective net pension liability as a percentage of its covered employee payroll	31.9%	17.1%	26.3%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

* The amounts presented were determined as of the prior fiscal year-end.

**Schedule of Employer Contributions
Teachers' Retirement System**

Fiscal Year Ended	2017	2016	2015
Contractually-required contribution	\$ 2,800,714	\$ 3,175,233	\$ 2,337,303
Contributions in relation to the contractually-required contribution	3,589,872	2,444,400	2,311,171
Contribution (excess) deficiency	\$ (789,158)	\$ 730,833	\$ 26,132
Employer's covered-employee payroll	\$ 211,077,112	\$ 204,244,433	\$ 198,258,595
Contributions as a percentage of covered-employee payroll	1.70%	1.20%	1.17%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Notes to Schedules

Changes of Assumptions

For the 2016 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

School District U-46

Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund

Calendar year ended December 31	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 7,287,074	\$ 6,752,927	\$ 6,492,825
Interest in the Total Pension Liability	21,991,405	20,550,703	18,815,885
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(5,058,203)	5,258,888	916,388
Changes of Assumptions	(1,091,259)	359,033	9,485,528
Benefit Payments, including Refunds of Employee Contributions	(14,112,060)	(12,956,579)	(11,667,594)
Net Change in Total Pension Liability	9,016,957	19,964,972	24,043,032
Total Pension Liability - Beginning	297,808,813	277,843,841	253,800,809
Total Pension Liability - Ending	<u>\$ 306,825,770</u>	<u>\$ 297,808,813</u>	<u>\$ 277,843,841</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 7,623,785	\$ 7,321,744	\$ 6,915,065
Contributions - Employees	2,932,617	2,914,439	2,714,707
Net Investment Income	17,057,396	1,228,293	14,218,684
Benefit Payments, including Refunds of Employee Contributions	(14,112,060)	(12,956,579)	(11,667,594)
Other (Net Transfer)	237,493	2,302,834	725,835
Net Change in Plan Fiduciary Net Position	13,739,231	810,731	12,906,697
Plan Fiduciary Net Position - Beginning	247,829,520	247,018,789	234,112,092
Plan Fiduciary Net Position - Ending	<u>\$ 261,568,751</u>	<u>\$ 247,829,520</u>	<u>\$ 247,018,789</u>
Net Pension Liability	<u>\$ 45,257,019</u>	<u>\$ 49,979,293</u>	<u>\$ 30,825,052</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.25%	83.22%	88.91%
Covered Valuation Payroll	\$ 64,026,568	\$ 64,024,510	\$ 59,788,613
Net Pension Liability as a Percentage of Covered Valuation Payroll	70.68%	78.06%	51.56%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

School District U-46

**Schedule of Employer Contributions
Illinois Municipal Retirement Fund**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 7,567,940 *	\$ 7,623,785	\$ (55,845)	\$ 64,026,568	11.91%
2015	7,305,197	7,321,744	(16,547)	64,024,510	11.44
2014	6,833,838	6,915,065	(81,227)	59,788,613	11.57

* Actuarial Determined Contribution was estimated based on a contribution rate of 11.82% and a covered valuation payroll of \$64,026,568.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Notes to Schedule of Contributions

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate**

Valuation Date

Notes

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

Methods and Assumptions Used to Determine 2015 Contribution Rate

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period
Asset Valuation Method:	5-year smoothed market; 20 percent corridor
Wage Growth:	3.5 percent
Price Inflation:	2.75 percent, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75 percent to 14.50 percent, including inflation
Investment Rate of Return:	7.50 percent
Retirement Age:	Experienced-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes

There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation; note two-year lag between valuation and rate setting.

School District U-46

**Schedule of Funding Progress
Retiree Healthcare Plan
June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/15	\$ -	\$ 19,705,737	\$ 19,705,737	-	\$ 253,502,518	7.77%
07/01/13	-	22,606,948	22,606,948	-	236,945,103	9.54
07/01/11	-	27,096,192	27,096,192	-	222,396,323	12.18

The District has elected to have valuations performed biennially.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government operations which are not required to be accounted for in another fund. The District's General Fund consists of four accounts: the *Educational Account*, which records direct costs of instruction and administration; the *Tort Immunity Account*, which is used for the purpose of recording risk financing activities of the District; the *Operations and Maintenance Account*, which reports all costs of maintaining, improving or repairing school buildings and property; and the *Working Cash Account*, which accounts for financial resources held by the District to be used for temporary interfund loans to the Educational Account, the Operations and Maintenance Account, and the Transportation Fund.

MAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government and which cannot be diverted to other uses. The major special revenue fund maintained by the District is as follows:

Transportation Fund - To account for the revenue and expenditures related to student transportation, both to and from school. Revenue is derived primarily from local property taxes and state reimbursement grants.

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Budgetary Basis
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 234,501,414	\$ 231,291,867	\$ (3,209,547)
Replacement taxes and payments in lieu of taxes	51,000	77,839	26,839
Charges for services	9,390,801	9,647,728	256,927
Earnings on investments	1,207,200	1,620,206	413,006
Rentals	600,000	596,797	(3,203)
Local grants	30,000	26,919	(3,081)
Other local sources	954,609	3,607,328	2,652,719
State grants-in-aid	138,430,187	142,356,301	3,926,114
Federal grants-in-aid	38,240,793	38,327,985	87,192
Total revenues	<u>423,406,004</u>	<u>427,552,970</u>	<u>4,146,966</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	151,349,030	136,802,370	14,546,660
Special programs	41,742,880	41,325,005	417,875
Other instructional programs	55,913,095	57,632,027	(1,718,932)
Support services:			
Pupils	30,101,465	31,439,083	(1,337,618)
Instructional staff	14,853,483	13,253,778	1,599,705
General administration	13,769,348	13,579,678	189,670
School administration	24,215,311	23,160,751	1,054,560
Business	3,879,427	3,627,466	251,961
Operations and maintenance	25,518,988	25,390,274	128,714
Transportation	2,114,062	1,988,850	125,212
Facilities acquisition and construction	1,957,250	1,578,295	378,955
Food service	14,211,269	15,281,310	(1,070,041)
Central	11,248,626	10,830,406	418,220
Other support	1,842,689	1,316,512	526,177
Community services	3,539,591	3,214,332	325,259
Intergovernmental:			
Payments to other governments	8,969,262	8,604,268	364,994
Capital outlay	23,407,104	23,707,762	(300,658)
Contingency	2,500,000	-	2,500,000
Total expenditures	<u>431,132,880</u>	<u>412,732,167</u>	<u>18,400,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,726,876)</u>	<u>14,820,803</u>	<u>22,547,679</u>
Other financing uses:			
Transfer out	(5,742,891)	(5,544,138)	198,753
Total other financing uses	<u>(5,742,891)</u>	<u>(5,544,138)</u>	<u>198,753</u>
Net change in fund balance	<u>\$ (13,469,767)</u>	<u>9,276,665</u>	<u>\$ 22,746,432</u>
Fund balance:			
Beginning of year		<u>214,275,502</u>	
End of year		<u>\$ 223,552,167</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual
Transportation Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 16,765,303	\$ 16,322,229	\$ (443,074)
Charges for services	1,400,000	1,439,237	39,237
Earnings on investments	200	120	(80)
State grants-in-aid	11,303,010	15,016,172	3,713,162
Total revenues	<u>29,468,513</u>	<u>32,777,758</u>	<u>3,309,245</u>
Expenditures:			
Current:			
Support services:			
Transportation	23,749,483	22,294,746	1,454,737
Debt service			
Principal	2,745,758	2,708,464	37,294
Interest and fees	77,308	114,600	(37,292)
Capital outlay	-	2,306,440	(2,306,440)
Total expenditures	<u>26,572,549</u>	<u>27,424,250</u>	<u>(851,701)</u>
Excess of revenues over expenditures	2,895,964	5,353,508	2,457,544
Other financing sources:			
Transfer in	1,200,000	1,000,000	(200,000)
Net change in fund balance (deficit)	<u>\$ 4,095,964</u>	<u>6,353,508</u>	<u>\$ 2,257,544</u>
Fund balance (deficit):			
Beginning of year		<u>(6,536,369)</u>	
End of year		<u>\$ (182,861)</u>	

School District U-46

Notes to Required Supplementary Information (RSI)

Note 1. Budgets and Budgetary Accounting

The annual budgets are adopted on the modified accrual basis of accounting at the fund level. All budgets lapse at fiscal year-end. The District maintains a system to measure the uncommitted budget amount available for expenditures at any time during the year. For budgetary purposes, appropriations lapse at June 30, 2017 and outstanding encumbrances are canceled at that date.

On or before July 1 of each year, the Chief Executive Officer is to submit for review by the Board of Education a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than September 30. The 2016-17 budget was adopted September 26, 2016.

The appropriated budget is prepared by fund, by object and by function. The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10 percent of the total of such fund, and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level.

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

For budgetary purposes, the District does not recognize as revenues the retirement contributions made by the State to the Teachers' Retirement System of the State of Illinois (TRS) and Teachers' Health Insurance Security Fund of the State of Illinois (THIS) on behalf of the District as well as the related expenditures.

The following schedule reconciles the revenues and expenditures on the budgetary basis with the amounts presented in accordance with accounting principles generally accepted in the United States of America for the District's General Fund only.

Revenues - budgetary basis	\$ 427,552,970
Unbudgeted retirement contributions made by the State	160,409,310
Revenues - GAAP basis	<u>\$ 587,962,280</u>
Expenditures - budgetary basis	\$ 412,732,167
Unbudgeted retirement contributions made by the State	160,409,310
Expenditures - GAAP basis	<u>\$ 573,141,477</u>

Note 2. Expenditures Exceeding Budgets

Of the budget to actual schedules presented as RSI, expenditures exceeded budgeted expenditures in the Transportation Fund for the year ended June 30, 2017 as follows:

Fund	Final Budget	Actual Expenditures	Amount Over Budget
Transportation Fund	\$ 26,572,549	\$ 27,424,250	\$ 851,701

OTHER SUPPLEMENTARY INFORMATION

School District U-46

Combining Balance Sheet
General Fund, by Account
June 30, 2017

	Educational Account	Tort Immunity Account	Operations and Maintenance Account	Working Cash Account	Elimination	Total
Assets						
Cash and investments	\$ 131,231,196	\$ -	\$ 12,703,290	\$ 110,402,735	\$ -	\$ 254,337,221
Accrued Interest	-	-	-	451,162	-	451,162
Property taxes receivable, net of allowance	92,750,431	4,644,903	14,835,602	-	-	112,230,936
Grants receivable	19,587,560	-	-	-	-	19,587,560
Accounts receivable	717,280	-	314,945	-	-	1,032,225
Due from other accounts and funds	6,200,740	-	-	-	(2,762,976)	3,437,764
Inventories	41,791	-	-	-	-	41,791
Prepays	3,973,995	-	-	-	-	3,973,995
Total assets	\$ 254,502,993	\$ 4,644,903	\$ 27,853,837	\$ 110,853,897	\$ (2,762,976)	\$ 395,092,654
Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)						
Liabilities						
Accounts payable	\$ 5,160,274	\$ 506,871	\$ 5,041,750	\$ -	\$ -	\$ 10,708,895
Accrued payroll	26,608,151	46	302,571	-	-	26,910,768
Payroll deductions	581,815	-	-	-	-	581,815
Construction retainage payable	-	-	523,637	-	-	523,637
Insurance claims payable	2,990,464	250,000	-	-	-	3,240,464
Unearned grant revenue	23,585	-	-	-	-	23,585
Unearned other revenue	1,660,512	-	-	-	-	1,660,512
Due to other accounts	-	2,762,976	-	-	(2,762,976)	-
Unclaimed property	196,316	-	-	-	-	196,316
Total liabilities	37,221,117	3,519,893	5,867,958	-	(2,762,976)	43,845,992
Deferred inflows of resources						
Deferred grant revenue	12,160,143	-	-	-	-	12,160,143
Deferred property taxes	95,480,456	4,781,622	15,272,274	-	-	115,534,352
Total deferred inflows of resources	107,640,599	4,781,622	15,272,274	-	-	127,694,495
Fund balance (deficit)						
Nonspendable	4,015,786	-	-	-	-	4,015,786
Restricted	-	-	211,138	-	-	211,138
Unassigned	105,625,491	(3,656,612)	6,502,467	110,853,897	-	219,325,243
Total fund balance (deficit)	109,641,277	(3,656,612)	6,713,605	110,853,897	-	223,552,167
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ 254,502,993	\$ 4,644,903	\$ 27,853,837	\$ 110,853,897	\$ (2,762,976)	\$ 395,092,654

School District U-46

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
 General Fund, by Account
 Year Ended June 30, 2017

	Educational Account	Tort Immunity Account	Operations and Maintenance Account	Working Cash Account	Elimination	Total
Revenues:						
Property taxes	\$ 190,253,728	\$ 11,026,991	\$ 30,011,148	\$ -	\$ -	\$ 231,291,867
Replacement taxes and payments in lieu of taxes	77,839	-	-	-	-	77,839
Charges for services	9,647,728	-	-	-	-	9,647,728
Earnings on investments	1,612	97	248	1,618,249	-	1,620,206
Rentals	260	-	596,537	-	-	596,797
Local grants	26,919	-	-	-	-	26,919
Other local sources	142,499	-	3,464,829	-	-	3,607,328
State grants-in-aid	141,496,665	-	859,636	-	-	142,356,301
Federal grants-in-aid	38,327,985	-	-	-	-	38,327,985
State on-behalf payments	160,409,310	-	-	-	-	160,409,310
Total revenues	540,384,545	11,027,088	34,932,398	1,618,249	-	587,962,280
Expenditures:						
Current:						
Instruction:						
Regular programs	213,744,956	-	-	-	-	213,744,956
Special programs	60,633,288	-	-	-	-	60,633,288
Other instructional programs	98,335,262	-	-	-	-	98,335,262
Support services:						
Pupils	42,083,732	-	-	-	-	42,083,732
Instructional staff	16,713,949	-	-	-	-	16,713,949
General administration	9,899,812	5,317,504	-	-	-	15,217,316
School administration	29,737,718	-	-	-	-	29,737,718
Business	3,733,120	-	-	-	-	3,733,120
Operations and maintenance	830,593	-	24,665,335	-	-	25,495,928
Transportation	1,988,150	-	700	-	-	1,988,850
Facilities acquisition and construction	69,996	-	1,508,299	-	-	1,578,295
Food service	15,281,310	-	-	-	-	15,281,310
Central	10,936,060	-	-	-	-	10,936,060
Other support services	1,316,512	-	-	-	-	1,316,512
Community services	4,033,151	-	-	-	-	4,033,151
Intergovernmental:						
Payments to other governments	8,604,268	-	-	-	-	8,604,268
Capital outlay	12,006,974	-	11,700,788	-	-	23,707,762
Total expenditures	529,948,851	5,317,504	37,875,122	-	-	573,141,477
Excess (deficiency) of revenues over (under) expenditures	10,435,694	5,709,584	(2,942,724)	1,618,249	-	14,820,803
Other financing sources (uses):						
Transfer in	-	-	4,158,210	-	(4,158,210)	-
Transfer out	(3,902,326)	-	(641,812)	(5,158,210)	4,158,210	(5,544,138)
Total other financing sources (uses)	(3,902,326)	-	3,516,398	(5,158,210)	-	(5,544,138)
Net change in fund balance (deficit)	6,533,368	5,709,584	573,674	(3,539,961)	-	9,276,665
Fund balance (deficit):						
Beginning of year	103,107,909	(9,366,196)	6,139,931	114,393,858	-	214,275,502
End of year	\$ 109,641,277	\$ (3,656,612)	\$ 6,713,605	\$ 110,853,897	\$ -	\$ 223,552,167

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Educational Account - Budgetary Basis
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 195,167,789	\$ 190,253,728	\$ (4,914,061)
Replacement taxes and payments in lieu of taxes	51,000	77,839	26,839
Charges for services	9,390,801	9,647,728	256,927
Earnings on investments	6,000	1,612	(4,388)
Rentals	-	260	260
Local grants	30,000	26,919	(3,081)
Other local sources	204,609	142,499	(62,110)
State grants-in-aid	138,430,187	141,496,665	3,066,478
Federal grants-in-aid	38,240,793	38,327,985	87,192
Total revenues	381,521,179	379,975,235	(1,545,944)
Expenditures:			
Current:			
Instruction:			
Regular programs	151,349,030	136,802,370	14,546,660
Special programs	41,742,880	41,325,005	417,875
Other instructional programs	55,913,095	57,632,027	(1,718,932)
Support services:			
Pupils	30,101,465	31,439,083	(1,337,618)
Instructional staff	14,853,483	13,253,778	1,599,705
General administration	7,624,226	8,262,174	(637,948)
School administration	24,215,311	23,160,751	1,054,560
Business	3,879,427	3,627,466	251,961
Operations and maintenance	843,399	724,939	118,460
Transportation	2,114,062	1,988,150	125,912
Facilities acquisition and construction	-	69,996	(69,996)
Food service	14,211,269	15,281,310	(1,070,041)
Central	11,248,626	10,830,406	418,220
Other support	1,842,689	1,316,512	526,177
Community services	3,539,591	3,214,332	325,259
Intergovernmental:			
Payments to other governments	8,969,262	8,604,268	364,994
Capital outlay	10,783,681	12,006,974	(1,223,293)
Contingency	2,500,000	-	2,500,000
Total expenditures	385,731,496	369,539,541	16,191,955
Excess (deficiency) of revenues over (under) expenditures	(4,210,317)	10,435,694	14,646,011
Other financing uses:			
Transfer out	(3,902,326)	(3,902,326)	-
Net change in fund balance	\$ (8,112,643)	6,533,368	\$ 14,646,011
Fund balance:			
Beginning of year		103,107,909	
End of year		<u>\$ 109,641,277</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual
General Fund - Tort Immunity Account
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 8,465,819	\$ 11,026,991	\$ 2,561,172
Earnings on investments	200	97	(103)
State grants-in-aid	-	-	-
Total revenues	<u>8,466,019</u>	<u>11,027,088</u>	<u>2,561,069</u>
Expenditures:			
Current:			
Support services:			
General administration	6,145,122	5,317,504	827,618
Net change in fund balance (deficit)	<u>\$ 2,320,897</u>	<u>5,709,584</u>	<u>\$ 3,388,687</u>
Fund balance (deficit):			
Beginning of year		<u>(9,366,196)</u>	
End of year		<u>\$ (3,656,612)</u>	

Schedule of Tort Expenditures by Object

Workers' compensation or workers' occupation disease acts payments	\$ 3,119,422
Unemployment insurance payments	144,732
Insurance payments (regular or self-insurance)	429,327
Educational, inspectional, supervisory services related to loss prevention or reduction	1,379,091
Legal service	<u>244,932</u>
Total tort expenditures	<u>\$ 5,317,504</u>

The District levies property taxes for tort immunity/liability purposes. As required by Public Act 91-0268 passed by the Illinois General Assembly, the District is including the above list of tort immunity purposes expenditures in its comprehensive annual financial report.

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Operations and Maintenance Account
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 30,867,806	\$ 30,011,148	\$ (856,658)
Earnings on investments	1,000	248	(752)
Rentals	600,000	596,537	(3,463)
Other local sources	750,000	3,464,829	2,714,829
State grants-in-aid	-	859,636	859,636
Total revenues	<u>32,218,806</u>	<u>34,932,398</u>	<u>2,713,592</u>
Expenditures:			
Current:			
Support services:			
Operations and maintenance	24,675,589	24,665,335	10,254
Transportation	-	700	(700)
Facilities acquisition and construction	1,957,250	1,508,299	448,951
Capital outlay	12,623,423	11,700,788	922,635
Total expenditures	<u>39,256,262</u>	<u>37,875,122</u>	<u>1,381,140</u>
Deficiency of revenues under expenditures	<u>(7,037,456)</u>	<u>(2,942,724)</u>	<u>4,094,732</u>
Other financing sources (uses):			
Transfer in	12,000,000	4,158,210	(7,841,790)
Transfer out	(640,565)	(641,812)	(1,247)
Total other financing sources (uses)	<u>11,359,435</u>	<u>3,516,398</u>	<u>(7,843,037)</u>
Net change in fund balance	<u>\$ 4,321,979</u>	573,674	<u>\$ (3,748,305)</u>
Fund balance:			
Beginning of year		<u>6,139,931</u>	
End of year		<u>\$ 6,713,605</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Working Cash Account
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Earnings on investments	\$ 1,200,000	\$ 1,618,249	\$ 418,249
Other financing uses:			
Transfer out	<u>(13,200,000)</u>	<u>(5,158,210)</u>	<u>8,041,790</u>
Net change in fund balance	<u><u>\$ (12,000,000)</u></u>	<u><u>(3,539,961)</u></u>	<u><u>\$ 8,460,039</u></u>
Fund balance:			
Beginning of year		<u>114,393,858</u>	
End of year		<u><u>\$ 110,853,897</u></u>	

DEBT SERVICE FUND

Debt service funds are used to account for monies accumulated to retire general long-term debt. The Debt Service Fund maintained by the District is as follows:

Debt Service Fund - To account for the periodic payment of principal and interest on the general obligation bond issues and other long-term debt of the District. Sources of funds consist primarily of local property tax revenues and transfers from other funds of the District.

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Debt Service Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 38,124,569	\$ 39,920,250	\$ 1,795,681
Earnings on investments	1,600	317	(1,283)
Total revenues	<u>38,126,169</u>	<u>39,920,567</u>	<u>1,794,398</u>
Expenditures:			
Debt service			
Principal	21,308,474	19,971,705	1,336,769
Interest and fees	21,317,121	22,671,137	(1,354,016)
Total expenditures	<u>42,625,595</u>	<u>42,642,842</u>	<u>(17,247)</u>
Deficiency of revenues under expenditures	<u>(4,499,426)</u>	<u>(2,722,275)</u>	<u>1,777,151</u>
Other financing sources:			
Transfer in	4,542,891	4,544,138	1,247
Net change in fund balance	<u>\$ 43,465</u>	<u>1,821,863</u>	<u>\$ 1,778,398</u>
Fund balance:			
Beginning of year		<u>26,112,980</u>	
End of year		<u>\$ 27,934,843</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Municipal Retirement Fund - To account for the District's portion of the pension contributions to the Illinois Municipal Retirement Fund for classified employees and social security contributions for applicable certified and classified employees. Revenue to finance the contributions is derived primarily from local property taxes.

CAPITAL PROJECTS FUNDS

Capital projects funds account for the resources used by the District for the acquisition and/or construction of capital facilities. The Capital Projects Funds maintained by the District are as follows:

Capital Projects Fund - To account for school construction projects financed through serial bond issues and government grants.

Fire Prevention and Safety Fund - To account for resources to be used for the purpose of altering, reconstructing and repairing the existing school buildings of the District.

School District U-46

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Fund	Capital Projects Funds		Total
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Nonmajor Governmental Funds
Assets				
Cash	\$ 1,727,373	\$ 3,295,190	\$ 238,422	\$ 5,260,985
Property taxes receivable, net of allowance	5,689,651	-	940,652	6,630,303
Replacement taxes receivable	645,054	-	-	645,054
Total assets	\$ 8,062,078	\$ 3,295,190	\$ 1,179,074	\$ 12,536,342
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 606,065	\$ 606,065
Payroll deductions	1,515,049	-	-	1,515,049
Other payable	235,071	-	-	235,071
Construction retainage payable	-	-	80,320	80,320
Unclaimed property	-	90,754	-	90,754
Total liabilities	1,750,120	90,754	686,385	2,527,259
Deferred inflows of resources				
Deferred property taxes	5,857,120	-	968,339	6,825,459
Fund balances (deficits)				
Restricted	454,838	3,204,436	-	3,659,274
Unassigned	-	-	(475,650)	(475,650)
Total fund balances (deficits)	454,838	3,204,436	(475,650)	3,183,624
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 8,062,078	\$ 3,295,190	\$ 1,179,074	\$ 12,536,342

School District U-46

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Nonmajor Governmental Funds

Year Ended June 30, 2017

	Special Revenue Fund	Capital Projects Funds		
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ 11,496,377	\$ -	\$ 1,888,607	\$ 13,384,984
Replacement taxes	4,317,434	-	-	4,317,434
Earnings on investments	118	7,369	13	7,500
Other local sources	-	409,674	-	409,674
Total revenues	15,813,929	417,043	1,888,620	18,119,592
Expenditures:				
Current:				
Instruction:				
Regular programs	1,694,754	-	-	1,694,754
Special programs	2,199,740	-	-	2,199,740
Other instructional programs	907,481	-	-	907,481
Support services:				
Pupils	1,398,412	-	-	1,398,412
Instructional staff	443,972	-	-	443,972
General administration	504,926	-	-	504,926
School administration	1,263,313	-	-	1,263,313
Business	476,783	-	-	476,783
Operations and maintenance	1,985,817	-	-	1,985,817
Transportation	3,245,354	-	-	3,245,354
Facilities acquisition and construction	-	-	187,150	187,150
Central	968,826	-	-	968,826
Other support services	56,954	-	-	56,954
Community services	207,424	-	-	207,424
Capital outlay	-	14,911	687,984	702,895
Total expenditures	15,353,756	14,911	875,134	16,243,801
Net change in fund balances (deficits)	460,173	402,132	1,013,486	1,875,791
Fund balances (deficits):				
Beginning of year - as restated	(5,335)	2,802,304	(1,489,136)	1,307,833
End of year	\$ 454,838	\$ 3,204,436	\$ (475,650)	\$ 3,183,624

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Municipal Retirement/Social Security Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 12,040,414	\$ 11,496,377	\$ (544,037)
Replacement taxes	3,750,000	4,317,434	567,434
Earnings on investments	-	118	118
Total revenues	<u>15,790,414</u>	<u>15,813,929</u>	<u>23,515</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	2,645,713	1,694,754	950,959
Special programs	1,717,016	2,199,740	(482,724)
Other instructional programs	844,053	907,481	(63,428)
Support services:			
Pupils	1,362,217	1,398,412	(36,195)
Instructional staff	461,530	443,972	17,558
General administration	479,790	504,926	(25,136)
School administration	1,265,999	1,263,313	2,686
Business	588,810	476,783	112,027
Operations and maintenance	1,912,345	1,985,817	(73,472)
Transportation	3,321,805	3,245,354	76,451
Food service	61,560	-	61,560
Central	857,757	968,826	(111,069)
Other support	76,573	56,954	19,619
Community services	192,779	207,424	(14,645)
Total expenditures	<u>15,787,947</u>	<u>15,353,756</u>	<u>434,191</u>
Net change in fund balance (deficit)	<u>\$ 2,467</u>	460,173	<u>\$ 457,706</u>
Fund balance (deficit):			
Beginning of year - as restated		<u>(5,335)</u>	
End of year		<u>\$ 454,838</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Capital Projects Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Earnings on investments	\$ -	\$ 7,369	\$ 7,369
Other local sources	300,000	409,674	109,674
Total revenues	<u>300,000</u>	<u>417,043</u>	<u>117,043</u>
Expenditures:			
Capital outlay	<u>300,000</u>	14,911	285,089
Net change in fund balance	<u>\$ -</u>	402,132	<u>\$ 402,132</u>
Fund balance:			
Beginning of year		<u>2,802,304</u>	
End of year		<u>\$ 3,204,436</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual
Fire Prevention and Safety Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 1,960,477	\$ 1,888,607	\$ (71,870)
Earnings on investments	1,000	13	(987)
Total revenues	<u>1,961,477</u>	<u>1,888,620</u>	<u>(72,857)</u>
Expenditures:			
Current:			
Support services:			
Facilities acquisition and construction	243,500	187,150	56,350
Capital outlay	1,253,500	687,984	565,516
Total expenditures	<u>1,497,000</u>	<u>875,134</u>	<u>621,866</u>
Net change in fund balance (deficit)	<u>\$ 464,477</u>	1,013,486	<u>\$ 549,009</u>
Fund balance (deficit):			
Beginning of year		<u>(1,489,136)</u>	
End of year		<u>\$ (475,650)</u>	

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds consist of resources held by the trustee to be expended or invested in accordance with its agency capacity. The District's many student activity accounts are classified in aggregate as an Agency Fund. This Fund is custodial in nature and does not involve measurement of results of operations. Assets are equal to the amounts due the student groups.

School District U-46

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds - Student Activity Funds
June 30, 2017**

	Assets/ Liabilities Balance at July 1, 2016	Additions	Deletions	Assets/ Liabilities Balance at June 30, 2017
High Schools				
Bartlett	\$ 523,805	\$ 1,506,071	\$ 1,555,539	\$ 474,337
Elgin	657,100	936,323	955,652	637,771
Gifford	9,537	4,050	8,436	5,151
Larkin	611,234	919,743	982,404	548,573
South Elgin	606,283	1,452,568	1,540,074	518,777
Streamwood	459,660	914,761	946,755	427,666
Total High Schools	2,867,619	5,733,516	5,988,860	2,612,275
Middle Schools				
Abbott	33,780	84,339	74,992	43,127
Canton	29,039	84,374	72,910	40,503
Eastview	111,718	149,025	143,349	117,394
Ellis	20,957	94,927	98,387	17,497
Kenyon Woods	78,146	162,504	150,084	90,566
Kimball	20,886	83,993	78,049	26,830
Larsen	54,020	91,963	91,995	53,988
Tefft	47,131	94,788	109,454	32,465
Total Middle Schools	395,677	845,913	819,220	422,370
Elementary Schools				
Bartlett	10,087	17,706	18,503	9,290
Centennial	13,180	33,923	35,394	11,709
Century Oaks	18,438	15,586	15,735	18,289
Channing	11,776	19,691	20,417	11,050
Clinton	7,339	26,245	27,679	5,905
Coleman	11,217	42,518	37,882	15,853
Creekside	12,069	65,662	66,734	10,997
Fox Meadow	13,983	62,148	53,348	22,783
Garfield	7,604	15,469	16,423	6,650
Glenbrook	8,136	43,260	43,035	8,361
Hanover Countryside	10,665	27,987	30,079	8,573
Harriet Gifford	34,879	38,492	44,118	29,253
Hawk Hollow	8,196	30,770	29,776	9,190
Heritage	11,888	32,445	40,108	4,225
Highland	7,193	30,517	29,262	8,448
Hillcrest	7,083	26,455	26,287	7,251
Hilltop	24,025	64,481	48,357	40,149

(Continued)

School District U-46

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds - Student Activity Funds (Continued)
June 30, 2017**

	Assets/ Liabilities Balance at July 1, 2016	Additions	Deletions	Assets/ Liabilities Balance at June 30, 2017
Elementary Schools (Continued)				
Horizon	\$ 18,792	\$ 68,139	\$ 61,698	\$ 25,233
Huff	13,938	23,159	22,045	15,052
Illinois Park	1,325	1,837	2,112	1,325
Independence	-	3,602	3,123	1,325
Laurel Hill	28,596	30,163	44,404	14,355
Liberty	5,837	39,253	41,818	3,272
Lincoln	11,709	22,289	26,717	7,281
Lords Park	17,203	60,300	62,390	15,113
Lowrie	3,252	11,107	10,713	3,646
McKinley	20,128	24,384	24,811	19,701
Nature Ridge	6,595	33,327	37,843	2,079
Oakhill	4,824	25,338	24,037	6,125
Ontarioville	13,520	30,172	30,630	13,062
Otter Creek	13,737	48,305	48,913	13,129
Parkwood	10,377	17,574	20,159	7,792
Prairieview	14,900	54,185	46,978	22,107
Ridge Circle	7,658	60,338	59,355	8,641
Ronald D. O'Neal	13,517	28,162	27,739	13,940
Spring Trail	8,701	26,920	28,782	6,839
Sunnydale	9,996	25,166	26,625	8,537
Sycamore Trails	54,891	73,356	70,262	57,985
Timber Trails	6,297	24,213	22,707	7,803
Washington	19,036	39,257	38,996	19,297
Wayne	20,269	16,769	20,562	16,476
Willard	6,693	15,770	16,536	5,927
Total Elementary Schools	549,549	1,396,440	1,403,092	542,897
Other				
SWEP	16,749	44,829	41,066	20,512
Central School Programs	3,583	2,154	4,326	1,411
Total Other	20,332	46,983	45,392	21,923
Total All Agency Funds	\$ 3,833,177	\$ 8,022,852	\$ 8,256,564	\$ 3,599,465

Note: The assets equal the liabilities at each school. The assets represent the cash position of each school and liabilities represent amounts due to student organizations.

School District U-46

Schedule of Bonded Debt and Annual Interest Requirements
Year Ended June 30, 2017

	Total	2018	2019	2020	2021	2022	Thereafter
February 1999 Issue							
Principal	\$ 12,025,000	\$ 5,025,000	\$ 7,000,000	\$ -	\$ -	\$ -	\$ -
Interest	972,248	611,749	360,499	-	-	-	-
	<u>12,997,248</u>	<u>5,636,749</u>	<u>7,360,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 2002 Issue							
Principal	21,305,230	7,048,052	5,513,533	7,678,182	1,065,463	-	-
Interest	30,995,103	9,226,949	7,911,621	12,036,993	1,819,540	-	-
	<u>52,300,333</u>	<u>16,275,001</u>	<u>13,425,154</u>	<u>19,715,175</u>	<u>2,885,003</u>	<u>-</u>	<u>-</u>
March 2003B Issue							
Principal	33,573,432	966,844	962,750	960,659	10,060,790	10,591,479	10,030,910
Interest	55,861,569	1,143,156	1,252,250	1,369,341	15,664,210	17,958,521	18,474,091
	<u>89,435,001</u>	<u>2,110,000</u>	<u>2,215,000</u>	<u>2,330,000</u>	<u>25,725,000</u>	<u>28,550,000</u>	<u>28,505,001</u>
September 2009 Issue							
Principal	8,115,000	1,175,000	1,290,000	1,350,000	1,415,000	1,405,000	1,480,000
Interest	1,412,350	386,600	339,600	275,100	207,600	136,850	66,600
	<u>9,527,350</u>	<u>1,561,600</u>	<u>1,629,600</u>	<u>1,625,100</u>	<u>1,622,600</u>	<u>1,541,850</u>	<u>1,546,600</u>
March 2011A Issue							
Principal	13,000,000	2,660,000	2,795,000	2,945,000	3,085,000	1,515,000	-
Interest	2,079,215	705,043	578,692	434,750	269,830	90,900	-
	<u>15,079,215</u>	<u>3,365,043</u>	<u>3,373,692</u>	<u>3,379,750</u>	<u>3,354,830</u>	<u>1,605,900</u>	<u>-</u>
March 2011B Issue							
Principal	830,000	200,000	200,000	200,000	230,000	-	-
Interest	13,780	5,395	4,095	2,795	1,495	-	-
	<u>843,780</u>	<u>205,395</u>	<u>204,095</u>	<u>202,795</u>	<u>231,495</u>	<u>-</u>	<u>-</u>
March 2012B Issue							
Principal	20,845,000	75,000	-	-	-	2,065,000	18,705,000
Interest	6,737,075	926,575	924,325	924,325	924,325	924,325	2,113,200
	<u>27,582,075</u>	<u>1,001,575</u>	<u>924,325</u>	<u>924,325</u>	<u>924,325</u>	<u>2,989,325</u>	<u>20,818,200</u>
February 2015A Issue							
Principal	44,310,000	-	-	-	-	-	44,310,000
Interest	31,033,750	2,215,500	2,215,500	2,215,500	2,215,500	2,215,500	19,956,250
	<u>75,343,750</u>	<u>2,215,500</u>	<u>2,215,500</u>	<u>2,215,500</u>	<u>2,215,500</u>	<u>2,215,500</u>	<u>64,266,250</u>
February 2015B Issue							
Principal	10,780,000	-	-	-	-	-	10,780,000
Interest	4,124,939	411,062	411,063	411,063	411,063	411,063	2,069,625
	<u>14,904,939</u>	<u>411,062</u>	<u>411,063</u>	<u>411,063</u>	<u>411,063</u>	<u>411,063</u>	<u>12,849,625</u>
February 2015C Issue							
Principal	14,735,000	3,740,000	4,900,000	6,095,000	-	-	-
Interest	1,553,850	699,350	549,750	304,750	-	-	-
	<u>16,288,850</u>	<u>4,439,350</u>	<u>5,449,750</u>	<u>6,399,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
February 2015D Issue							
Principal	101,575,000	-	-	-	-	-	101,575,000
Interest	65,620,050	4,969,150	4,969,150	4,969,150	4,969,150	4,969,150	40,774,300
	<u>167,195,050</u>	<u>4,969,150</u>	<u>4,969,150</u>	<u>4,969,150</u>	<u>4,969,150</u>	<u>4,969,150</u>	<u>142,349,300</u>
Total All Issues:							
Principal	281,093,662	20,889,896	22,661,283	19,228,841	15,856,253	15,576,479	186,880,910
Interest	200,403,929	21,300,529	19,516,545	22,943,767	26,482,713	26,706,309	83,454,066
	<u>\$ 481,497,591</u>	<u>\$ 42,190,425</u>	<u>\$ 42,177,828</u>	<u>\$ 42,172,608</u>	<u>\$ 42,338,966</u>	<u>\$ 42,282,788</u>	<u>\$ 270,334,976</u>

STATISTICAL SECTION

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports and Comprehensive Annual Financial Reports for the relevant year.

School District U-46

**Net Position by Component
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013**	2014***	2015	2016	2017
Governmental Activities										
Net investment in capital assets	\$ 78,790,983	\$ 85,142,936	\$ 92,321,821	\$ 101,691,947	\$ 115,440,308	\$ 141,336,967	\$ 158,733,858	\$ 119,555,624	\$ 143,066,834	\$ 162,058,302
Restricted	20,069,311	16,184,054	2,863,666	83,078,457	81,367,132	21,712,904	26,376,025	3,403,730	1,582,926	3,415,400
Unrestricted	33,233,204	(52,913,595)	(67,581,131)	(103,290,222)	(83,366,008)	(29,804,469)	(88,630,189)	(16,236,147)	13,982,977	30,034,233
Total Government Activities										
Net Position	\$132,093,498	\$ 48,413,395	\$ 27,604,356	\$ 81,480,182	\$ 113,441,432	\$ 133,245,402	\$ 96,479,694	\$ 106,723,207	\$ 158,632,737	\$ 195,507,935

Source: Annual Financial Statements 2008-2017.

Notes: The information is presented in the modified cash basis for the year 2008 and prior, and the accrual basis beginning in 2009.

** Effective July 1, 2013, the District adopted provisions of Governmental Accounting Standards Board Statements No. 65 (GASB 65), *Items Previously Recorded as Assets and Liabilities*. Pursuant to GASB 65 debt issuance costs should be recognized in the period incurred as an expense. Therefore, the District retrospectively restated the Net Position of the Governmental Activities for the year 2013. For the year 2012 and prior, the Net Position has not been restated and is shown as originally reported.

*** Effective July 1, 2014, the District adopted provisions of Governmental Accounting Standards Board Statements No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*. Pursuant to GASB 68 the District recognized their long-term pension obligations and retrospectively restated the Net Position of the Governmental Activities for the year 2014. For the year 2013 and prior, the Net Position has not been restated for purposes related to GASB 68 and is shown as originally reported or restated as a result of a past GASB implementation.

School District U-46

**Changes in Net Position
Last Ten Fiscal Years**

	2008	2009	2010	2011
Expenses				
Instruction:				
Regular programs	\$ 125,646,518	\$ 137,125,857	\$ 137,890,395	\$ 144,380,708
Special programs	36,975,245	41,208,041	41,712,599	46,118,818
Other instructional programs	42,977,356	44,374,036	48,183,615	46,960,015
Support services:				
Pupils	28,465,667	31,056,604	28,016,638	31,664,589
Instructional staff	16,002,400	15,277,003	14,617,298	15,267,864
General administration	10,639,115	15,766,957	19,269,678	19,982,097
School administration	23,795,853	25,573,421	22,622,794	25,801,537
Business	34,977,725	32,327,285	28,657,512	30,761,571
Operations and maintenance	-	-	-	-
Transportation	25,428,117	26,720,118	29,013,273	28,651,615
Facilities acquisition and construction	4,809,177	2,127,637	817,683	788,055
Food service	14,132,310	15,564,304	13,421,176	17,147,240
Central	12,401,649	12,354,945	10,080,473	9,985,364
Other support services	217,789	279,403	1,314,514	1,999,655
Community services	2,830,678	2,748,556	4,046,637	5,232,372
Payments to other governments	7,792,609	7,953,269	7,550,943	-
State on-behalf payments	25,808,108	34,630,042	46,868,682	-
Debt service-interest and fees	11,231,187	22,434,615	22,460,154	21,642,152
Total Expenses	424,131,503	467,522,093	476,544,064	446,383,652
Program Revenues				
Charges for services:				
Instruction:				
Regular programs	4,171,676	3,835,651	3,731,249	4,189,130
Special programs	33,907	133,984	62,124	34,484
Other instructional programs	817,186	840,330	608,591	1,111,162
Support services:				
Business	800,326	599,605	665,891	986,932
Transportation	214,325	568,588	381,504	968,503
Food service	6,493,626	6,187,525	5,097,756	4,693,018
Operating grants and contributions	86,648,476	121,403,854	127,700,014	141,292,679
Capital grants and contributions	17,771	720,545	820,523	964,778
Total Program Revenues	99,197,293	134,290,082	139,067,652	154,240,686
Net (Expense) Revenue	\$(324,934,210)	\$(333,232,011)	\$(337,476,412)	\$(292,142,966)

See related notes on page 83.

2012	2013	2014	2015	2016	2017
\$ 152,872,982	\$ 159,832,952	\$ 166,693,993	\$ 179,329,755	\$ 203,137,860	\$ 228,013,812
44,739,728	45,013,457	47,004,205	51,357,285	57,737,468	65,998,471
50,529,484	53,371,025	56,641,884	64,182,882	87,016,438	104,755,592
33,039,723	34,560,394	32,493,352	36,396,881	40,501,388	46,601,131
14,662,297	15,818,248	17,146,414	19,619,071	17,345,435	18,460,720
21,364,385	19,146,851	22,364,803	20,838,375	15,930,930	16,990,192
26,796,191	27,992,117	28,737,936	30,764,990	29,482,482	32,634,709
30,533,039	32,515,833	35,461,199	36,554,226	5,018,491	4,646,020
-	-	-	-	29,996,953	30,376,085
30,391,920	31,579,650	34,307,231	37,497,103	31,357,962	30,287,605
1,068,238	1,020,435	1,325,382	3,643,244	2,061,193	1,857,521
19,112,487	18,987,979	19,253,272	18,393,024	16,329,585	16,797,450
13,012,548	14,274,661	16,669,932	17,035,282	13,186,379	13,075,487
1,551,123	1,753,291	1,576,585	460,712	787,174	1,440,556
3,848,600	4,166,826	3,992,913	4,303,234	4,407,964	4,624,227
-	-	-	-	-	-
-	-	-	-	-	-
21,160,999	21,603,612	19,913,329	47,648,191	16,758,074	15,369,249
464,683,744	481,637,331	503,582,430	568,024,255	571,055,776	631,928,827
3,975,846	4,306,692	2,374,713	2,740,137	2,727,584	5,190,125
61,891	96	40,129	27,305	40,600	39,106
992,260	671,584	3,160,349	2,602,409	3,255,960	889,942
1,250,793	603,076	1,061,033	-	-	-
1,337,334	1,894,652	1,654,326	1,455,864	2,355,249	1,439,237
4,503,273	3,853,180	3,828,751	3,278,823	3,734,037	3,528,555
122,517,107	135,611,514	144,377,500	175,270,234	189,171,948	226,471,760
181,534	287,448	452,706	820,530	306,943	409,674
134,820,038	147,228,242	156,949,507	186,195,302	201,592,321	237,968,399
\$ (329,863,706)	\$ (334,409,089)	\$ (346,632,923)	\$ (381,828,953)	\$ (369,463,455)	\$ (393,960,428)

(Continued)

School District U-46

**Changes in Net Position (Continued)
Last Ten Fiscal Years**

	2008	2009	2010	2011
General Revenues				
Property taxes:				
Levied for general purposes	\$ 212,797,890	\$ 221,434,756	\$ 226,224,333	\$ 238,078,583
Levied for Debt Service	33,390,049	34,386,905	35,039,161	38,974,113
Payments in lieu of taxes	4,578,094	3,854,557	3,134,569	4,040,837
Unrestricted state grants	68,831,087	53,944,813	51,743,683	64,161,401
Interest and investment earnings	4,157,558	1,114,337	103,114	133,167
Other general revenues	257,229	307,682	422,513	630,691
Total General Revenues	324,011,907	315,043,050	316,667,373	346,018,792
Change in Net Position	\$ (922,303)	\$ (18,188,961)	\$ (20,809,039)	\$ 53,875,826

Source: Annual Financial Statements 2008-2017.

Notes: The information is presented on the modified cash basis for the year 2008, and the accrual basis beginning in 2009.

Beginning in fiscal year 2011, payments to other governments and State on-behalf payments were allocated between instruction and support service expenses and shown accordingly.

Beginning in fiscal year 2016, Operations and Maintenance expense was reported on its own row, whereas; fiscal years 2015 and prior it was included in Business expense.

2012	2013	2014	2015	2016	2017
\$ 248,081,083	\$ 246,568,726	\$ 250,205,536	\$ 250,658,393	\$ 259,485,732	\$ 260,999,080
41,611,064	42,783,761	43,226,909	42,283,872	42,089,518	39,920,250
4,654,710	3,774,777	3,799,318	4,107,409	3,317,225	4,395,273
66,160,166	59,961,675	84,499,884	92,992,560	115,242,487	120,158,178
319,526	-	240,423	63,897	426,318	1,628,143
998,407	1,079,624	992,931	1,966,335	811,705	3,734,702
361,824,956	354,168,563	382,965,001	392,072,466	421,372,985	430,835,626
\$ 31,961,250	\$ 19,759,474	\$ 36,332,078	\$ 10,243,513	\$ 51,909,530	\$ 36,875,198

School District U-46

**Fund Balances, Governmental Funds
Last Ten Fiscal Years**

	2008	2009	2010	2011***	2012	2013	2014	2015	2016**	2017
General Fund										
Reserved	\$ 196,756	\$ 209,973	\$ 4,105,974	N/A						
Unreserved	(3,811,497)	(41,915,757)	(37,312,889)	N/A						
Nonspendable	N/A	N/A	N/A	\$ 1,761,685	\$ 2,378,365	\$ 1,014,489	\$ 790,187	\$ 856,536	\$ 1,068,571	\$ 4,015,786
Restricted	N/A	N/A	N/A	91,707,158	108,539,319	297,756	3,330,253	914,855	601,756	211,138
Unassigned	N/A	N/A	N/A	8,192,571	34,017,658	145,661,663	159,674,454	203,035,498	212,605,175	219,325,243
Total General Fund	\$ (3,614,741)	\$ (41,705,784)	\$ (33,206,915)	\$ 101,661,414	\$ 144,935,342	\$ 146,973,908	\$ 163,794,894	\$ 204,806,889	\$ 214,275,502	\$ 223,552,167
All Other Governmental Funds										
Reserved	\$ 34,413,254	\$ 24,458,580	\$ 35,837,628	N/A						
Unreserved, reported in:										
Special revenue funds	68,104,806	66,977,428	62,132,362	N/A						
Restricted	N/A	N/A	N/A	\$ 33,724,667	\$ 29,864,415	\$ 29,864,415	\$ 28,017,606	\$ 29,088,709	\$ 28,909,949	\$ 31,594,117
Unassigned	N/A	N/A	N/A	(18,760,402)	(21,072,002)	(21,072,002)	(16,571,098)	(11,437,340)	(8,025,505)	(658,511)
Total all other governmental funds	\$ 102,518,060	\$ 91,436,008	\$ 97,969,990	\$ 14,964,265	\$ 8,792,413	\$ 8,792,413	\$ 11,446,508	\$ 17,651,369	\$ 20,884,444	\$ 30,935,606

Source: Annual Financial Statements 2008-2017.

Note: The information is presented on the modified cash basis for year 2008, and the modified accrual basis beginning in 2009.

** The District restated fiscal year 2016 ending fund balance in the Non-Major Governmental Funds in the amount of \$970,017 to adjust for the Illinois Municipal Retirement Fund (IMRF) payable in the Municipal Retirement/Social Security Fund. The amounts are shown above as restated.

*** Effective July 1, 2010, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54 ("GASB 54"), *Fund Balance Reporting and Government Fund Type Definitions*. This statement establishes fund balance classifications of Restricted, Committed, Assigned and Unassigned. Fund balances will not be classified as Reserved or Unreserved beginning in fiscal year 2011. In addition, this statement reclassified the working cash fund balance to be included within the General Fund.

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School District U-46

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years**

	2008	2009	2010	2011
Revenues				
Local sources:				
Property taxes	\$ 246,187,939	\$ 255,821,661	\$ 261,263,494	\$ 277,052,696
Replacement taxes and other payments in lieu of taxes	4,578,094	3,773,557	3,053,569	3,959,837
Charges for services	11,730,720	11,384,259	9,772,661	10,880,592
Earnings on investments	4,157,558	1,114,337	103,114	133,167
Impact fees, rentals and other local sources	2,382,271	2,142,626	2,286,164	2,687,134
Total local sources	269,036,582	274,236,440	276,479,002	294,713,426
State sources:				
State grants-in-aid	101,647,698	94,968,684	85,042,918	109,760,781
State on-behalf payments	25,808,108	34,630,042	46,868,682	41,387,470
Total state sources	127,455,806	129,598,726	131,911,600	151,148,251
Federal sources,				
Federal grants-in-aid	26,716,812	39,563,940	53,206,061	42,256,544
Total revenues	423,209,200	443,399,106	461,596,663	488,118,221
Expenditures				
Current:				
Instruction:				
Regular programs	121,094,338	128,971,936	131,049,168	119,418,719
Special programs	35,606,891	39,218,924	39,539,625	38,124,984
Other instructional programs	41,194,495	45,643,301	45,761,230	39,038,710
State on-behalf payments	25,808,108	34,630,042	46,868,682	41,387,470
Total instruction	223,703,832	248,464,203	263,218,705	237,969,883
Support services:				
Pupils	27,417,732	29,984,096	26,418,768	25,731,889
Instructional staff	15,410,170	14,710,807	13,924,195	12,744,126
General administration	10,242,630	14,447,028	18,379,668	16,791,704
School administration	22,920,993	24,691,749	21,475,686	21,432,466
Business	33,685,788	31,040,810	27,357,981	25,915,150
Operations and maintenance	-	-	-	-
Transportation	25,380,780	23,855,721	23,081,648	23,703,791
Facilities acquisition and construction	1,356,116	1,042,244	752,369	604,006
Food service	13,320,933	14,992,526	12,692,710	14,128,009
Central	12,276,504	11,830,777	9,579,069	8,312,235
Other support	217,009	279,403	1,313,172	1,993,812
Total support services	162,228,655	166,875,161	154,975,266	151,357,188
Community services	2,711,317	2,646,368	3,812,527	4,278,777
Intergovernmental:				
Payments to other governments	7,792,609	7,956,101	7,550,943	7,131,341

2012	2013	2014	2015	2016**	2017
\$ 289,692,147	\$ 289,352,487	\$ 293,432,445	\$ 292,942,265	\$ 301,575,250	\$ 300,919,330
3,642,927	3,733,997	3,754,606	4,107,409	3,317,225	4,395,273
10,805,515	10,612,329	10,956,865	10,104,538	11,448,630	11,086,965
319,526	282,805	240,423	63,897	426,318	1,628,143
3,752,842	2,286,686	2,870,732	2,963,771	1,226,220	4,640,718
308,212,957	306,268,304	311,255,071	310,181,880	317,993,643	322,670,429
108,491,808	108,809,995	128,344,057	138,062,156	146,310,918	157,372,473
45,591,003	52,723,457	66,995,465	96,534,999	106,664,731	160,409,310
154,082,811	161,533,452	195,339,522	234,597,155	252,975,649	317,781,783
33,912,188	35,700,980	34,451,084	34,609,687	39,907,563	38,327,985
496,207,956	503,502,736	541,045,677	579,388,722	610,876,855	678,780,197
127,064,616	130,185,958	133,321,829	135,272,777	192,460,178	215,439,710
37,183,726	36,595,148	37,608,482	38,773,455	54,325,156	62,833,028
42,005,491	43,274,655	45,343,690	48,506,061	82,083,110	99,242,743
45,591,003	52,723,457	66,995,465	96,534,999	-	-
251,844,836	262,779,218	283,269,466	319,087,292	328,868,444	377,515,481
27,444,523	27,663,747	26,060,806	27,542,911	37,074,509	43,482,144
12,189,512	12,868,897	13,716,670	14,753,713	15,898,218	17,157,921
17,767,485	15,753,783	17,859,279	15,610,556	14,710,890	15,722,242
22,275,360	22,841,782	22,978,049	23,190,864	27,773,483	31,001,031
25,396,979	26,838,096	28,301,788	27,251,136	4,522,083	4,209,903
-	-	-	-	27,081,486	27,481,745
25,260,870	25,693,690	27,440,574	28,103,698	28,184,168	27,528,950
1,060,755	841,117	1,355,140	3,695,335	1,989,410	1,765,445
15,884,358	15,369,092	15,408,947	13,819,753	14,658,019	15,281,310
10,819,203	11,707,954	13,318,618	12,735,595	11,884,459	11,904,886
1,550,758	1,728,002	1,579,638	465,401	756,799	1,373,466
159,649,803	161,306,160	168,019,509	167,168,962	184,533,524	196,909,043
3,195,043	3,309,466	3,209,716	3,265,642	3,925,208	4,240,575
7,507,509	8,592,837	8,134,674	8,507,064	8,132,631	8,604,268

(Continued)

School District U-46

**Changes in Fund Balances, Governmental Funds (Continued)
Last Ten Fiscal Years**

	2008	2009	2010	2011
Total current	\$ 396,436,413	\$ 425,941,833	\$ 429,557,441	\$ 400,737,189
Debt service:				
Principal	24,988,439	27,544,950	33,602,191	30,572,146
Interest and fees	11,231,187	12,718,067	9,765,565	12,444,322
Capital outlay	15,729,322	17,611,198	4,603,283	9,723,218
Total Expenditures	448,385,361	483,816,048	477,528,480	453,476,875
Excess of revenues over (under) expenditures	(25,176,161)	(40,416,942)	(15,931,817)	34,641,346
Other financing sources (uses):				
Proceeds from issuance of bonds	-	-	64,595,000	27,955,000
Premium on bonds sold	-	-	3,176,086	-
Discount on bonds sold	-	-	-	(440,725)
Proceeds from sale of equipment	-	-	-	-
Proceeds from issuance of debt certificates	6,200,000	-	-	-
Premium on debt certificates sold	-	-	-	-
Proceeds from issuance of purchase contracts	3,953,741	4,195,926	-	-
Transfer to escrow agent	-	-	(36,806,418)	(10,293,017)
Transfers in	-	4,324,525	4,424,969	2,476,070
Transfers out	-	(4,324,525)	(4,424,969)	(2,476,070)
Total other financing sources (uses)	10,153,741	4,195,926	30,964,668	17,221,258
Net Change in Fund Balances	\$ (15,022,420)	\$ (36,221,016)	\$ 15,032,851	\$ 51,862,604
Debt service expenditure as a percentage of noncapital expenditures	8.37%	8.64%	9.17%	9.69%

Source: Annual Financial Statements 2008-2017.

Note: The information is presented on the modified cash basis for year 2008, and the modified accrual basis beginning in 2009.

** The District restated fiscal year 2016 ending fund balance in the Non-Major Governmental Funds in the amount of \$970,017 to adjust for the Illinois Municipal Retirement Fund (IMRF) payable in the Municipal Retirement/Social Security Fund. The amounts are shown above as restated.

Beginning in fiscal year 2016, Operations and Maintenance expenditures was reported on a separate row, whereas, fiscal years 2015 and prior were included in Business expenditures.

Beginning in fiscal year 2016, State on-behalf payments were allocated to the appropriate function.

2012	2013	2014	2015	2016	2017
\$ 422,197,191	\$ 435,987,681	\$ 462,633,365	\$ 498,028,960	\$ 525,459,807	\$ 587,269,367
30,763,865	30,005,118	30,465,774	29,288,687	22,564,859	22,680,169
12,896,130	12,850,947	15,549,123	17,940,188	23,310,522	22,785,737
14,633,641	27,588,908	15,782,377	29,175,410	34,158,576	26,717,097
480,490,827	506,432,654	524,430,639	574,433,245	605,493,764	659,452,370
15,717,129	(2,929,918)	16,615,038	4,955,477	5,383,091	19,327,827
31,460,000	-	-	175,900,000	-	-
1,522,879	-	-	25,200,979	-	-
(5,801)	-	-	-	-	-
-	770,800	-	-	664,800	-
-	-	-	-	-	-
-	-	-	-	-	-
1,198,870	7,057,727	-	-	6,653,797	-
(12,791,001)	-	-	(158,839,600)	-	-
2,274,500	1,762,440	1,393,860	1,359,141	3,727,365	5,544,138
(2,274,500)	(1,762,440)	(1,393,860)	(1,359,141)	(3,727,365)	(5,544,138)
21,384,947	7,828,527	-	42,261,379	7,318,597	-
\$ 37,102,076	\$ 4,898,609	\$ 16,615,038	\$ 47,216,856	\$ 12,701,688	\$ 19,327,827
9.37%	8.85%	9.80%	9.31%	8.04%	7.12%

School District U-46

**Equalized Assessed Valuation and Estimated Actual Value of on Taxable Property
Last Ten Levy Years**

Levy Year	County	Residential Property	Farm Property	Commercial Property
2016	Kane	\$ 1,228,489,115	\$ 4,300,745	\$ 250,638,601
2016	Cook	1,522,843,405	266,444	287,410,378
2016	DuPage	1,005,299,675	478,237	35,238,540
2015	All	3,756,632,195	5,045,426	573,287,519
2015	Kane	1,119,472,730	3,894,961	238,469,133
2015	Cook	1,288,877,948	288,813	270,499,844
2015	DuPage	948,804,496	473,062	33,359,380
2015	All	3,357,155,174	4,656,836	542,328,357
2014	Kane	1,072,691,800	3,696,245	223,422,439
2014	Cook	1,335,038,197	291,179	276,661,777
2014	DuPage	919,089,436	464,297	33,064,550
2014	All	3,326,819,433	4,451,721	533,148,766
2013	Kane	1,102,287,009	3,400,185	238,161,645
2013	Cook	1,295,154,141	232,770	226,551,718
2013	DuPage	943,539,480	451,120	34,607,230
2013	All	3,340,980,630	4,084,075	499,320,593
2012	Kane	1,230,049,711	2,948,286	252,746,828
2012	Cook	1,569,656,648	228,260	247,244,287
2012	DuPage	1,015,572,450	437,990	37,121,460
2012	All	3,815,278,809	3,614,536	537,112,575
2011	Kane	1,403,073,572	3,084,634	265,234,409
2011	Cook	1,730,661,333	228,889	260,289,640
2011	DuPage	1,111,525,478	568,127	40,020,780
2011	All	4,245,260,383	3,881,650	565,544,829
2010	Kane	1,570,900,929	3,440,317	288,978,316
2010	Cook	1,910,951,304	243,584	272,649,282
2010	DuPage	1,214,186,104	566,546	41,398,280
2010	All	4,696,038,337	4,250,447	603,025,878
2009	Kane	1,683,474,618	3,651,082	311,004,983
2009	Cook	2,100,050,532	547,749	271,654,951
2009	DuPage	1,314,384,807	385,863	44,994,280
2009	All	5,097,909,957	4,584,694	627,654,214
2008	Kane	1,710,125,354	3,553,013	313,628,245
2008	Cook	1,961,274,458	833,008	284,092,650
2008	DuPage	1,324,394,586	382,394	45,240,240
2008	All	4,995,794,398	4,768,415	642,961,135
2007	Kane	1,651,979,101	3,462,418	296,541,559
2007	Cook	1,833,704,419	402,163	273,615,345
2007	DuPage	1,266,813,222	374,758	43,625,110
2007	All	4,752,496,742	4,239,339	613,782,014

Source: Kane, Cook and DuPage County Clerk Tax Extension Offices

Notes: The 2016 levy year is the current levy year for the District as the property tax levy is on a calendar year in the State of Illinois. DuPage and Kane counties assess property as approximately 33.33 percent of actual value. Cook County assesses property as approximately 10 percent of actual value for residential properties and 25 percent of actual value for commercial and industrial property. Estimated actual taxable value is calculated by dividing taxable value by percentage. Tax rates are per \$100 of assessed value.

Industrial Property	Railroad Property	Total Taxable Equalized Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
\$ 136,507,859	\$ 1,663,356	\$ 1,621,599,676	6.5487	\$ 4,864,799,028
113,264,832	2,041,772	1,925,826,831	6.8370	6,822,862,230
1,950,749	2,104,638	1,045,071,839	6.3384	3,135,215,517
251,723,440	5,809,766	4,592,498,346		14,822,876,775
124,953,952	1,546,941	1,488,337,717	7.1238	4,465,013,151
91,942,586	1,848,249	1,653,457,440	7.9470	4,960,372,320
1,944,259	1,844,159	986,425,356	6.8325	2,959,276,068
218,840,797	5,239,349	4,128,220,513		12,384,661,539
104,901,611	1,368,917	1,406,081,012	8.0229	4,218,243,036
94,788,944	1,532,574	1,708,312,671	7.6680	5,124,938,013
1,554,803	1,600,080	955,773,166	6.4133	2,867,319,498
201,245,358	4,501,571	4,070,166,849		12,210,500,547
96,171,351	1,547,962	1,441,568,152	5.9395	4,324,704,456
163,051,097	1,308,781	1,686,298,507	7.5800	5,058,895,521
1,557,563	1,309,952	981,465,345	7.8519	2,944,396,035
260,780,011	4,166,695	4,109,332,004		12,327,996,012
104,353,069	1,873,298	1,591,971,192	6.3706	4,775,913,576
178,579,242	568,434	1,996,276,871	6.5400	5,988,830,613
1,538,858	918,595	1,055,589,353	6.6052	3,166,768,059
284,471,169	3,360,327	4,643,837,416		13,931,512,248
107,924,673	952,421	1,780,269,709	5.5589	5,340,809,127
189,744,920	707,052	2,181,631,834	5.5062	6,544,895,502
1,444,933	874,204	1,154,433,522	5.6118	3,463,300,566
299,114,526	2,533,677	5,116,335,065		15,349,005,195
119,782,385	909,185	1,984,011,132	5.2661	5,952,033,396
236,263,977	774,398	2,420,882,545	5.0254	7,262,647,635
1,445,733	937,427	1,258,534,090	4.8392	3,775,602,270
357,492,095	2,621,010	5,663,427,767		16,990,283,301
128,783,758	721,869	2,127,636,310	4.5494	6,382,908,930
250,410,456	155,574	2,622,819,262	4.3390	7,868,457,786
1,436,844	608,486	1,361,810,280	4.6019	4,085,430,840
380,631,058	1,485,929	6,112,265,852		18,336,797,556
128,567,872	664,303	2,156,538,787	4.2066	6,469,616,361
281,117,291	135,843	2,527,453,250	4.4342	7,582,359,750
1,473,124	501,443	1,371,991,787	4.2591	4,115,975,361
411,158,287	1,301,589	6,055,983,824		18,167,951,472
121,842,461	537,053	2,074,362,592	4.3659	6,223,087,776
272,229,286	92,499	2,380,043,712	4.5650	7,140,131,136
1,681,823	395,398	1,312,890,311	4.2737	3,938,670,933
395,753,570	1,024,950	5,767,296,615		17,301,889,845

School District U-46

**Property Tax Rates - Direct and Overlapping Governments
Last Ten Levy Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Direct										
School District U-46	6.5487	7.1238	8.0229	6.4086	6.3706	5.8307	5.2661	4.5494	4.2066	4.3659
Overlapping										
Kane County	0.4201	0.4479	0.4684	0.4623	0.4336	0.3990	0.3730	0.3361	0.3336	0.3322
Kane County Forest Preserve District	0.2253	0.2944	0.3126	0.3039	0.2710	0.2609	0.2201	0.1997	0.1932	0.1974
Gail Borden Library District	0.4898	0.5294	0.5796	0.5087	0.4791	0.4084	0.3650	0.3380	0.3175	0.3111
Elgin Township	0.1020	0.1102	0.1160	0.1114	0.0997	0.0890	0.0783	0.0706	0.0692	0.0693
Elgin Township Road Fund	0.0785	0.0849	0.0893	0.0858	0.0762	0.0660	0.0581	0.0524	0.0514	0.0515
City of Elgin	2.2396	2.4110	2.3218	2.1668	1.9344	1.9836	1.9210	1.9202	1.9200	1.9200
Fox River Water Reclamation District	0.0315	0.0339	0.0409	0.3697	0.0344	0.0299	0.0273	0.0249	0.0240	0.0246
Community College District 509	0.5296	0.5609	0.6076	0.5707	0.5215	0.4456	0.4407	0.3833	0.3175	0.3280
Total	10.6651	11.5963	12.5591	10.9879	10.2205	9.5130	8.7497	7.8746	7.4330	7.6000

Source: District Records

Notes: The tax rates presented are the property tax rates paid by a typical resident living in the City of Elgin, Kane County, in the District. Tax rates per \$100 of Equalized Assessed Valuation. The most recent levy year with full information available is presented.

School District U-46

**Principal Property Taxpayers
Current Fiscal Year and Nine Fiscal Years Ago**

Name	Rank	2016 Equalized Assessed Valuation	Percent of District's Total EAV	Rank	2007 Equalized Assessed Valuation	Percent of District's Total EAV
Walmart and Sam's Club	1	\$19,740,143	0.43%	4	\$18,156,771	0.31%
Target Corporation	2	17,564,203	0.38	2	24,662,119	0.43
Newplan Excel Realty	3	14,723,822	0.32			
Property Valution Serv	4	9,728,208	0.21	7	8,838,773	0.15
MHC-DEANZA Financing Limited Partnership	5	8,645,124	0.19			
MS CLAREMONT LP	6	8,281,637	0.18			
IRC	7	7,073,290	0.15	5	17,266,433	0.30
Willo Arms Associates Ltd II	8	6,916,068	0.15			
Henkel Corporation	9	6,069,573	0.13			
Relp Streamwood LLC	10	6,067,476	0.13			
Bradley Operate Limited				1	25,658,947	0.44
MDKTSTP Ent Fin Dept				3	21,290,081	0.37
Stag Capital Partners				6	10,204,485	0.18
Home Depot				8	8,753,519	0.15
Home Prop of NY				9	8,270,099	0.14
Ball Aerosol & Special				10	8,187,842	0.14
		<u>\$104,809,544</u>	<u>1.90%</u>		<u>\$151,289,069</u>	<u>2.20%</u>

Note: 2016 tax levy is the current levy in the District's fiscal year 2017.
Source: Cook, Kane and DuPage County Clerk's and Assessor's Offices

School District U-46

**Property Tax Levies and Collections - Cook County
Last Ten Levy Years**

	2016	2015	2014	2013
Rates Extended				
Educational	3.6211	4.1504	3.9493	4.0325
Tort immunity/liability insurance	0.2171	0.3278	0.3135	0.2099
Special education	0.7161	0.8260	0.7898	0.8065
Operations and maintenance	0.6938	0.7743	0.7404	0.7328
Transportation	0.3769	0.4217	0.4034	0.3362
Municipal retirement - IMRF	0.1461	0.1634	0.1599	0.1532
Social security	0.1201	0.1333	0.1437	0.1397
Bond and interest/supp.	0.6950	0.8608	0.8906	0.9020
Working cash	-	-	-	-
Life safety	0.0439	0.0481	0.0459	0.0455
Life safety limited bonds	-	-	-	-
Limited bonds	0.2062	0.2404	0.2310	0.2217
Total Rates Extended	6.8363	7.9462	7.6675	7.5800
Levies Extended				
Educational	\$ 69,737,305	\$ 68,624,895	\$ 67,465,304	\$ 68,000,191
Tort immunity/liability insurance	4,183,246	5,419,725	5,354,975	3,539,198
Special education	13,790,836	13,655,426	13,493,060	13,599,343
Operations and maintenance	13,360,616	12,802,965	12,649,854	12,357,671
Transportation	7,258,230	6,973,059	6,889,998	5,670,010
Municipal retirement - IMRF	2,811,300	2,700,054	2,732,058	2,584,066
Social security	2,311,690	2,204,271	2,455,683	2,356,571
Bond and interest/supp.	13,384,565	14,232,830	15,214,588	15,210,102
Working cash	-	-	-	-
Life safety	846,561	795,392	785,114	765,842
Life safety limited bonds	-	-	-	-
Limited bonds	3,970,856	3,974,341	3,946,992	3,738,151
Total Levies Extended	\$ 131,655,205	\$ 131,382,958	\$ 130,987,626	\$ 127,821,145
Current year collections	\$ 68,927,167	\$ 67,753,981	\$ 65,702,776	\$ 66,860,960
Subsequent year collections	-	61,729,996	61,964,879	57,636,244
Total Collections	\$ 68,927,167	\$ 129,483,977	\$ 127,667,655	\$ 124,497,204
Percentage of extensions collected				
Current year collections	52.35%	51.57%	50.16%	52.31%
Total collections	52.35%	98.55%	97.47%	97.40%

2012	2011	2010	2009	2008	2007
3.8833	3.4078	3.4930	3.0397	3.1247	3.1657
0.1434	0.0847	0.0778	0.0657	0.0538	0.0755
0.5507	0.4180	0.0373	0.0347	0.0361	0.0363
0.5014	0.4323	0.3971	0.3348	0.3090	0.3396
0.2189	0.1438	0.1271	0.1012	0.1053	0.0968
0.1087	0.0899	0.0794	0.0706	0.0900	0.0903
0.1003	0.0830	0.0794	0.0706	0.0900	0.0903
0.8029	0.6783	0.5875	0.4889	0.4771	0.4934
-	-	-	-	-	-
0.0344	-	-	-	0.0121	0.0291
-	-	-	-	0.0549	0.0696
0.1955	0.1684	0.1468	0.1326	0.0812	0.0784
6.5395	5.5062	5.0254	4.3388	4.4342	4.5650

\$ 77,521,882	\$ 74,345,887	\$ 84,561,841	\$ 79,727,190	\$ 78,974,704	\$ 72,626,540
2,862,907	1,847,319	1,883,010	1,723,705	1,360,208	1,097,746
10,992,581	9,118,407	902,377	912,245	913,505	818,047
10,008,905	9,433,590	9,613,134	8,783,919	7,810,356	7,756,943
4,371,211	3,136,504	3,076,398	2,654,041	2,661,968	2,216,304
2,168,185	1,961,136	1,922,137	1,852,918	2,274,271	2,046,320
2,002,190	1,810,111	1,922,137	1,852,918	2,274,271	2,046,320
16,028,963	14,798,101	14,223,828	12,823,465	12,059,412	14,335,764
-	-	-	-	-	-
688,573	-	-	-	307,021	630,281
-	-	-	-	1,387,752	-
3,902,150	3,673,366	3,552,765	3,478,715	2,052,967	-
\$ 130,547,547	\$ 120,124,421	\$ 121,657,627	\$ 113,809,116	\$ 112,076,435	\$ 103,574,265

\$ 62,462,919	\$ 62,309,872	\$ 58,289,670	\$ 52,012,181	\$ 48,524,841	\$ 44,393,116
64,717,012	54,034,910	61,655,603	59,198,269	60,647,647	58,889,045
\$ 127,179,931	\$ 116,344,782	\$ 119,945,273	\$ 111,210,450	\$ 109,172,488	\$ 103,282,161

47.85%	51.87%	47.91%	45.70%	43.30%	41.09%
97.42%	96.85%	98.59%	97.72%	97.41%	98.20%

School District U-46

**Property Tax Levies and Collections - DuPage County
Last Ten Levy Years**

	2016	2015	2014	2013
Rates Extended				
Educational	3.3740	3.5870	3.2785	4.2826
Tort immunity/liability insurance	0.2024	0.2834	0.2778	0.2083
Special education	0.6673	0.7137	0.6664	0.8370
Operations and maintenance	0.6464	0.6692	0.6414	0.7251
Transportation	0.3512	0.3645	0.3529	0.3337
Municipal retirement - IMRF	0.1360	0.1413	0.1389	0.1517
Social security	0.1119	0.1153	0.1253	0.1376
Bond and interest/supp.	0.6231	0.7163	0.7072	0.9078
Bond and interest - limited	0.1850	0.2001	0.1850	0.2231
Working cash	-	-	-	-
Life safety	0.0411	0.0417	0.0399	0.0450
Total Rates Extended	6.3384	6.8325	6.4133	7.8519

Levies Extended				
Educational	\$ 35,260,724	\$ 35,383,078	\$ 31,335,023	\$ 42,032,235
Tort immunity/liability insurance	2,115,225	2,795,529	2,655,138	2,044,392
Special education	6,973,764	7,040,118	6,369,272	8,214,865
Operations and maintenance	6,755,344	6,601,158	6,130,329	7,116,605
Transportation	3,670,292	3,595,520	3,372,924	3,275,150
Municipal retirement - IMRF	1,421,298	1,393,819	1,327,569	1,488,883
Social security	1,169,435	1,137,348	1,197,584	1,350,496
Bond and interest/supp.	6,511,843	7,065,765	6,759,228	8,909,743
Bond and interest limited	1,933,383	1,973,837	1,768,180	2,189,649
Working cash	-	-	-	-
Life safety	429,525	411,339	381,353	441,659
Total Levies Extended	\$ 66,240,833	\$ 67,397,511	\$ 61,296,600	\$ 77,063,677

Current year collections	\$ 33,249,188	\$ 33,404,036	\$ 29,852,672	\$ 37,119,808
Subsequent year collections	-	33,885,194	31,125,026	39,827,829
Total Collections	\$ 33,249,188	\$ 67,289,230	\$ 60,977,698	\$ 76,947,637

Percentage of extensions collected				
Current year collections	50.19%	49.56%	48.70%	48.17%
Total collections	50.19%	99.84%	99.48%	99.85%

2012	2011	2010	2009	2008	2007
4.0429	3.5530	3.3878	3.2406	2.9813	2.9817
0.1414	0.0854	0.0723	0.0703	0.0746	0.0710
0.5467	0.4226	0.0349	0.0370	0.0343	0.0342
0.4687	0.4355	0.3690	0.3569	0.3200	0.3199
0.2303	0.1448	0.1404	0.1079	0.0995	0.0914
0.0988	0.0907	0.0738	0.0757	0.0852	0.0852
0.0778	0.0837	0.0738	0.0757	0.0852	0.0852
0.7818	0.6377	0.5501	0.5015	0.4412	0.4441
0.1905	0.1584	0.1371	0.1363	0.1258	0.1328
-	-	-	-	-	-
0.0263	-	-	-	0.0120	0.0277
6.6052	5.6118	4.8392	4.6019	4.2591	4.2732

\$ 42,676,422	\$ 41,017,023	\$ 42,636,618	\$ 44,130,824	\$ 40,903,191	\$ 39,146,450
1,492,603	985,886	909,920	957,353	1,023,506	1,114,644
5,770,907	4,878,636	439,228	503,870	470,593	449,008
4,947,547	5,027,558	4,643,991	4,860,301	4,390,374	4,199,936
2,431,022	1,671,620	1,766,982	1,469,393	1,365,132	1,387,725
1,042,922	1,047,071	928,798	1,030,890	1,168,937	1,118,583
821,249	966,261	928,798	1,030,890	1,168,937	1,118,583
8,252,598	7,361,823	6,923,196	6,829,470	6,053,228	7,574,064
2,010,898	1,828,623	1,725,450	1,856,147	1,725,966	-
-	-	-	-	-	-
277,620	-	-	-	164,639	-
\$ 69,723,788	\$ 64,784,500	\$ 60,902,982	\$ 62,669,138	\$ 58,434,503	\$ 56,108,993

\$ 33,209,714	\$ 31,108,515	\$ 30,363,549	\$ 30,004,777	\$ 27,377,411	\$ 26,097,148
36,441,218	33,516,034	30,498,793	32,603,756	31,001,864	29,954,558
\$ 69,650,932	\$ 64,624,549	\$ 60,862,342	\$ 62,608,533	\$ 58,379,275	\$ 56,051,706

47.63%	48.02%	49.86%	47.88%	46.85%	46.51%
99.90%	99.75%	99.93%	99.90%	99.91%	99.90%

School District U-46

**Property Tax Levies and Collections - Kane County
Last Ten Levy Years**

	2016	2015	2014	2013
Rates Extended				
Educational	3.4863	3.8188	3.9615	3.8031
Tort immunity/liability insurance	0.2091	0.3016	0.3085	0.1879
Special education	0.6894	0.7599	0.7860	0.7571
Operations and maintenance	0.6679	0.7124	0.7286	0.6563
Transportation	0.3628	0.3880	0.3969	0.3010
Municipal retirement - IMRF	0.1406	0.1503	0.1573	0.1372
Social security	0.1156	0.1227	0.1414	0.1251
Bond and interest/supp.	0.8347	0.9596	1.0423	0.9663
Working cash	-	-	-	-
Working cash bonds	-	-	-	-
Life safety	0.0423	0.0442	0.0452	0.0408
Fire safety bonds	-	-	-	-
Prior year adjustment	-	0.1071	0.3000	(0.5662)
Levies Extended	6.5487	7.3646	7.8677	6.4086
Levies Extended				
Educational	\$ 56,533,961	\$ 54,836,681	\$ 52,470,474	\$ 50,845,761
Tort immunity/liability insurance	3,390,761	4,330,910	4,085,778	2,512,489
Special education	11,180,092	10,912,435	10,411,350	10,122,444
Operations and maintenance	10,830,991	10,230,276	9,650,033	8,773,890
Transportation	5,883,473	5,572,272	5,257,196	4,024,671
Municipal retirement - IMRF	2,280,376	2,157,751	2,083,776	1,834,269
Social security	1,874,467	1,761,778	1,873,095	1,672,599
Bond and interest/supp.	13,534,845	13,994,649	14,233,892	13,452,011
Working cash	-	-	-	-
Working cash bonds	-	-	-	-
Life safety	686,106	635,186	598,959	544,792
Prior year adjustment	(908)	1,593,496	12,143,717	(8,161,715)
Total Levies Extended	\$ 106,194,164	\$ 106,025,434	\$ 112,808,270	\$ 85,621,211
Current year collections	\$ 52,182,995	\$ 51,819,201	\$ 56,658,282	\$ 43,224,911
Subsequent year collections	-	53,741,374	55,941,528	42,024,315
Total Collections	\$ 52,182,995	\$ 105,560,575	\$ 112,599,810	\$ 85,249,226
Percentage of extensions collected				
Current year collections	49.14%	48.87%	50.23%	50.48%
Total collections	49.14%	99.56%	99.82%	99.57%
All Three Counties Combined				
Total levies extended	\$ 304,090,202	\$ 304,805,903	\$ 305,092,496	\$ 290,506,033
Current year collections	\$ 154,359,350	\$ 152,977,218	\$ 152,213,730	\$ 147,205,680
Subsequent year collections	-	149,356,564	149,031,433	139,488,388
Total collections	\$ 154,359,350	\$ 302,333,782	\$ 301,245,163	\$ 286,694,068
Percentage of extensions collected				
Current year collections	50.76%	50.19%	49.89%	50.67%
Total collections	50.76%	99.19%	98.74%	98.69%

Note: Prior year adjustment amounts were allocated to the other extensions for years 2007-2008.

2012	2011	2010	2009	2008	2007
3.9022	3.8426	3.7483	3.1850	3.0879	3.1403
0.1379	0.0922	0.0795	0.0688	0.0774	0.0749
0.5296	0.4551	0.0381	0.0364	0.0354	0.0359
0.4822	0.4707	0.4057	0.3509	0.3313	0.3369
0.2105	0.1566	0.1298	0.1060	0.1031	0.0961
0.1045	0.0979	0.0811	0.0740	0.0881	0.0949
0.0965	0.0904	0.0811	0.0740	0.0881	0.0895
0.8066	0.6922	0.6133	0.5332	0.4998	0.5259
-	-	-	-	-	-
0.0841	0.0756	0.0929	0.0821	0.0763	0.0732
-	-	-	-	0.0119	0.0288
-	-	-	-	-	-
(0.0769)	(0.1425)	(0.0037)	0.0390	(0.1927)	(0.1252)
6.2771	5.8307	5.2661	4.5494	4.2066	4.3712

\$ 62,297,953	\$ 64,322,072	\$ 74,365,813	\$ 67,765,315	\$ 66,591,910	\$ 63,520,045
2,200,917	1,543,760	1,577,458	1,464,219	1,668,808	1,550,644
8,454,302	7,617,338	756,543	774,122	763,076	726,919
7,697,564	7,878,911	8,048,261	7,465,272	7,145,642	6,814,216
3,361,286	2,620,542	2,575,447	2,255,567	2,223,643	2,248,910
1,668,327	1,638,626	1,609,644	1,573,986	1,899,782	1,810,734
1,539,831	1,512,582	1,609,644	1,573,986	1,899,782	1,810,734
13,486,795	12,951,697	12,167,590	11,345,247	10,779,074	12,081,955
-	-	-	-	-	-
1,405,806	1,414,548	1,842,955	1,747,089	1,645,622	-
528,948	-	-	-	256,466	-
(1,224,095)	(2,536,414)	(73,448)	830,738	(4,156,375)	-

\$ 101,417,634	\$ 98,963,662	\$ 104,479,907	\$ 96,795,541	\$ 90,717,430	\$ 90,564,157
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\$ 50,178,087	\$ 48,496,568	\$ 50,460,307	\$ 48,399,771	\$ 41,642,782	\$ 43,644,195
50,939,324	50,131,935	53,806,269	48,250,917	48,754,604	46,773,020

\$ 101,117,411	\$ 98,628,503	\$ 104,266,576	\$ 96,650,688	\$ 90,397,386	\$ 90,417,215
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49.48%	49.00%	48.30%	50.00%	45.90%	45.61%
99.70%	99.66%	99.80%	99.85%	99.65%	99.80%

\$ 301,688,969	\$ 283,872,583	\$ 287,040,516	\$ 273,273,795	\$ 261,228,368	\$ 250,247,415
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\$ 145,850,720	\$ 141,914,955	\$ 139,113,526	\$ 130,416,729	\$ 117,545,034	\$ 114,134,459
152,097,554	137,682,879	145,960,665	140,052,942	140,404,115	135,616,623

\$ 297,948,274	\$ 279,597,834	\$ 285,074,191	\$ 270,469,672	\$ 257,949,149	\$ 249,751,082
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48.34%	49.99%	48.46%	47.72%	45.00%	45.61%
98.76%	98.49%	99.31%	98.97%	98.74%	99.80%

School District U-46

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	General Oblig. Bonds Net of Related Premiums and Discounts	Accreted Interest on Long-Term Debt	Debt Certificates	Installment Notes	Purchase Contracts	Less: Amount Available in Debt Service Fund
2017	\$303,217,738	\$ 64,392,849	\$ 2,552,611	\$ -	\$ 5,432,856	\$ 27,934,843
2016	324,525,540	69,018,018	2,968,433	-	8,141,320	26,112,980
2015	345,263,357	74,017,139	3,381,622	-	4,653,296	23,941,233
2014	262,778,810	119,803,876	3,792,143	-	6,400,590	24,156,123
2013	291,156,285	115,418,498	4,200,013	-	8,903,276	23,737,065
2012	320,366,552	107,400,154	4,605,167	-	3,057,503	21,867,241
2011	325,824,472	98,852,301	5,150,170	40,880	5,281,183	19,252,458
2010	328,600,879	89,607,053	11,232,573	90,617	9,346,736	17,992,384
2009	318,639,024	81,289,450	12,392,393	152,087	14,272,637	18,241,011
2008	339,318,830	71,125,167	13,182,152	207,661	13,776,105	16,473,510

Source: All Years: outstanding debt and debt service fund - District records
 2015-2017: population and income data - U.S. Census Bureau: ACS 2009-2013,
 2010-2014, and 2011-2015, respectively
 2008-2014: district records and U.S. Census Bureau 2010 Census
 ACS - American Community Study

Note: This schedule includes all debt financed with general governmental resources for which there is an established repayment schedule. Other long-term liabilities such as retirement obligations and estimated liabilities such as compensated absences and claims incurred but not reported (IBNR) are not included.

Net Total Outstanding Debt	Estimated Actual Taxable Property Value	Percentage Estimated Actual Taxable Property Value	Estimated Population	Net Total Outstanding Debt Per Capita	Estimated Personal Income	Percentage of Net Total Outstanding Debt to Est. Personal Income
\$347,661,211	\$ 14,822,876,775	2.35%	234,612	\$ 1,482	\$ 6,732,895,176	5.16%
378,540,331	12,384,661,539	3.06	233,909	1,618	6,657,985,776	5.69
403,374,181	12,210,500,547	3.30	231,224	1,745	6,568,842,616	6.14
368,619,296	12,327,996,012	2.99	240,000	1,536	6,818,160,000	5.41
395,941,007	13,931,512,248	2.84	240,000	1,650	6,830,160,000	5.80
413,562,135	15,349,005,195	2.69	240,000	1,723	6,744,480,000	6.13
415,896,548	16,990,283,301	2.45	240,000	1,733	6,537,360,000	6.36
420,885,474	18,336,797,556	2.30	240,000	1,754	6,437,760,000	6.54
408,504,580	17,725,722,858	2.30	240,000	1,702	6,480,240,000	6.30
421,136,405	17,301,889,845	2.43	240,000	1,755	6,269,760,000	6.72

School District U-46

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds Net of Related Premiums and Discounts	Accreted Interest on Long-Term Debt	Less: Amount Available in Debt Service Fund	Net General Bonded Debt	Estimated Actual Taxable Property Value
2017	\$ 303,217,738	\$ 64,392,849	\$ 27,934,843	\$ 339,675,744	\$ 14,822,876,775
2016	324,525,540	69,018,018	26,112,980	367,430,578	12,384,661,539
2015	345,263,357	74,017,139	23,941,233	395,339,263	12,210,500,547
2014	262,778,810	119,803,876	24,156,123	358,426,563	12,327,996,012
2013	291,156,285	115,418,498	23,737,065	382,837,718	13,931,512,248
2012	320,366,552	107,400,154	21,867,241	405,899,465	15,349,005,195
2011	325,824,472	98,852,301	19,252,458	405,424,315	16,990,283,301
2010	328,600,879	89,607,053	17,992,384	400,215,548	18,336,797,556
2009	318,639,024	81,289,450	18,241,011	381,687,463	17,725,722,858
2008	339,318,830	71,125,167	16,473,510	393,970,487	17,301,889,845

Source: All Years: general bonded debt and debt service fund - District records
 2015-2017: population and income data - U.S. Census Bureau: ACS 2009-2013,
 2010-2014, and 2011-2015, respectively
 2008-2014: district records and U.S. Census Bureau 2010 Census
 ACS - American Community Study

Note: This schedule includes all general obligation bonded debt being financed by property taxes.

Percentage of Net General Bonded Debt to Estimated Actual Valuation	Estimated Population	Net General Bonded Debt Per Capita	Estimated Personal Income	Percentage of Net General Bonded Debt to Est. Personal Income
2.29%	234,612	\$ 1,448	\$ 6,732,895,176	5.05%
2.97	233,909	1,571	6,657,985,776	5.52
3.24	231,224	1,710	6,568,842,616	6.02
2.91	240,000	1,493	6,818,160,000	5.26
2.75	240,000	1,595	6,830,160,000	5.61
2.64	240,000	1,691	6,744,480,000	6.02
2.39	240,000	1,689	6,537,360,000	6.20
2.18	240,000	1,668	6,437,760,000	6.22
2.15	240,000	1,590	6,480,240,000	5.89
2.28	240,000	1,642	6,269,760,000	6.28

School District U-46

**Legal Debt Margin Information
Last Ten Fiscal Years**

	2017	2016	2015	2014
Debt limit	\$ 633,764,772	\$ 569,694,431	\$ 561,683,025	\$ 567,087,817
Total net debt applicable to limit	261,144,286	285,646,318	303,729,127	245,987,387
Legal debt margin	<u>\$ 372,620,486</u>	<u>\$ 284,048,113</u>	<u>\$ 257,953,898</u>	<u>\$ 321,100,430</u>
Total net debt applicable to the limit as a percentage of debt limit	41%	50%	54%	43%

Note: Legal debt limit from 2006-2015 was 13.8% of the EAV.

Legal Debt Margin Calculation for Fiscal 2017

Assessed Value	\$ 4,592,498,346
Debt limit (13.8%) of assessed value	<u>633,764,772</u>
Debt outstanding applicable to the limit:	
General obligation bonds	281,093,662
General obligation debt certificates	2,552,611
Purchase contracts	<u>5,432,856</u>
Total debt outstanding applicable to the limit	289,079,129
Less: Amount set aside for repayment of debt	<u>27,934,843</u>
Total net debt applicable to the limit	<u>261,144,286</u>
Total legal debt margin	<u><u>\$ 372,620,486</u></u>

Source: District Records

	2013		2012		2011		2010		2009		2008
\$	640,849,563	\$	706,054,239	\$	781,553,032	\$	835,725,768	\$	815,383,251	\$	760,735,825
	276,872,219		301,689,434		313,364,212		326,376,432		325,037,097		339,318,830
\$	363,977,344	\$	404,364,805	\$	468,188,820	\$	509,349,336	\$	490,346,154	\$	421,416,995
	43%		43%		40%		39%		40%		45%

School District U-46

**Direct and Overlapping General Obligation Bonded Debt
Current Fiscal Year**

Governmental Unit	Outstanding Debt	Overlapping Percentage	Direct and Overlapping Debt
Cook County	\$ 3,213,141,750	1.341%	\$ 43,088,231
Cook County Forest Preserve District	159,440,240	1.341%	2,138,094
DuPage County	33,905,000 (1)(3)	2.883%	977,481
DuPage County Forest Preserve District	126,497,595 (2)	2.883%	3,646,926
Kane County	- (1)	12.370%	-
Kane County Forest Preserve District	116,465,000 (1)	12.370%	14,406,721
Metropolitan Water Reclamation District	2,583,922,748 (4)	1.339%	34,598,726
Municipalities:			
Bartlett	38,650,000	100.000%	38,650,000
Elgin	26,326,366 (5)	72.152%	18,995,000
Hanover Park	17,685,000	38.819%	6,865,140
Hoffman Estates	100,860,000	9.983%	10,068,854
Schaumburg	305,235,000 (6)	1.960%	5,982,606
South Elgin	- (1)(4)	51.295%	-
Streamwood	4,530,000	96.679%	4,379,559
West Chicago	- (1)	1.352%	-
Library Districts:			
Gail Borden	11,950,000	82.556%	9,865,442
Poplar Creek	16,730,000	80.309%	13,435,696
Park Districts:			
Bartlett Park	24,510,000 (1)	99.987%	24,506,814
Carol Stream Park	49,908,240 (2)	7.214%	3,600,380
Dundee Township Park	1,899,755 (1)(3)	0.600%	11,399
Hanover Park Park	1,298,870 (1)	42.338%	549,916
Hoffman Estates Park	9,735,000 (1)(3)	10.183%	991,315
Schaumburg Park	10,560,000 (1)	1.902%	200,851
St. Charles Park	21,259,000 (1)	2.620%	556,986
Streamwood Park	3,610,000 (1)	100.000%	3,610,000
West Chicago	15,945,000 (1)	1.804%	287,648
Miscellaneous:			
Dundee Township	1,765,000	0.591%	10,431
Bartlett SSA #1 - Bluff City	6,475,000	100.000%	6,475,000
Wayne SSA #5	590,000	24.683%	145,630
West Chicago Fire District	- (1)	6.307%	-
School Districts:			
Community College District #509	177,623,253 (2)	40.876%	72,605,281
Total Overlapping General Obligation Bonded Debt			320,650,123
Direct Debt:			
School District U-46	311,203,205 (2)	100.000%	311,203,205
Total Direct and Overlapping General Obligation Bonded Debt			<u>\$ 631,853,328</u>

- (1) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation
- (2) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds
- (3) Excludes outstanding Debt Certificates
- (4) Includes Illinois EPA Revolving Loan Fund Bonds
- (5) Excludes self-supporting bonds for which abatements are filed annually
- (6) Includes self-supporting bonds

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the government's boundaries and dividing it by the District's total taxable assessed value.

Source: Offices of the County Clerks of Cook, DuPage and Kane Counties, Illinois

School District U-46

**Principal Employers
Current Fiscal Year and Nine Fiscal Years Ago**

Employer	Industry	2017			2008		
		Number of Employees	Rank	Percentage of Total District Population	Number of Employees	Rank	Percentage of Total District Population
Sears Holdings Corp.	Retail	4,720	1	2.0%	6,000	1	2.5%
School District U-46	Education	4,383	2	1.9	4,397	2	1.8
Chase	Bank	2,500	3	1.1			
AT&T, Inc.	Communications	2,500	4	1.1	2,700	4	1.1
Advocate Sherman Hospital	Medical	2,200	5	0.9	1,702	8	0.7
St. Alexius Medical Center	Medical	2,045	6	0.9	2,045	6	0.9
Presence Mercy Medical Center	Medical	1,300	7	0.6	945	10	0.4
Presence St. Josephs Hospital	Medical	1,300	8	0.6	950	9	0.4
Motorola Soloutions	Communications	600	9	0.3	2,145	5	0.9
CDK Global	Info Tech/Marketing	600	10	0.3			
Motorola Networks	Communications				4,000	3	1.7
Level 3 Communications, Inc.	Communications				2,000	7	0.8
Total employment of district principal employers		<u>22,148</u>			<u>26,884</u>		
Total district population		<u>234,612</u>			<u>240,000</u>		

Source: District Records, City of Elgin 2015 CAFR, Kane County 2015 CAFR, Village of Hoffman Estates 2015 CAFR

Note: The listing above indicates the area's largest employers within or near the District boundaries and their approximate number of employees. The purpose of this exhibit is to represent represent large area employees that may employ residents of the District.

School District U-46

**District Employment Statistics
Full-Time Equivalent (FTE)
Last Ten Fiscal Years**

Staff	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Teachers	2,484	2,399	2,421	2,362	2,311	2,243	2,203	2,516	2,582	2,440
Building substitutes	-	-	5	5	-	-	-	-	23	22
Noon hour supervisors (part-time)	90	78	80	76	89	91	93	102	119	137
Educational assistants/paraprofessionals	488	440	452	422	460	414	338	398	446	428
Secretary/clerical	232	222	229	222	211	205	212	268	304	294
Transportation	391	414	403	400	416	418	402	448	474	450
Custodial/maintenance	136	136	139	126	121	107	118	131	122	123
Technical/other	215	197	194	207	151	116	165	149	164	163
Food service	144	150	153	155	177	164	154	169	155	147
School administration	101	98	99	102	93	94	92	97	102	99
Supervisors/directors/coordinators	41	42	40	34	31	32	28	43	34	28
Central administration	34	31	29	33	39	35	33	25	33	33
Divisionals	17	17	17	16	16	15	16	20	25	23
Superintendent/executive staff	10	10	10	9	8	9	7	9	10	10
Total staff	4,383	4,234	4,271	4,169	4,122	3,942	3,861	4,375	4,593	4,397

Source: District Records

School District U-46

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	School District U-46			Unemployment Rate
	(a) Estimated District Population	(b) Estimated Per Capita Income	(a) x (b) Estimated Personal Income	
2017	234,612	28,698	6,732,895,176	4.8%
2016	233,909	28,409	6,645,120,781	5.2
2015	231,224	28,409	6,568,842,616	5.5
2014	240,000	28,409	6,818,160,000	6.5
2013	240,000	28,459	6,830,160,000	8.8
2012	240,000	28,102	6,744,480,000	8.9
2011	240,000	27,239	6,537,360,000	9.8
2010	240,000	26,824	6,437,760,000	10.7
2009	240,000	27,001	6,480,240,000	11.5
2008	240,000	26,124	6,269,760,000	6.3

Source: 2015-2017: population and income data - U.S. Census Bureau: ACS 2009-2013 through 2011-2015
 2007-2014: district records and U.S. Census Bureau 2010 Census ACS - American Community Study
 2008-2017: Unemployment Rate - U.S. Dept. of Labor: Local Area Unemployment Statistics Map by County June 2008 - June 2017 for Kane County, Illinois.

School District U-46

**Operating Indicators by Function
Last Ten Fiscal Years**

Function	2017	2016	2015	2014
Instruction				
Student enrollment:				
Elementary	21,393	21,676	22,354	22,285
Middle school	5,995	5,719	5,822	6,034
High school	12,185	12,257	12,047	12,068
Total student enrollment	<u>39,573</u>	<u>39,652</u>	<u>40,223</u>	<u>40,387</u>
Support services - pupil				
% of students with disabilities	13.0%	13.1%	12.8%	12.5%
Support services - pupil				
Information technology services work orders completed	39,555	35,521	31,738	38,866
School administration				
Student attendance rate	94.0%	94.3%	94.7%	94.0%
Business				
Fiscal				
Purchase orders processed	8,792	9,596	8,742	7,912
Nonpayroll checks issued	7,000	7,335	7,343	7,491
Maintenance				
Maintenance work orders completed	23,341	29,057	27,035	17,575
District square footage maintained by custodians and maintenance staff	5,611,259	5,535,666	5,492,057	5,492,057
District acreage maintained by grounds staff	826	805	805	805
Transportation				
Average number of students				
Transported daily				
Regular, public schools	26,698	26,982	24,772	25,160
Non-public	-	8	7	16
Special education	2,380	2,088	2,064	1,720
Total number of students transported	<u>29,078</u>	<u>29,078</u>	<u>26,843</u>	<u>26,896</u>
Student transportation miles traveled				
Regular education	1,957,058	2,520,791	2,512,688	2,516,457
Special education	2,025,432	1,699,136	1,083,595	1,519,958
Non-reimbursable	150,027	154,797	297,215	269,997
Total student transportation miles traveled	<u>4,132,517</u>	<u>4,374,724</u>	<u>3,893,498</u>	<u>4,306,412</u>

Source: Plant Operations, Transportation, Information Services, District Records
and Financial Services

N/A: Not Available

2013	2012	2011	2010	2009	2008
22,375	22,348	22,853	22,863	22,734	22,765
6,012	6,006	5,972	6,107	6,102	6,264
11,960	12,048	12,327	11,998	11,976	11,680
40,347	40,402	41,152	40,968	40,812	40,709
12.9%	13.2%	13.0%	14.3%	13.2%	13.7%
46,646	43,176	33,519	45,661	40,270	42,080
94.2%	94.2%	94.0%	94.1%	94.3%	94.3%
9,440	10,051	9,579	9,013	11,507	13,906
7,977	8,352	7,967	7,779	9,627	9,734
27,201	23,276	25,709	26,669	30,690	28,840
5,492,057	5,492,057	5,492,057	5,492,057	5,492,057	5,492,057
805	805	805	805	805	805
24,891	24,447	24,375	24,028	23,477	23,628
14	18	25	10	6	-
1,743	2,132	2,133	2,125	2,333	2,077
26,648	26,597	26,533	26,163	25,816	25,705
2,623,820	2,406,833	2,066,821	2,598,143	3,214,182	2,110,472
1,663,595	2,427,205	2,290,604	2,379,919	2,721,107	2,566,295
357,238	316,234	226,244	349,651	490,778	508,435
4,644,653	5,150,272	4,583,669	5,327,713	6,426,067	5,185,202

School District U-46

**District Enrollment by School
Last Ten Fiscal Years**

School	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Bartlett	566	557	556	581	604	599	620	619	619	631
Centennial	520	484	458	480	477	484	521	551	527	544
Century Oaks	563	560	548	581	537	532	527	502	490	473
Channing	484	630	625	594	622	655	667	626	619	578
Clinton	481	452	439	458	495	446	425	417	436	457
Coleman	695	555	567	550	572	565	589	574	586	601
Creekside	639	698	655	662	668	572	522	610	543	557
Fox Meadow	616	701	734	764	741	788	823	774	773	799
Garfield	366	419	425	410	432	451	470	437	432	460
Harriet Gifford	473	529	541	510	518	511	457	487	485	495
Glenbrook	554	536	541	520	513	514	454	491	426	436
Hanover Countryside	423	429	448	461	483	439	418	448	433	455
Hawk Hollow	373	359	391	409	454	469	517	504	503	518
Heritage	481	473	498	503	510	535	480	507	507	544
Highland	617	489	515	493	517	532	546	526	524	553
Hillcrest	534	584	648	621	618	606	655	656	656	617
Hilltop	625	665	667	712	719	690	681	675	633	623
Horizon	606	603	531	525	518	531	552	551	551	617
Huff	692	643	660	677	680	659	669	629	627	624
Illinois Park	402	397	463	467	386	413	456	481	479	419
Independence	215	260	290	281	245	344	244	276	279	259
Laurel Hill	566	523	526	501	494	481	518	490	490	462
Liberty	656	682	733	687	516	643	594	547	546	548
Lincoln	426	627	646	649	656	699	691	664	664	618
Lords Park	773	694	761	733	688	724	743	783	782	796
Lowrie	391	385	400	407	401	404	423	445	445	423
Mckinley	397	386	404	414	436	435	407	432	432	442
Nature Ridge	652	686	706	695	706	732	775	755	772	795
Oakhill	441	478	480	477	526	551	590	550	649	655
Ontarioville	569	587	638	625	621	638	590	550	550	513
Otter Creek	698	730	806	731	671	668	627	620	605	531
Parkwood	414	421	435	427	471	410	459	437	437	413
Prairieview	353	383	407	400	389	397	450	479	479	510
Ridge Circle	543	506	518	513	521	495	514	555	530	546
Sheridan/Ronald O'Neal	534	557	566	528	515	497	487	494	495	517
Spring Trail	358	368	364	385	433	445	459	500	498	500
Sunnydale	394	404	393	381	348	385	423	456	431	437
Sycamore Trail	634	604	591	583	548	532	531	525	525	577
Timber Trails	493	511	556	586	596	580	533	482	506	462
Washington	405	411	438	481	436	437	467	436	436	443
Wayne	363	375	416	447	451	473	566	570	581	598
Willard	335	335	370	376	374	387	383	395	395	378
One HOPE United	73	N/A								
Woodland Hghts	N/A	N/A	N/A	N/A	N/A	N/A	330	357	358	341
More at 4	82	N/A								
Abbott	612	489	498	539	474	487	548	523	523	529
Canton	597	638	658	646	634	736	732	780	780	909
Eastview	835	838	922	923	912	971	1,009	1,016	1,016	1,081
Ellis	705	627	600	634	661	645	596	549	546	512
Kenyon Woods	1,074	1,002	959	1,039	1,072	1,009	1,056	1,064	1,064	976
Kimball	592	621	642	682	675	671	623	679	679	765
Larsen	709	684	709	718	693	666	647	696	695	657
Tefft	871	820	831	853	815	821	761	800	799	835
Bartlett High School	2,495	2,548	2,590	2,610	2,653	2,664	2,671	2,728	2,725	2,698
Central School Programs	167	107	109	132	341	95	144	105	89	108
Elgin High School	2,581	2,550	2,478	2,453	2,443	2,378	2,373	2,191	2,188	2,089
Dream Academy/Gifford HS	124	157	150	140	179	153	152	132	160	155
Larkin High School	2,090	2,109	1,950	1,962	1,942	1,995	2,148	2,178	2,169	2,163
South Elgin High School	2,738	2,770	2,791	2,745	2,675	2,682	2,569	2,383	2,372	2,157
Streamwood High School	1,990	2,016	1,982	2,026	2,072	2,081	2,270	2,281	2,273	2,310
Total Enrollment	<u>39,655</u>	<u>39,652</u>	<u>40,223</u>	<u>40,387</u>	<u>40,347</u>	<u>40,402</u>	<u>41,152</u>	<u>40,968</u>	<u>40,812</u>	<u>40,709</u>

Source: District records

Notes:

Enrollment based on Fall Housing Report
Elementary totals include Pre-K students

N/A: Not Applicable

School District U-46

**District Facility Information
June 30, 2017**

Building	Year Built	Year of Most Recent Addition	Square Footage
<i>Schools:</i>			
Garfield	1887	1998	45,448
Lowrie	1887	2000	41,252
McKinley	1887	2000	48,325
Washington	1893	2004	53,139
Gifford Street High School/Central Building	1911	1939	223,214
Bartlett	1928	2002	60,591
Ontarioville	1928	2013	55,531
Abbott	1932	2001	108,303
Wayne	1947	2003	59,875
Harriet Gifford	1949	2003	55,902
Larsen	1951	2002	103,886
Ellis	1952	2003	110,135
Coleman	1954	2016	67,746
Hanover Countryside	1954	1991	46,062
Huff	1954	1997	61,634
Willard	1954	2002	42,250
Clinton	1958	1999	47,233
Woodland Heights	1958	2001	37,736
Highland	1959	2016	61,726
Kimball	1959	2002	124,531
Laurel Hill	1962	2016	44,473
Streamwood Elementary	1962	1998	33,868
Larkin High	1962	2003	348,387
OakHill	1965	2003	61,958
Tefft	1965	1965	136,946
Hillcrest	1967	1999	46,553
Sunnydale	1967	2003	46,670
Channing	1968	2003	53,833
Ridge Circle	1969	2002	65,048
Century Oaks	1970	2000	50,827
Eastview	1970	2001	167,341
Glenbrook	1971	1998	47,036
Parkwood	1971	1999	51,216

(Continued)

School District U-46

**District Facility Information (Continued)
June 30, 2017**

Building	Year Built	Year of Most Recent Addition	Square Footage
<i>Schools (Continued):</i>			
Elgin High School	1972	2003	365,242
Sheridan/Ronald O'Neal	1973	1999	46,832
Heritage	1976	1999	47,185
Independence	1976	1998	32,150
Canton	1976		126,942
Herizon	1977	2002	63,828
Lords Park	1977	1998	61,823
Streamwood High School	1978	2002	311,063
Centennial	1991	2001	75,404
Prairieview	1992	2001	74,101
Sycamore Trails	1992	2001	74,295
Fox Meadow	1996	2001	69,390
Spring Trail	1996		59,778
Bartlett High School	1997	2001	397,787
Creekside	1998		58,732
Illinois Park	1999		50,385
Nature Ridge	1999	2003	57,678
Hawk Hollow	2002		53,125
Liberty	2002		61,630
Otter Creek	2002		62,612
Hilltop	2003		63,656
Lincoln	2003		53,178
Timber Trails	2003		56,454
Kenyon Woods	2003		153,563
South Elgin High School	2004		384,365
<i>Other Buildings:</i>			
4 South Gifford	N/A		5,676
Center House	1955		1,490
1150 Bowes Rd	1997		40,000
Observatory	1910		3,590
Transportation	N/A		31,130
Plant operation	2001		30,000
Warehouse	2002		29,500
Total			<u>5,611,259</u>

Source: District records

N/A: Not Available

School District U-46

**Average Daily Attendance and Operating Expenditures Per Pupil
Last Ten Fiscal Years**

Year Ended June 30,	Expenditures*	Deductions**	Operating Expenditures	Average Daily Attendance	Operating Expenditures Per Pupil
2017	\$ 498,153,015	\$ 70,293,040	\$ 427,859,975	35,816	\$ 11,946
2016	493,979,652	73,577,129	420,402,523	34,759	12,095
2015	474,895,225	75,458,737	399,436,488	35,026	11,404
2014	454,035,207	75,412,143	378,623,064	35,779	10,582
2013	449,100,191	85,496,629	363,603,562	35,995	10,102
2012	429,938,191	82,315,321	347,622,870	35,983	9,661
2011	453,476,875	101,996,241	351,480,634	36,668	9,247
2010	426,098,295	66,647,497	359,450,798	36,456	9,860
2009	436,222,997	48,149,501	388,073,496	36,289	10,694
2008	411,555,432	48,103,164	363,452,268	36,205	10,039

Source: Annual Financial Report to State Board of Education

* Expenditures include only the General, Special Revenue and Debt Service Funds and do not include on-behalf payments made by the State of Illinois for TRS/THIS.

**Deductions are comprised of revenues or expenditures not applicable to the regular K-12 programs including capital outlay, debt services and payments to other governments.

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