

SCHOOL DISTRICT U-46
FINANCIAL STATEMENTS
JUNE 30, 2007

SCHOOL DISTRICT U-46

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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Education
School District U-46
355 E. Chicago St.
Elgin, IL 60120

Independent Auditor's Report

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 as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the District prepared its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, each major fund and the aggregate remaining fund information of School District U-46 as of June 30, 2007, and the respective changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

The management's discussion and analysis, historical pension information, and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the other required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wernman, Rogers, Osburn + Ruggen, LLC

September 30, 2007

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

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2007

The discussion and analysis of School District U-46 (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2007. The management of the District encourages readers to consider the information presented herein in conjunction with the financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$134,564 (net assets). Of this amount, \$29,891 represents unrestricted net assets.
- In total, net assets increased by \$15,287, which represents a 12.8% overall increase from the prior year. This increase was the result of a decrease in the District's long-term obligations payable of \$8,239 or 2.1% along with an increase in the District's combined capital assets, inventory, and cash and investments of \$5,662 or 1.1%.
- General revenues were \$315,328 or 76.8% of all revenues. Program specific revenues, in the form of charges for services and grants, were \$83,721 or 20.4% of total revenues of \$410,695.
- Overall, the combined expenditures of the District's governmental funds were \$4,809 greater than revenues. However, after adding other financing sources, fund balances actually increased by \$10,578. This operating surplus increased the District's governmental funds' combined fund balance by 10.2% to \$113,926 from \$103,348 in the prior year. Of the year-end balance, \$113,636 represents an unreserved fund balance.
- The District issued \$4,000 of General Obligation Limited School Bonds and \$7,267 of General Obligation Limited Debt Certificates in 2007. Most of these monies are to be used for tort immunity purposes.
- The District issued \$34,000 of Working Cash Bonds in fiscal year 2004. This money continues to be used to fund the District's operations while waiting for tax and grant payments.

Overview of the Financial Statements

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

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

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

District-Wide Financial Statements

The district-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.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2007

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

The District reports its financial activity using the modified cash basis of accounting. The statement of activities presents information showing how the government's net assets changed during the fiscal year being reported. All changes in net assets are reported when cash is received and disbursed. Additionally, activity related to the acquisition, depreciation and year-end balances of capital assets, as well as year-end balances and related changes in long-term debt in its government-wide financial statements are reported.

The district-wide financial statements present the District functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The District's governmental activities include instructional services (regular education, special education and other), supporting services, community services, non-programmed charges, and debt service.

Fund Financial Statements

A fund is a grouping of related accounts 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 District funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-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 district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-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 statement of assets, liabilities and fund balances and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund financial statements of the General Fund (the General Fund consists of three accounts: the Educational Account, the Tort Immunity Account, and the Operations and Maintenance Account), Working Cash Fund, Bond and Interest Fund and the Fire Prevention and Safety Fund, all of which are considered to be major funds. 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.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2007

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 district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its non-certified employees and budgetary comparison information for the General and Working Cash Funds.

District-Wide Financial Analysis

Net assets. The District's net assets increased by \$15,287 or 12.8% compared to the prior year. At year-end, total net assets were \$134,564 (see Table 1).

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

- The District's long-term debt decreased by \$8,239.
- The District continued to use bond proceeds to construct, improve and expand its facilities, spending \$11,126 on capital asset additions.
- The District's expenditures to maintain and operate the facilities within Board policy and guidelines continue to exceed its primary revenues, forcing the District to fund the increase with new debt and available net assets. In an effort to continually monitor and contain total operating costs of the District, the District performed efficiency audits that highlighted various areas of cost containment reduction.

However, since the State does not provide an ongoing capital improvements budget plan the District, in the future, 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 District was able to report positive balances in each of the net asset categories. The largest portion of the District's net assets (54.8%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is 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 following table reflects the condensed statement of net assets at June 30, 2007 and 2006:

SCHOOL DISTRICT U-46

Management's Discussion and Analysis
For the Year Ended June 30, 2007

Table 1
Condensed Statement of Net Assets
(Dollars in Millions)

	2007	2006
Current and Other Assets	\$ 117.1	\$ 107.9
Capital Assets	403.4	406.9
Total Assets	<u>520.5</u>	<u>514.8</u>
Long-Term Debt Outstanding	382.8	391.0
Other Liabilities	3.1	4.5
Total Liabilities	<u>385.9</u>	<u>395.5</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	73.7	64.4
Restricted	31.0	30.1
Unrestricted	<u>29.9</u>	<u>24.8</u>
Total Net Assets	<u>\$ 134.6</u>	<u>\$ 119.3</u>

Current and other assets consist mainly of cash and investments. Capital assets include land, buildings and improvements and equipment; the 2007 balances were lower than the 2006 amounts due to depreciation exceeding capital spending during the fiscal year.

Long-term liabilities consist of bonds payable, debt certificates, purchase contracts and installment notes. Balances were lower in 2007 due to scheduled debt payments exceeding new debt issues. Other liabilities include unclaimed property and payroll related liabilities.

Changes in Net Assets *(dollar amounts in millions)*

The District's total revenues were \$410.7. General revenues, including taxes and general state aid were 76.8% of the total or \$315.4. Taxes (other than for debt service) increased \$20.3 over the prior year or 10.8%. This was due mainly to an 8.3% increase in the Equalized Assessed Value (EAV).

State and federal aid for specific programs brought in an additional \$83.7 of the total revenues, this amount is up \$2.0 from the prior year. This increase was a result of greater special education and transportation funding received in 2007.

An additional \$11.6 was the result of fees charged for services.

The total cost of all programs and services was \$395.4. The District's expenses are predominantly related to instruction and support services (caring for and transportation of students, etc.) These expenses accounted for 94.1% of the total (see Table 2). The District's other activities were 5.9% of total costs.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2007

Total revenues on the Government-wide financial statements statement of activities surpassed expenditures, increasing net assets by \$15.3 over prior year.

The following table reflects the condensed statement of activities for the years ended June 30, 2007 and 2006:

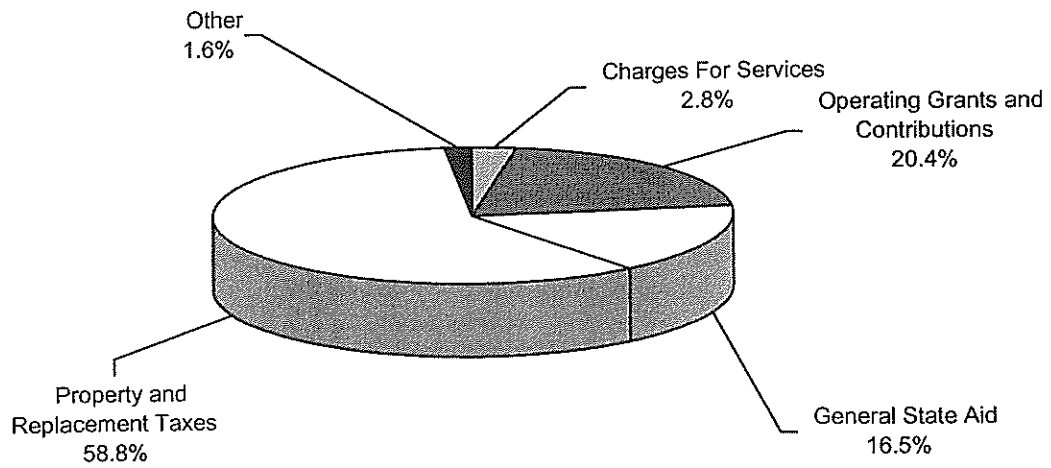
Table 2
Condensed Statement of Activities
(Dollars in Millions)

	<u>2007</u>	<u>2006</u>
Revenues		
Program Revenues		
Charges For Services	\$ 11.6	\$ 12.0
Operating Grants and Contributions	83.7	76.4
Capital Grants and Contributions	-	5.3
General Revenues		
Property and Replacement Taxes	241.4	217.1
General State Aid	67.6	69.5
Other	6.4	3.6
Total Revenues	<u>410.7</u>	<u>383.9</u>
Expenses		
Instruction	215.2	200.8
Support Services	156.9	152.7
Community Services	2.7	2.8
Nonprogrammed Charges	9.7	9.9
Interest on Debt	10.9	10.5
Total Expenses	<u>395.4</u>	<u>376.7</u>
Change in Net Assets	15.3	7.2
Net Assets - Beginning	<u>119.3</u>	<u>112.1</u>
Net Assets - Ending	<u>\$ 134.6</u>	<u>\$ 119.3</u>

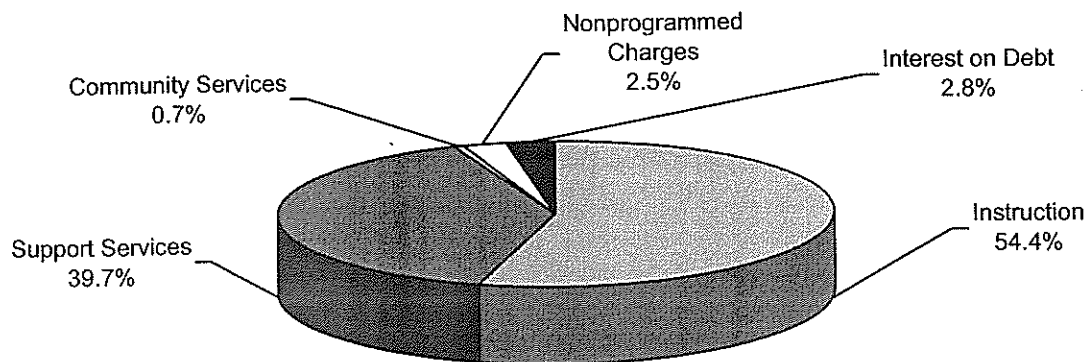
SCHOOL DISTRICT U-46

Management's Discussion and Analysis
For the Year Ended June 30, 2007

District-wide Revenues By Source



District-wide Expenses



SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2007

Financial Analysis of the District's Funds *(dollar amounts in thousands)*

As the District completed the year, its governmental funds reported combined fund balances of \$113,926. Revenues for the District's governmental funds were \$410,592, while total expenditures were \$415,401.

The General Fund experienced a current year operating excess after other financing sources of \$19,500. This excess contributed to an improved year-end deficit fund balance of (\$3,417). Factors that attributed the improvement are:

- Property taxes increased \$19,450 over the prior year or 11.5%, primarily due to an increase in the District's EAV as mentioned earlier.
- The District's largest expenditures (salaries and benefits) were \$259,061 or 75.7% of total expenditures of the General Fund. Salaries and benefits increased by \$19,023 or 7.9% over the prior year. Benefits increased by \$3,050 or 6.1% from the prior year, while salaries increased \$15,973 or 8.4% from the prior year. Aggressive budgeting measures, which started during the 2002-03 school year, continue to manifest themselves through future balanced budgets and responsible fiscal planning. This is evident by the improved fund balance as stated above.
- The District saw increased investment earnings resulting from an improved national economy.
- The District continues to focus on cost containment. As part of this process, the District changed health care providers from Professional Benefit Administrators to United Health Care in January of 2005. The District is just beginning to realize the impact of these savings as this change has only been in effect for 30 months.
- Current year results were impacted budgetarily by the continuing deficit in the Operations and Maintenance Account which management will be addressing in the 2007-2008 fiscal year.

The fund balance in the Working Cash Fund remained at \$74,717 as the fund transferred its interest earnings to other funds.

The Fire Prevention and Safety Fund's fund balance decreased by \$4,522. This was primarily due to construction costs exceeding property taxes of \$1,418. The year-end fund balance of \$11,283 can only be used for approved projects.

General Fund Budgetary Highlights

While the District's budget for the General Fund anticipated that expenditures would exceed revenues by \$5,188 before other financing sources (uses), the actual result for the year was an excess of revenues over expenditures of \$2,007. This is due primarily by revenues exceeding budget by \$6,681 in property taxes, and \$4,064 in restricted and unrestricted state aid. Expenditures exceeded the budget by \$667 or 0.2%.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2007

Capital Asset and Debt Administration

Capital Assets

By the end of 2007, the District had invested \$559,387 (before accumulated depreciation of \$155,968) in a broad range of capital assets, including buildings (both school and administration facilities) property and equipment (computer, audio-visual, transportation and maintenance equipment and furniture), and land. (See Table 3.) (More detailed information about capital assets can be found in Note 4 to the financial statements.)

Depreciation expense for the year totaled \$14,656 and additions to buildings, and equipment and furniture amounted to \$11,125.

Table 3
Capital Assets (Net of Depreciation)
(In Millions of Dollars)

	2007	2006	Percentage Change
Land	\$ 27.6	\$ 27.6	0.0%
Depreciable Buildings	367.8	372.5	-1.3%
Equipment	8.0	6.8	17.6%
Total	<u>\$ 403.4</u>	<u>\$ 406.9</u>	-0.9%

Major additions during the year include renovations and/or additions to 11 District buildings, and the purchase of 49 new buses.

Long-Term Debt

At year-end, the District had \$382,780 in general obligation bonds and other long-term debt outstanding, as shown in Table 4. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

Table 4
Outstanding Long-Term Debt
(In Millions of Dollars)

	2007	2006	Percentage Change
General Obligation Bonds, Notes and Contracts	<u>\$ 382.8</u>	<u>\$ 391.0</u>	-2.1%

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2007

- In fiscal year 2007 the District issued \$4,000 in general obligation bonds and \$7,267 of debt certificates, the majority of which to be used for tort immunity purposes.
- The District continued to pay down its debt, retiring \$19,975 of outstanding bonds and \$3,548 of other notes and obligations.
- The District issued \$4,017 in long-term purchase contracts to finance the acquisition of equipment.
- The District's general obligations bonds have carried a rating of Aaa from Moody's.
- The state limits the amount of general obligation debt the District can issue to 13.8% of the assessed value of all taxable property within the District's limits. Outstanding debt is significantly below the current limit of \$723,059.

Factors Bearing on 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.

- The Illinois General Assembly has imposed property tax legislation on school districts to give property taxpayers some relief by delaying tax increases each year. The legislation limits the levy increase to the lesser of the consumer price index (CPI) or five percent and mandates the use of prior year equalized assessed valuation (EAV) amounts to generate property tax receipts. This "tax cap" continues to limit the District's tax collection ability.
- New residential development within the District's boundaries will cause continued growth in student population within the District. This growth translates into expanded enrollment. The District is continually projecting enrollment, anticipating building space and staffing levels.
- The current economy in the state continues to affect the District's state funding levels and timing of state receipts.
- The District does not currently know the extent to which its budget will be impacted by the affects of changing fuel costs.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Assistant Superintendent's Office, School District U-46, 335 E. Chicago St., Elgin, IL 60120.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT U-46

Statement of Net Assets
Modified Cash Basis
June 30, 2007

Governmental Activities

Assets

Cash	\$ 104,132,874
Investments	12,637,228
Inventory	289,686
Capital Assets Not Being Depreciated	27,618,638
Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>375,799,586</u>
Total Assets	<u>\$ 520,478,012</u>

Liabilities and Net Assets

Liabilities

Unclaimed Property	\$ 1,145,008
Payroll Deductions	1,989,041
Long-term Obligations Payable, Due Within One Year	
General Obligation Bonds	24,790,481
General Obligation Debt Certificates	142,384
Installment Notes	55,574
Purchase Contracts	3,831,844
Long-term Obligations Payable, Due in More Than One Year	
General Obligation Bonds	339,318,830
General Obligation Debt Certificates	6,982,152
Installment Notes	207,661
Purchase Contracts	<u>7,450,645</u>
Total Liabilities	<u>385,913,620</u>

Net Assets

Invested in Capital Assets, Net of Related Debt	73,707,762
Restricted for Debt Service	18,848,214
Restricted for Construction Projects	12,117,115
Unrestricted	<u>29,891,301</u>
Total Net Assets	<u>134,564,392</u>
Total Liabilities and Net Assets	<u>\$ 520,478,012</u>

See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2007

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges For Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular Programs	\$ 121,509,088	\$ 4,086,733	\$ 1,196,897	(\$ 116,225,458)
Special Programs	36,386,694	484,804	29,757,192	(6,144,698)
Other Instructional Programs	40,308,314	344,730	9,520,155	(30,443,429)
On-Behalf TRS Payments	16,971,766	-	16,971,766	-
Total Instruction	<u>215,175,862</u>	<u>4,916,267</u>	<u>57,446,010</u>	<u>(152,813,585)</u>
Support Services:				
Pupils	25,735,341	-	304,713	(25,430,628)
Instructional Staff	15,010,469	-	2,297,237	(12,713,232)
General Administration	8,815,798	-	-	(8,815,798)
School Administration	23,905,980	-	-	(23,905,980)
Business	33,503,729	539,475	-	(32,964,254)
Facilities Acquisition and Construction	3,165,269	-	1,886,997	(1,278,272)
Transportation	22,172,911	338,703	14,999,822	(6,834,386)
Food Service	12,952,500	5,851,771	6,785,847	(314,882)
Central	11,363,644	-	-	(11,363,644)
Other Support	239,079	-	-	(239,079)
Total Support Services	<u>156,864,720</u>	<u>6,729,949</u>	<u>26,274,616</u>	<u>(123,860,155)</u>
Community Services	2,736,807	-	-	(2,736,807)
Nonprogrammed Charges	9,732,031	-	-	(9,732,031)
Debt Service - Interest and Fees	<u>10,899,062</u>	<u>-</u>	<u>-</u>	<u>(10,899,062)</u>
	<u>\$ 395,408,482</u>	<u>\$ 11,646,216</u>	<u>\$ 83,720,626</u>	<u>(300,041,640)</u>

General Revenues:

Property Taxes, Levied for General Purposes	205,075,226
Property Taxes, Levied for Debt Service	32,321,416
Payments in Lieu of Taxes	3,975,944
Unrestricted State Grants	67,600,037
Interest and Investment Earnings	5,599,826
Other General Revenues	<u>755,921</u>

Total General Revenues 315,328,370

Change in Net Assets 15,286,730

Net Assets - Beginning of Year 119,277,662

Net Assets - End of Year \$ 134,564,392

See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Governmental Funds

Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
June 30, 2007

	General Fund	Working Cash Fund	Bond and Interest Fund
Assets			
Cash	\$ 15,580	\$ 60,853,344	\$ 18,848,214
Investments	12,633,232	-	-
Due From Other Funds	-	13,863,755	-
Inventory	289,686	-	-
Total Assets	\$ 12,938,498	\$ 74,717,099	\$ 18,848,214
Liabilities and Fund Balances			
Liabilities			
Unclaimed Property	\$ 1,033,939	\$ -	\$ -
Payroll Deductions	1,989,041	-	-
Due To Other Funds	13,332,602	-	-
Total Liabilities	16,355,582	-	-
Fund Balances			
Reserved for Inventory	289,686	-	-
Unreserved (Deficit), Reported in:			
General Fund	(3,706,770)	-	-
Special Revenue Funds	-	74,717,099	-
Debt Service Fund	-	-	18,848,214
Capital Projects Funds	-	-	-
Total Fund Balances	(3,417,084)	74,717,099	18,848,214
Total Liabilities and Fund Balances	\$ 12,938,498	\$ 74,717,099	\$ 18,848,214

See Accompanying Notes to the Basic Financial Statements.

Fire Prevention and Safety Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,282,508	\$ 13,133,228	\$ 104,132,874
-	3,996	12,637,228
-	-	13,863,755
-	-	289,686
<u>\$ 11,282,508</u>	<u>\$ 13,137,224</u>	<u>\$ 130,923,543</u>
\$ -	\$ 111,069	\$ 1,145,008
-	-	1,989,041
-	531,153	13,863,755
<u>-</u>	<u>642,222</u>	<u>16,997,804</u>
-	-	289,686
-	-	(3,706,770)
-	2,731,751	77,448,850
-	-	18,848,214
<u>11,282,508</u>	<u>9,763,251</u>	<u>21,045,759</u>
<u>11,282,508</u>	<u>12,495,002</u>	<u>113,925,739</u>
<u>\$ 11,282,508</u>	<u>\$ 13,137,224</u>	<u>\$ 130,923,543</u>

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SCHOOL DISTRICT U-46

Reconciliation of the Governmental Funds Statement of Assets, Liabilities and Fund Balances to the Statement of Net Assets - Modified Cash Basis June 30, 2007

Total Fund Balances - Governmental Funds	\$ 113,925,739
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of accumulated depreciation of \$155,968,474 used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	403,418,224
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Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:

General Obligation Bonds	(364,109,311)
General Obligation Debt Certificates	(7,124,536)
Installment Notes	(263,235)
Purchase Contracts	(11,282,489)

Net Assets of Governmental Activities	<u>\$ 134,564,392</u>
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See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
For the Year Ended June 30, 2007

	General Fund	Working Cash Fund	Bond and Interest Fund
Revenues			
Property Taxes	\$ 189,349,011	\$ -	\$ 32,321,416
Replacement Taxes and Other Payments in Lieu of Taxes	3,700,008	-	-
Charges for Services	10,768,038	-	-
Earnings on Investments	4,782,236	747,053	49,452
Impact Fees, Rentals and Other Local Sources	1,355,115	-	-
State Grants-in-Aid	94,958,770	-	-
Federal Grants-in-Aid	22,240,757	-	-
TRS On-Behalf Payments	16,971,766	-	-
Total Revenues	<u>344,125,701</u>	<u>747,053</u>	<u>32,370,868</u>
Expenditures			
Current:			
Instruction:			
Regular Programs	115,992,642	-	-
Special Programs	33,920,107	-	-
Other Instructional Programs	37,762,528	-	-
Support Services:			
Pupils	23,693,944	-	-
Instructional Staff	13,974,283	-	-
General Administration	8,193,843	-	-
School Administration	21,900,109	-	-
Business	30,156,653	-	-
Facilities Acquisition & Construction	130,086	-	-
Transportation	1,043,965	-	-
Food Service	12,317,373	-	-
Central	10,277,553	-	-
Other Support	229,028	-	-
Community Services	2,557,483	-	-
Nonprogrammed Charges	9,732,031	-	-
Intergovernmental: TRS On-Behalf Payments	16,971,766	-	-
Debt Service - Interest and Fees	9,255	-	10,889,807
Debt Service - Principal	197,958	-	19,974,529
Capital Outlay	3,058,216	-	-
Total Expenditures	<u>342,118,823</u>	<u>-</u>	<u>30,864,336</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,006,878</u>	<u>747,053</u>	<u>1,506,532</u>
Other Financing Sources (Uses)			
Issuance of Bonds	4,000,000	-	-
Issuance of Debt Certificates	6,555,000	-	-
Premium on Debt Certificates Sold	102,832	-	-
Transfers In	5,747,053	-	-
Transfers Out	-	(747,053)	-
Issuance of Purchase Contracts	1,088,690	-	-
Total Other Financing Sources (Uses)	<u>17,493,575</u>	<u>(747,053)</u>	<u>-</u>
Net Change in Fund Balances	19,500,453	-	1,506,532
Fund Balances (Deficits), Beginning of Year	(22,917,537)	74,717,099	17,341,682
Fund Balances (Deficits), End of Year	<u>(\$ 3,417,084)</u>	<u>\$ 74,717,099</u>	<u>\$ 18,848,214</u>

See Accompanying Notes to the Basic Financial Statements.

Fire Prevention and Safety Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,418,260	\$ 14,307,955	\$ 237,396,642
-	275,936	3,975,944
-	338,703	11,106,741
2,990	18,095	5,599,826
-	1,986,997	3,342,112
-	14,999,822	109,958,592
-	-	22,240,757
-	-	16,971,766
<u>1,421,250</u>	<u>31,927,508</u>	<u>410,592,380</u>

-	1,136,324	117,128,966
-	1,079,950	35,000,057
-	629,552	38,392,080

-	1,050,388	24,744,332
-	411,914	14,386,197
-	275,522	8,469,365
-	1,095,690	22,995,799
-	1,852,242	32,008,895
518,799	467,646	1,116,531
-	20,933,041	21,977,006
-	5	12,317,378
-	660,830	10,938,383
-	10,051	239,079
-	69,087	2,626,570
-	-	9,732,031
-	-	16,971,766
-	-	10,899,062
-	-	20,172,487
<u>5,424,925</u>	<u>6,801,982</u>	<u>15,285,123</u>
<u>5,943,724</u>	<u>36,474,224</u>	<u>415,401,107</u>

(4,522,474)	(4,546,716)	(4,808,727)
--------------	--------------	--------------

-	-	4,000,000
-	711,920	7,266,920
-	-	102,832
-	-	5,747,053
-	(5,000,000)	(5,747,053)
-	2,928,478	4,017,168
<u>-</u>	<u>(1,359,602)</u>	<u>15,386,920</u>

(4,522,474)	(5,906,318)	10,578,193
--------------	--------------	------------

<u>15,804,982</u>	<u>18,401,320</u>	<u>103,347,546</u>
<u>\$ 11,282,508</u>	<u>\$ 12,495,002</u>	<u>\$ 113,925,739</u>

SCHOOL DISTRICT U-46

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Modified Cash Basis For the Year Ended June 30, 2007

Net Change in Fund Balances - Governmental Funds	\$ 10,578,193
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*Amounts reported for governmental activities in the
Statement of Activities are different because*

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets are
depreciated over their estimated useful lives as depreciation expense.

This is the amount expenditures capitalized in the current period.	11,125,584
--	------------

This is the amount of depreciation recorded in the current period.	(14,656,258)
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Repayment of debt principal is an expenditure in the governmental
funds, but the repayment reduced long-term liabilities in the
Statement of Net Assets. The following amounts were retired:

General Obligation Bonds	19,974,529	
Debt Certificates	142,384	
Installment Notes	55,574	
Purchase Contracts	<u>3,350,812</u>	23,523,299

Issuance of new debt is recorded as other financing sources
in the governmental funds, but the issuance of new
debt increases long-term liabilities in the Statement of Net Assets.
The following amounts were issued:

General Obligation Bonds	(4,000,000)	
Debt Certificates	(7,266,920)	
Purchase Contracts	<u>(4,017,168)</u>	(15,284,088)

Change in Net Assets of Governmental Activities	<u>\$ 15,286,730</u>
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See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities - Modified Cash Basis
June 30, 2007

	<u>Agency Funds</u> <u>Student Activity Funds</u>
Assets	
Cash	\$ <u>4,542,982</u>
Total Assets	\$ <u>4,542,982</u>
Liabilities	
Due To Activity Fund Organizations	\$ <u>4,542,982</u>
Total Liabilities	\$ <u>4,542,982</u>

See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies

The District operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the communities of Bartlett, Elgin, Hanover Park, South Elgin, Streamwood, Wayne and portions of Carol Stream, St. Charles, Schaumburg, West Chicago and Hoffman Estates.

Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board (GASB) Statement No.'s 14 and 39 have been considered and there are no agencies or entities which should be presented with the District. Also, the District is not included as a component unit in any other government reporting entity, as defined by GASB pronouncements.

The District is the administrative agent for the Northern Kane County Regional Vocational System (NKCRVS). The NKCRVS is considered a separate entity for financial reporting purposes and is not considered a component unit of the District in accordance with GASB Standards; accordingly, the accounts of NKCRVS are not included in the accompanying basic financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and presented as nonmajor funds. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets and the servicing of general long-term debt.

The District reports the following major governmental funds:

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District's general fund consists of three 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 a portion of the District's risk financing activities and the Operations and Maintenance Account, which reports all costs of maintaining, improving or repairing school building and property.

Working Cash Fund

The Working Cash Fund, (a special revenue fund) accounts for financial resources held by the District to be used for temporary interfund loans to other District funds.

Bond and Interest Fund

The Bond and Interest 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.

Fire Prevention and Safety Fund

The Fire Prevention and Safety Fund, (a capital projects fund) is used to account for the altering, reconstructing and repairing of the existing school buildings of the District.

The District also reports the following other fund types/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. It consists of the Transportation Fund, which accounts for the transportation of pupils, and the Municipal Retirement / Social Security Fund, which accounts for the District's share of retirement benefit and social security costs for employees.

Capital Projects Fund (Site and Construction Fund) - This fund accounts for financial resources to be used for the acquisition, construction or renovation of major capital facilities.

Fiduciary Fund - The reporting focuses on assets and liabilities. The District's fiduciary funds are agency funds, the Student Activity Funds. 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.

District-Wide Financial Statements

The district-wide Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. The effect of interfund activity has been eliminated from these statements. Fiduciary funds are not included in the district-wide statements. Fiduciary funds are reported only in the Fiduciary Fund Statement of Assets and Liabilities at the fund financial statement level.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2007

1. Summary of Significant Accounting Policies

The district-wide statements are reported using the modified cash basis of accounting measurement focus as explained below. The statement of net assets includes all current assets and current liabilities arising from cash transactions and all capital assets, net of accumulated depreciation, and long-term debt associated with the operation of the District.

The Statement of Activities reflects both the direct expenses and net cost of each function of the District's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues, such as property taxes and general state aid, are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each District function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Governmental Funds

The District accounts for its governmental fund types and prepares its annual budget on the modified cash basis of accounting measurement focus, which varies from accounting principles generally accepted in the United States of America. With this measurement focus, only current assets and current liabilities arising from cash transactions are included on the balance sheet. Accordingly, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred, except for inventories purchased not yet issued and employees' share of payroll withholdings and unclaimed property not yet remitted to other governmental agencies at year-end. Consequently, property taxes and other revenues due, as well as amounts owed to vendors and suppliers are not included in the financial statements. Only assets representing a right to receive cash from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund.

Differences occur from the manner in which the fund financial statements and the district-wide statements are prepared due to the inclusion of capital asset and long-term debt activity. The fund financial statements, therefore, include a reconciliation which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the district-wide presentation.

Real Estate Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2006 tax levy was passed by the Board of Education on December 4, 2006, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and September 2007 in Cook County and in June and September 2007 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 receives the remittances from the County Treasurer approximately one month after collection. Property taxes are recorded upon receipt.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies

Investments

The investments are stated at fair value, based on quoted market prices.

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. 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 are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings	40 years
Transportation equipment	5 years
Other equipment	3-5 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 other funds) in lender funds and interfund payables (due to other funds) in borrower funds.

Reimbursements – repayments from the funds responsible for particular expenditure to the funds that initially paid for them. Reimbursements are reported as expenditure in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund.

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.

Compensated Absences

The District records compensated absences when paid in cash. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. No amount of material compensated absences existed at year-end that were required to be reported in the district-wide financial statements.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

1. Summary of Significant Accounting Policies

Long-Term Liabilities

In the statement of net assets, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued.

In the fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond 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.

Fund Balance / Net Assets

The District reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for inventory, tort immunity, debt service and capital projects.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition/construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Eliminations

Eliminations have been made in the statement of net assets 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.

Restricted Resources Policy

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.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2007

2. Budgets and Budgetary Information

Annual budgets are adopted for all governmental fund types. The annual budgets are adopted on a basis consistent with modified cash basis accounting at the fund level. All budgets lapse at fiscal year end.

On or before July 1 of each year, the Superintendent 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 appropriated budget is prepared by fund and by function. The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10% 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. No supplemental budget was required and there were no transfers between functions during the year.

For budgetary purposes, the District did not recognize, as revenues received or expenditures paid, the \$16,971,766 of retirement contributions made by the State to the Teachers' Retirement System of the State of Illinois (TRS) on behalf of the District.

The following schedule reconciles the revenues received and expenditures paid on the budgetary basis with the amounts presented in accordance with the comprehensive basis of accounting used by the District for the General Fund.

Revenues Received - Budgetary Basis	\$ 327,153,935
Unbudgeted Retirement Contributions Made by the State	<u>16,971,766</u>
Revenues Received - Modified Cash Basis	<u>344,125,701</u>
Expenditures Paid - Budgetary Basis	325,147,057
Unbudgeted Retirement Contributions To TRS	<u>16,971,766</u>
Expenditures Paid - Modified Cash Basis	<u>342,118,823</u>

3. 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; (9) and 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
June 30, 2007

3. Deposits and Investments

Substantially all cash and investments are deposits and investments maintained in pooled accounts held in the name of the District.

Deposits

As of June 30, 2007, the District had deposits with federally insured financial institutions of \$11,604,692 with the book balances totaling \$6,964,786.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$4,944,818 of the District's bank balance of \$11,604,692 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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. The following schedule reports the fair values and maturities (using the segmented time distribution method) for the District's investments at June 30, 2007. The schedule also includes credit ratings for by Standard & Poor's at June 30, 2007:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>	<u>% of Total Investments</u>	<u>Credit Ratings</u>
Illinois School District Liquid Asset Fund	\$ 3,996	\$ 3,996	0.01%	AAAm
Illinois Funds Money Market Fund	1,912,617	1,912,617	1.67%	AAAm
Government Money Market Fund Investments	112,431,685	112,431,685	98.32%	AAAm
	<u>\$ 114,348,298</u>	<u>\$ 114,348,298</u>	<u>100.00%</u>	

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 Plus, Illinois Funds, and the Government Money Market Fund Investments held by the District are not subject to custodial credit risk.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2007

3. Deposits and Investments

The above deposits and investments are presented in the basic financial statements as cash and investments as follows:

Cash - Carrying Amount of District Deposits Per Note Above	\$ 6,964,786
Investments - Per Note Above	<u>114,348,298</u>
Total	<u>\$ 121,313,084</u>
Cash Per Statement of Net Assets	\$ 104,132,874
Investments Per Statement of Net Assets	12,637,228
Cash Per Statement of Fiduciary Assets and Liabilities	<u>4,542,982</u>
Total	<u>\$ 121,313,084</u>

4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2007, are as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital Assets Not Being Depreciated				
Land	\$ 27,618,638	\$ -	\$ -	\$ 27,618,638
Total Capital Assets Not Being Depreciated	<u>27,618,638</u>	<u>-</u>	<u>-</u>	<u>27,618,638</u>
Capital Asset Being Depreciated				
Buildings	497,264,438	7,362,841	-	504,627,279
Transportation Equipment	16,525,644	3,517,881	(1,963,622)	18,079,903
Other Equipment	8,816,016	244,862	-	9,060,878
Capital Asset Being Depreciated, Gross	<u>522,606,098</u>	<u>11,125,584</u>	<u>(1,963,622)</u>	<u>531,768,060</u>
Accumulated Depreciation				
Buildings	(124,776,385)	(12,011,187)	-	(136,787,572)
Transportation Equipment	(11,121,693)	(2,041,527)	1,963,622	(11,199,598)
Other Equipment	(7,377,760)	(603,544)	-	(7,981,304)
Total Accumulated Depreciation	<u>(143,275,838)</u>	<u>(14,656,258)</u>	<u>1,963,622</u>	<u>(155,968,474)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>379,330,260</u>	<u>(3,530,674)</u>	<u>-</u>	<u>375,799,586</u>
Total Capital Assets, Net of Depreciation	<u>\$ 406,948,898</u>	<u>\$ (3,530,674)</u>	<u>\$ -</u>	<u>\$ 403,418,224</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

4. Capital Assets

Depreciation expense was charged to governmental activities as follows:

Regular Programs	\$ 4,634,083
Special Education Programs	1,384,742
Other Instructional Programs	1,518,926
Pupils	978,984
Instructional Staff	569,174
General Administration	335,082
School Administration	909,804
Business	1,259,929
Transportation	2,041,527
Food Services	487,324
Central	432,766
Community Services	<u>103,917</u>
Total	<u>\$ 14,656,258</u>

5. Long-Term Obligations

The following is a summary of activity for the District's long-term debt for the year ended June 30, 2007:

	Balance July 1, 2006	Issuances/ Additions	Retirements/ Deletions	Balance June 30, 2007	Principal Due Within One Year
General Obligation Bonds	\$ 380,083,840	\$ 4,000,000	\$ 19,974,529	\$ 364,109,311	\$ 24,790,481
Debt Certificates	-	7,266,920	142,384	7,124,536	142,384
Installment Notes	318,809	-	55,574	263,235	55,574
Purchase Contracts	<u>10,616,133</u>	<u>4,017,168</u>	<u>3,350,812</u>	<u>11,282,489</u>	<u>3,831,844</u>
Total	<u>\$ 391,018,782</u>	<u>\$ 15,284,088</u>	<u>\$ 23,523,299</u>	<u>\$ 382,779,571</u>	<u>\$ 28,820,283</u>

The retirements of purchase contracts have been recorded as support services expenditures in the governmental funds financial statements.

At June 30, 2007 general long-term debt consisted of the following:

General Obligation Bonds - Payable by the Debt Service Fund:

\$14,999,900, 1996 Capital Appreciation School Building Bonds due in annual installments of \$351,564 to \$1,677,178 through 2014 with interest yielding 6.185%.	\$ 7,557,206
\$39,500,000, 1997 School Building Bonds due in annual installments of \$500,000 to \$13,825,000 through 2012 with interest due semiannually at 5.05% to 7.8%.	14,850,000

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

5. Long-Term Obligations

\$32,300,000, 1998 School Building Bonds due in annual installments of \$100,000 to \$13,000,000 through 2015 with interest due semiannually at 4.14% to 5.45%.	\$ 31,300,000
\$18,300,000, 1999 School Building Bonds due in annual installments of \$250,000 to \$7,000,000 through 2019 with interest due semiannually at 5.05% to 5.25%.	17,050,000
\$57,999,743, 2001 Construction Bonds due in annual installments of \$982,125 to \$14,072,352 through 2016 with interest due semiannually at 5.2% to 9.0%.	49,297,707
\$54,499,619, 2002 Illinois Development Finance Authority Program Revenue Bonds due in annual installments of \$373,209 to \$14,528,432 in years 2016 through 2021 with interest due annually in years of maturity at a rate yielding 5.3789%.	54,499,619
\$22,625,000, 2003A School Bonds due in annual installments of \$830,000 to \$4,875,000 through 2009 with interest due semiannually at 2.0% to 3.25%.	10,445,000
\$65,999,779, 2003B Capital Appreciation School Bonds due in annual installments of \$847,515 to \$18,975,627 beginning in fiscal year 2009 through 2023 with interest due annually in years of maturity at a rate yielding 3.45% to 5.37%.	65,999,779
\$12,000,000, 2003C General Obligation Limited Tax School Bonds (Working Cash Bonds) due in annual installments of \$1,930,000 to \$2,885,000 through 2009 with interest due semiannually at 2.50% to 3.125%.	5,470,000
\$22,000,000, 2003D General Obligation Limited Tax School Bonds (Working Cash Bonds) due in annual installments of \$3,500,000 to \$5,390,000 beginning in fiscal year 2010 through 2014 with interest due semiannually at 5.00% to 5.60%.	22,000,000
\$71,790,000, 2005 General Obligation School Refunding Bonds with \$1,265,000 due in January 2006 and annual installments ranging from \$365,000 to \$15,085,000 beginning in fiscal year 2008 through 2020 with interest due semiannually at rates ranging from 3.00% to 5.00%.	70,525,000
\$11,115,000, 2006A General Obligation Limited School Bonds due in annual installments of \$1,725,000 to \$3,115,000 beginning in fiscal year 2008 through 2011 with interest due semiannually at 2.0% to 3.25%.	11,115,000
\$4,000,000, 2007 Taxable General Obligation Limited School Bonds due in one installment of \$4,000,000 on August 1, 2007 with interest due on August 1, 2007 at 6.53%.	<u>4,000,000</u>
Total General Obligation Bonds	<u>\$ 364,109,311</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

5. Long-Term Obligations

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 Bond and Interest Fund for each of the next five fiscal years and in five year increments thereafter are as follows:

Due In Fiscal Year	Total Debt Service	Principal	Interest
2008	\$ 36,014,266	\$ 24,790,481	\$ 11,223,785
2009	33,955,141	22,857,839	11,097,302
2010	35,298,972	22,852,101	12,446,871
2011	35,588,497	24,544,453	11,044,044
2012	36,531,272	25,580,432	10,950,840
2013-2017	193,197,137	119,974,069	73,223,068
2018-2022	232,489,250	107,989,386	124,499,864
2023	<u>44,105,000</u>	<u>15,520,550</u>	<u>28,584,450</u>
Total	<u>\$ 647,179,535</u>	<u>\$ 364,109,311</u>	<u>\$ 283,070,224</u>

Legal debt margin:

As of June 30, 2007, the legal debt limit of the District was \$723,059,131, based upon 13.8 percent of its estimated 2006 equalized assessed valuation of \$5,239,558,922. The debt limit less outstanding debt of \$364,109,311 results in a legal debt margin of \$358,949,820 as of June 30, 2007.

Debt Certificates - Payable by the General Fund:

\$711,920, 2006 Debt Certificates (Qualified Zone Academy Bonds) due in annual installments of \$142,384 beginning in fiscal year 2007 through 2011 with interest due annually at 6.06%	\$ 569,536
\$6,555,000, 2007 Taxable General Obligation Limited Tax Debt Certificates due in annual installments of \$395,000 to \$940,000 beginning in fiscal year 2009 through 2017 with interest due semiannually at 6.0% to 6.15%.	<u>6,555,000</u>
Total Debt Certificates	<u>\$ 7,124,536</u>

Installment Notes:

Descriptions of the District's installment notes are as follows:

\$105,280, 1992 Interest Free Asbestos Abatement Federal Note, payable from the Operations and Maintenance Account, due in semi-annual installments of \$2,915 to \$2,949 through 2011	\$ 23,446
\$895,049, 1992 Interest Free Asbestos Abatement Federal Note, payable from the Operations and Maintenance Account, due in annual installments of \$49,724 through 2012.	<u>239,789</u>
Total Installment Notes	<u>\$ 263,235</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

5. Long-Term Obligations

Purchase Contracts: As of June 30, 2007, the District had entered into approximately 125 lease/purchase contracts for copiers, buses, computer equipment, and other equipment, totaling \$11,282,489, which are payable from the General and Transportation Funds. 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 exceed the District's capitalization threshold.

Debt Service Requirements to Maturity – Debt Certificates, Installment Notes and Purchase Contracts: Annual debt service requirements to maturity for debt certificates, installment notes and purchase contracts to be paid from the General and Transportation Funds for each of the next five fiscal years and in five year increments thereafter are as follows:

Due In Fiscal Year	Total Debt Service	Debt Certificates		Installment Notes	Purchase Contracts	
		Principal	Interest	Principal	Principal	Interest
2008	\$ 4,459,468	\$ 142,384	\$ 7,404	\$ 55,574	\$ 3,831,844	\$ 422,262
2009	4,492,237	537,384	609,968	55,574	3,012,921	276,390
2010	3,446,970	762,384	381,458	55,574	2,085,280	162,274
2011	2,836,878	797,384	341,632	96,513	1,515,656	85,693
2012	1,768,591	700,000	299,663	-	735,494	33,434
2013-2017	5,092,471	4,185,000	801,680	-	101,294	4,497
Total	<u>\$ 22,096,615</u>	<u>\$ 7,124,536</u>	<u>\$ 2,441,805</u>	<u>\$ 263,235</u>	<u>\$ 11,282,489</u>	<u>\$ 984,550</u>

6. 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 \$50,000,000. 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, 2007, the District had purchased (stop-loss) insurance to cover claims in excess of \$300,000 per person per year and \$2,000,000 lifetime. Estimated claims liabilities outstanding at June 30, 2007, based on historical cost information, total \$2,950,000, and these claims are expected to be paid from current available resources. Settled claims have not exceeded coverage in any of the past three fiscal years.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

7. Retirement Plans

Teachers' Retirement System of the State of Illinois

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2007, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.60 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.80 percent.

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

On behalf contributions

The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the District recognized revenue and expenditures of \$16,971,766 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$11,323,546) and 11.76 percent (\$16,153,122), respectively.

The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The state contributions for the year ended June 30, 2005 were based on an actuarial formula.

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

2.2 formula contributions

Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$1,006,506. Contributions for the years ending June 30, 2006, and June 30, 2005, were \$924,107 and \$832,505, respectively.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2007

7. Retirement Plans

Federal and trust fund contributions

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

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$3,845,975 were paid from federal and trust funds that required employer contributions of \$376,136. For the years ended June 30, 2006 and June 30, 2005, required District contributions were \$224,400 and \$648,786, respectively.

Early Retirement Option (ERO)

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

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2007, the District paid \$335,121 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and June 30, 2005, the District paid \$2,615,970 and \$2,303,567 in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave

Public Act 94-0004 added two new employer contributions to TRS.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2007

7. Retirement Plans

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

For the years ended June 30, 2007 and June 30, 2006, the District made no payments to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007).

For the years ended June 30, 2007 and June 30, 2006, the District made no payments to TRS for sick leave days granted in the excess of the normal annual allotment.

Further Information

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2006. The report for the year ended June 30, 2007, is expected to be available in late 2007. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

Illinois Municipal Retirement

The District's agent multiple employer defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code established the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 8.21 percent. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2006 was 26 years.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2007

7. Retirement Plans

For the year ended December 31, 2006, the District's annual pension cost of \$4,155,150 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2004, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2006 actuarial valuation and schedule of funding progress were based on the 2002-2004-experience study.

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	\$ 4,155,150	100%	\$ -
12/31/05	4,195,749	100%	-
12/31/04	3,032,461	100%	-
12/31/03	3,457,927	100%	-
12/31/02	3,274,291	100%	-
12/31/01	3,109,638	100%	-
12/31/00	6,052,420	100%	-
12/31/99	2,944,406	100%	-
12/31/98	2,765,162	100%	-
12/31/97	2,492,966	100%	-

8. Debt Defeasance

In prior years, the District advance refunded certain general obligation bonds by placing a portion of the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2007, the outstanding balance of all defeased bonds totals \$43,000,000.

9. Other Financial Disclosures

Expenditures Exceeding Operating Budgets

Expenditures exceeded budgeted expenditures in the following funds/accounts during fiscal year 2007:

Fund	Final Budget	Actual Expenditures	Amount Over Budget
General Fund - Tort Immunity Account	\$ 7,799,216	\$ 9,324,453	\$ 1,525,237
Bond and Interest Fund	27,091,953	30,864,336	3,772,383
Transportation Fund	17,681,912	22,647,761	4,965,849

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

9. Other Financial Disclosures

Due To/From Other Funds

Interfund debt balances as of June 30, 2007 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds		
General	\$ -	\$ 13,332,602
Working Cash	13,863,755	-
Nonmajor Governmental Funds	-	531,153
Total	<u>\$ 13,863,755</u>	<u>\$ 13,863,755</u>

The interfund debt balances reflect operating loans which are expected to be resolved in the following fiscal year.

Interfund Transfers

Transfers for the year ended June 30, 2007 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General	\$ 5,747,053	\$ -
Working Cash	-	747,053
Nonmajor Governmental Funds	-	5,000,000
Total	<u>\$ 5,747,053</u>	<u>\$ 5,747,053</u>

Transfers were used to move unrestricted receipts from the Working Cash Fund to the General Fund and from the Transportation Fund to the General Fund to finance various programs as allowed by State statutes.

Deficit fund balances

The General Fund and the Municipal Retirement / Social Security Fund had deficit fund balances as of June 30, 2007 of (\$3,417,084) and (\$531,153), respectively. The General Fund deficit is comprised of the following: Educational Account - \$9,948,855, Tort Immunity Account - (\$2,634,719) and Operations and Maintenance Account - (\$10,731,220). District management expects to reduce the deficits with future revenues and budget cuts.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2007

10. Net Assets

Restricted Net Assets

Enabling legislation authorizes the District to levy payment of resources (property taxes) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The District has levied for restricted property taxes for debt service, special education purposes, fire prevention and safety purposes, and tort immunity purposes. Additionally, the District has received the restricted proceeds of debt issuances and impact fees. The District has restricted net assets for resources accumulated to make future payments on bonds in the amount of \$18,848,214 and has restricted net assets for resources accumulated for future construction projects for \$12,117,115, which is comprised of property tax monies, debt proceeds and impact fees. All resources received for special education purposes were expended as of year end. All resources received for tort immunity purposes, including the bond and debt certificate proceeds have been recorded in the Tort Immunity Account of the General Fund, which had a deficit fund balance at year end.

11. Contingent Liabilities

Litigation: The District is a defendant in various lawsuits wherein substantial amounts are claimed. In the opinion of the District's legal council, 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, 2007.

12. Commitments and Subsequent Events

At June 30, 2007, the District had approximately \$6,292,317 in outstanding construction project commitments. The projects pertained mainly to fire prevention and safety work to be done at various school buildings.

Shortly before year-end, the District received approval from the Illinois State Board of Education for its application for \$6.2 million of Qualified Zone Academy Bonds.

Subsequent to year-end, the District entered into a new long-term purchase contract for buses totaling \$2,958,427.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT U-46

Required Supplementary Information

Historical Pension Information
Illinois Municipal Retirement Fund
Schedule of Funding Progress
June 30, 2007

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
12/31/2006	\$ 92,531,329	\$104,917,529	\$ 12,386,200	88.19%	\$ 50,610,790	24.47%
12/31/2005	83,300,629	93,335,076	10,034,447	89.25%	45,905,352	21.86%
12/31/2004	75,666,381	73,882,121	(1,784,260)	102.42%	34,005,999	(5.25%)
12/31/2003	75,607,130	79,537,100	3,929,970	95.06%	42,428,550	9.26%
12/31/2002	74,023,230	76,272,517	2,249,287	97.05%	43,082,770	5.22%
12/31/2001	69,256,906	67,347,167	(1,909,739)	102.84%	38,438,046	(4.97%)
12/31/2000	62,971,744	60,033,466	(2,938,278)	104.89%	35,247,350	(8.34%)
12/31/1999	56,027,413	55,400,196	(627,217)	101.13%	31,256,971	(2.01%)
12/31/1998	45,343,080	48,531,704	3,188,624	93.43%	27,734,820	11.50%
12/31/1997	38,384,936	44,860,869	6,475,933	85.56%	25,666,905	25.23%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$100,283,653. On a market value basis, the funded ratio would be 95.58%

*Digest of Changes

The actuarial assumptions used to determine the accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

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

SCHOOL DISTRICT U-46

Required Supplementary Information - Budgetary Comparison Information - General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 182,668,372	\$ 189,349,011	\$ 6,680,639
Replacement Taxes and Other			
Payments in Lieu of Taxes	4,025,476	3,700,008	(325,468)
Charges for Services	12,996,299	10,768,038	(2,228,261)
Earnings on Investments	4,315,480	4,782,236	466,756
Rentals and Other Local Sources	1,202,400	1,355,115	152,715
State Grants-in-Aid	90,894,651	94,958,770	4,064,119
Federal Grants-in-Aid	23,189,104	22,240,757	(948,347)
Total Revenues	<u>319,291,782</u>	<u>327,153,935</u>	<u>7,862,153</u>
Expenditures			
Current:			
Instruction:			
Regular Programs	115,748,840	115,992,642	(243,802)
Special Programs	36,419,490	33,920,107	2,499,383
Other Instructional Programs	38,957,856	37,762,528	1,195,328
Support Services:			
Pupils	19,790,158	23,693,944	(3,903,786)
Instructional Staff	12,937,201	13,974,283	(1,037,082)
General Administration	6,911,466	8,193,843	(1,282,377)
School Administration	21,045,679	21,900,109	(854,430)
Business	31,363,186	30,156,653	1,206,533
Facilities Acquisition & Construction	205,431	130,086	75,345
Transportation	1,186,568	1,043,965	142,603
Food Service	10,408,020	12,317,373	(1,909,353)
Central	9,107,933	10,277,553	(1,169,620)
Other Support	122,059	229,028	(106,969)
Community Services	2,779,511	2,557,483	222,028
Nonprogrammed Charges	9,938,580	9,732,031	206,549
Debt Service - Interest and Fees	-	9,255	(9,255)
Debt Service - Principal	55,574	197,958	(142,384)
Capital Outlay	4,622,323	3,058,216	1,564,107
Contingency	2,880,000	-	2,880,000
Total Expenditures	<u>324,479,875</u>	<u>325,147,057</u>	<u>(667,182)</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,188,093)	2,006,878	7,194,971
Other Financing Sources			
Issuance of Bonds	-	4,000,000	4,000,000
Issuance of Debt Certificates	-	6,555,000	6,555,000
Premium on Debt Certificates Sold	-	102,832	102,832
Transfers In	-	5,747,053	5,747,053
Issuance of Purchase Contracts	-	1,088,690	1,088,690
Total Other Financing Sources	<u>-</u>	<u>17,493,575</u>	<u>17,493,575</u>
Net Change in Fund Balance	<u>(\$ 5,188,093)</u>	19,500,453	<u>\$ 24,688,546</u>
Fund Balance (Deficit), Beginning of Year		(22,917,537)	
Fund Balance (Deficit), End of Year		<u>(\$ 3,417,084)</u>	

SCHOOL DISTRICT U-46

Required Supplementary Information - Budgetary Comparison Information - Working Cash Fund
Schedule of Revenues and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Earnings on Investments	\$ -	\$ 747,053	\$ 747,053
Total Revenues	-	747,053	747,053
 Other Financing (Uses)			
Transfers Out	-	(747,053)	(747,053)
Total Other Financing (Uses)	-	(747,053)	(747,053)
Net Change in Fund Balance	\$ -	-	\$ -
 Fund Balance, Beginning of Year		74,717,099	
 Fund Balance, End of Year		\$ 74,717,099	

Notes to Required Supplementary Information:

The Budgetary Comparison Information includes the activity of the General Fund and the Working Cash Fund (a major special revenue fund). The General Fund is presented on the budgetary basis of accounting. The budgetary basis differs from the modified cash basis in that the revenues of \$16,971,766 and the expenditures of the same amount recognized by the District for TRS on-behalf payments were not budgeted by the District and therefore are not presented in this schedule. The Working Cash Fund is presented on the modified cash basis of accounting. The budget was not amended during the fiscal year. The Tort Immunity Account and Operations and Maintenance Account of the General Fund had deficit fund balances at year end of (\$2,634,719) and (\$10,731,220), respectively. The District is working towards eliminating these deficits through future tax revenues. Additionally, the Tort Immunity Account incurred expenditures in excess of budgeted expenditures of \$1,525,237.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT U-46

General Fund

Statement of Assets, Liabilities and Fund Balances by Account - Modified Cash Basis
June 30, 2007

	<u>Educational Account</u>	<u>Tort Immunity Account</u>	<u>Operations and Maintenance Account</u>	<u>Total</u>
Assets				
Cash	\$ 14,800	\$ -	\$ 780	\$ 15,580
Investments	12,633,232	-	-	12,633,232
Inventory	289,686	-	-	289,686
 Total Assets	 <u>\$ 12,937,718</u>	 <u>\$ -</u>	 <u>\$ 780</u>	 <u>\$ 12,938,498</u>
 Liabilities and Fund Balances				
Liabilities				
Unclaimed Property	\$ 999,822	\$ -	\$ 34,117	\$ 1,033,939
Payroll Deductions	1,989,041	-	-	1,989,041
Due To Other Funds	-	2,634,719	10,697,883	13,332,602
 Total Liabilities	 <u>2,988,863</u>	 <u>2,634,719</u>	 <u>10,732,000</u>	 <u>16,355,582</u>
 Fund Balances				
Reserved For Inventory	289,686	-	-	289,686
Unreserved (Deficit)	9,659,169	(2,634,719)	(10,731,220)	(3,706,770)
 Total Fund Balances	 <u>9,948,855</u>	 <u>(2,634,719)</u>	 <u>(10,731,220)</u>	 <u>(3,417,084)</u>
 Total Liabilities and Fund Balances	 <u>\$ 12,937,718</u>	 <u>\$ -</u>	 <u>\$ 780</u>	 <u>\$ 12,938,498</u>

SCHOOL DISTRICT U-46

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances by Account - Modified Cash Basis
For the Year Ended June 30, 2007

	Educational Account	Tort Immunity Account	Operations and Maintenance Account	Total
Revenues				
Property Taxes	\$ 167,941,145	\$ 3,694,846	\$ 17,713,020	\$ 189,349,011
Replacement Taxes and Other				
Payments in Lieu of Taxes	1,429,177	-	2,270,831	3,700,008
Charges for Services	10,768,038	-	-	10,768,038
Earnings on Investments	1,963,546	9,181	2,809,509	4,782,236
Rentals and Other Local Sources	357,803	-	997,312	1,355,115
State Grants-in-Aid	92,958,770	-	2,000,000	94,958,770
Federal Grants-in-Aid	22,240,757	-	-	22,240,757
TRS On-Behalf of Payments	16,971,766	-	-	16,971,766
Total Revenues	<u>314,631,002</u>	<u>3,704,027</u>	<u>25,790,672</u>	<u>344,125,701</u>
Expenditures				
Current:				
Instruction:				
Regular Programs	114,779,812 ^{29.169}	1,212,830	-	115,992,642
Special Programs	33,831,105 ^{11.70}	89,002	-	33,920,107
Other Instructional Programs	37,756,217 ^{13.06}	6,311	-	37,762,528
Support Services:				
Pupils	23,688,350 ^{8.19}	5,594	-	23,693,944
Instructional Staff	13,941,517 ^{4.88}	32,766	-	13,974,283
General Administration	3,934,926 ^{1.36}	4,258,917	-	8,193,843
School Administration	21,900,109 ^{7.57}	-	-	21,900,109
Business	3,415,735 ^{1.18}	3,447,874	23,293,044 ^{96.1}	30,156,653
Facilities Acquisition & Construction	-	-	130,086 ⁴⁵	130,086
Transportation	1,042,797 ^{1.36}	384	784 -	1,043,965
Food Service	12,317,343 ^{4.26}	30	-	12,317,373
Central	10,077,387 ^{3.48}	200,166	-	10,277,553
Other Support	226,637 ^{1.08}	2,391	-	229,028
Community Services	2,548,623 ^{.88}	8,860	-	2,557,483
Nonprogrammed Charges	9,732,031 ^{3.37}	-	-	9,732,031
Intergovernmental: TRS				
On-Behalf Payments	16,971,766 ^{Not included}	-	-	16,971,766
Debt Service - Interest and Fees	-	-	9,255 -	9,255
Debt Service - Principal	-	-	197,958 ^{1.8}	197,958
Capital Outlay	2,575,696	59,328	423,192 ^{1.8}	3,058,216
Total Expenditures	<u>308,740,051</u>	<u>9,324,453</u>	<u>24,054,319</u>	<u>342,118,823</u>
Excess (Deficiency) of Revenues	<u>289,192,589</u>			
Over Expenditures	5,890,951	(5,620,426)	1,736,353	2,006,878
Other Financing Sources (Uses)				
Issuance of Bonds	-	4,000,000	-	4,000,000
Issuance of Debt Certificates	-	6,555,000	-	6,555,000
Premium on Debt Certificates Sold	-	102,832	-	102,832
Transfers In	747,053	-	5,000,000	5,747,053
Issuance of Purchase Contracts	1,088,690	-	-	1,088,690
Total Other Financing Sources (Uses)	<u>1,835,743</u>	<u>10,657,832</u>	<u>5,000,000</u>	<u>17,493,575</u>
Net Change in Fund Balances	7,726,694	5,037,406	6,736,353	19,500,453
Fund Balances (Deficits), Beginning of Year	2,222,161	(7,672,125)	(17,467,573)	(22,917,537)
Fund Balances (Deficits), End of Year	<u>\$ 9,948,855</u>	<u>(\$ 2,634,719)</u>	<u>(\$ 10,731,220)</u>	<u>(\$ 3,417,084)</u>

SCHOOL DISTRICT U-46

Educational Account

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 162,632,371	\$ 167,941,145	\$ 5,308,774
Replacement Taxes and Other			
Payments in Lieu of Taxes	1,555,984	1,429,177	(126,807)
Charges for Services	12,996,299	10,768,038	(2,228,261)
Earnings on Investments	1,515,456	1,963,546	448,090
Rentals and Other Local Sources	352,400	357,803	5,403
State Grants-in-Aid	88,894,651	92,958,770	4,064,119
Federal Grants-in-Aid	23,189,104	22,240,757	(948,347)
Total Revenues	<u>291,136,265</u>	<u>297,659,236</u>	<u>6,522,971</u>
Expenditures			
Current:			
Instruction			
Regular Programs	115,639,423	114,779,812	859,611
Special Programs	36,419,490	33,831,105	2,588,385
Other Instructional Programs	38,957,856	37,756,217	1,201,639
Support Services			
Pupils	19,790,158	23,688,350	(3,898,192)
Instructional Staff	12,937,201	13,941,517	(1,004,316)
General Administration	3,183,667	3,934,926	(751,259)
School Administration	21,045,679	21,900,109	(854,430)
Business	3,830,032	3,415,735	414,297
Transportation	1,186,568	1,042,797	143,771
Food Service	10,408,020	12,317,343	(1,909,323)
Central	8,902,933	10,077,387	(1,174,454)
Other Support	122,059	226,637	(104,578)
Community Services	2,779,511	2,548,623	230,888
Nonprogrammed Charges	9,938,580	9,732,031	206,549
Capital Outlay	3,838,823	2,575,696	1,263,127
Contingency	2,880,000	-	2,880,000
Total Expenditures	<u>291,860,000</u>	<u>291,768,285</u>	<u>91,715</u>
Excess (Deficiency) of Revenues Over Expenditures	(<u>723,735</u>)	<u>5,890,951</u>	<u>6,614,686</u>
Other Financing Sources (Uses)			
Transfers In	-	747,053	747,053
Issuance of Purchase Contracts	-	1,088,690	1,088,690
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,835,743</u>	<u>1,835,743</u>
Net Change in Fund Balance	(<u>\$ 723,735</u>)	<u>7,726,694</u>	<u>\$ 8,450,429</u>
Fund Balance, Beginning of Year		<u>2,222,161</u>	
Fund Balance, End of Year		<u>\$ 9,948,855</u>	

SCHOOL DISTRICT U-46

Tort Immunity Account

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 2,960,725	\$ 3,694,846	\$ 734,121
Earnings on Investments	-	9,181	9,181
Total Revenues	<u>2,960,725</u>	<u>3,704,027</u>	<u>743,302</u>
Expenditures			
Current:			
Instruction			
Regular Programs	109,417	1,212,830	(1,103,413)
Special Programs	-	89,002	(89,002)
Other Instructional Programs	-	6,311	(6,311)
Support Services			
Pupils	-	5,594	(5,594)
Instructional Staff	-	32,766	(32,766)
General Administration	3,727,799	4,258,917	(531,118)
Business	3,697,000	3,447,874	249,126
Transportation	-	384	(384)
Food Service	-	30	(30)
Central	205,000	200,166	4,834
Other Support	-	2,391	(2,391)
Community Services	-	8,860	(8,860)
Capital Outlay	<u>60,000</u>	<u>59,328</u>	<u>672</u>
Total Expenditures	<u>7,799,216</u>	<u>9,324,453</u>	<u>(1,525,237)</u>
Excess (Deficiency) of Revenues Over Expenditures	(<u>4,838,491</u>)	(<u>5,620,426</u>)	(<u>781,935</u>)
Other Financing Sources			
Issuance of Bonds	-	4,000,000	4,000,000
Issuance of Debt Certificates	-	6,555,000	6,555,000
Premium on Debt Certificates Sold	<u>-</u>	<u>102,832</u>	<u>102,832</u>
Total Other Financing Sources	<u>-</u>	<u>10,657,832</u>	<u>10,657,832</u>
Net Change in Fund Balance	(<u>\$ 4,838,491</u>)	5,037,406	<u>\$ 9,875,897</u>
Fund Balance (Deficit), Beginning of Year		(<u>7,672,125</u>)	
Fund Balance (Deficit), End of Year		(<u>\$ 2,634,719</u>)	

SCHOOL DISTRICT U-46

Operations and Maintenance Account

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 17,075,276	\$ 17,713,020	\$ 637,744
Replacement Taxes and Other Payments in Lieu of Taxes	2,469,492	2,270,831	(198,661)
Earnings on Investments	2,800,024	2,809,509	9,485
Rentals and Other Local Sources	850,000	997,312	147,312
State Grants-in-Aid	2,000,000	2,000,000	-
 Total Revenues	 <u>25,194,792</u>	 <u>25,790,672</u>	 <u>595,880</u>
Expenditures			
Current:			
Support Services			
Business	23,836,154	23,293,044	543,110
Facilities Acquisition & Construction	205,431	130,086	75,345
Transportation	-	784	(784)
Debt Service - Interest and Fees	-	9,255	(9,255)
Debt Service - Principal	55,574	197,958	(142,384)
Capital Outlay	723,500	423,192	300,308
 Total Expenditures	 <u>24,820,659</u>	 <u>24,054,319</u>	 <u>766,340</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>374,133</u>	 <u>1,736,353</u>	 <u>1,362,220</u>
Other Financing Sources			
Transfers In	-	5,000,000	5,000,000
 Total Other Financing Sources	 <u>-</u>	 <u>5,000,000</u>	 <u>5,000,000</u>
 Net Change in Fund Balance	 <u>\$ 374,133</u>	 <u>6,736,353</u>	 <u>\$ 6,362,220</u>
 Fund Balance (Deficit), Beginning of Year		(17,467,573)	
 Fund Balance (Deficit), End of Year		(<u>\$ 10,731,220</u>)	

SCHOOL DISTRICT U-46

Bond and Interest Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 30,023,942	\$ 32,321,416	\$ 2,297,474
Earnings on Investments	7,250	49,452	42,202
Total Revenues	<u>30,031,192</u>	<u>32,370,868</u>	<u>2,339,676</u>
Expenditures			
Debt Service - Interest and Fees	10,069,603	10,889,807	(820,204)
Debt Service - Principal	<u>17,022,350</u>	<u>19,974,529</u>	<u>(2,952,179)</u>
Total Expenditures	<u>27,091,953</u>	<u>30,864,336</u>	<u>(3,772,383)</u>
Net Change in Fund Balance	<u>\$ 2,939,239</u>	1,506,532	<u>(\$ 1,432,707)</u>
Fund Balance, Beginning of Year		<u>17,341,682</u>	
Fund Balance, End of Year		<u>\$ 18,848,214</u>	

SCHOOL DISTRICT U-46

Fire Prevention and Safety Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 1,584,133	\$ 1,418,260	(\$ 165,873)
Earnings on Investments	503	2,990	2,487
 Total Revenues	 <u>1,584,636</u>	 <u>1,421,250</u>	 <u>(163,386)</u>
 Expenditures			
Current:			
Support Services			
Facilities Acquisition & Construction	2,018,726	518,799	1,499,927
Capital Outlay	<u>13,781,277</u>	<u>5,424,925</u>	<u>8,356,352</u>
 Total Expenditures	 <u>15,800,003</u>	 <u>5,943,724</u>	 <u>9,856,279</u>
 Net Change in Fund Balance	 <u>(\$ 14,215,367)</u>	 <u>(4,522,474)</u>	 <u>\$ 9,692,893</u>
 Fund Balance, Beginning of Year		 <u>15,804,982</u>	
 Fund Balance, End of Year		 <u>\$ 11,282,508</u>	

SCHOOL DISTRICT U-46

Nonmajor Governmental Funds

Combining Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	<u>Transportation Fund</u>	<u>Municipal Retirement/ Social Security Fund</u>	<u>Total Special Revenue Funds</u>	<u>Site and Construction Fund</u>	<u>Total</u>
Assets					
Cash	\$ 3,273,312	\$ -	\$ 3,273,312	\$ 9,859,916	\$ 13,133,228
Investments	-	-	-	3,996	3,996
Total Assets	<u>\$ 3,273,312</u>	<u>\$ -</u>	<u>\$ 3,273,312</u>	<u>\$ 9,863,912</u>	<u>\$ 13,137,224</u>
Liabilities and Fund Balances					
Liabilities					
Unclaimed Property	\$ 10,408	\$ -	\$ 10,408	\$ 100,661	\$ 111,069
Due To Other Funds	-	531,153	531,153	-	531,153
Total Liabilities	<u>10,408</u>	<u>531,153</u>	<u>541,561</u>	<u>100,661</u>	<u>642,222</u>
Fund Balances					
Unreserved (Deficit)	<u>3,262,904</u>	<u>(531,153)</u>	<u>2,731,751</u>	<u>9,763,251</u>	<u>12,495,002</u>
Total Fund Balances	<u>3,262,904</u>	<u>(531,153)</u>	<u>2,731,751</u>	<u>9,763,251</u>	<u>12,495,002</u>
Total Liabilities and Fund Balances	<u>\$ 3,273,312</u>	<u>\$ -</u>	<u>\$ 3,273,312</u>	<u>\$ 9,863,912</u>	<u>\$ 13,137,224</u>

SCHOOL DISTRICT U-46

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
For the Year Ended June 30, 2007

	Special Revenue Funds			Capital Projects Fund	
	Transportation Fund	Municipal Retirement/ Social Security Fund	Total Special Revenue Funds	Site and Construction Fund	Total
Revenues					
Property Taxes	\$ 5,046,535	\$ 9,261,420	\$ 14,307,955	\$ -	\$ 14,307,955
Replacement Taxes	-	275,936	275,936	-	275,936
Charges for Services	338,703	-	338,703	-	338,703
Earnings on Investments	8,509	-	8,509	9,586	18,095
Impact Fees and					
Other Local Sources	-	-	-	1,986,997	1,986,997
State Grants-in-Aid	14,999,822	-	14,999,822	-	14,999,822
Total Revenues	<u>20,393,569</u>	<u>9,537,356</u>	<u>29,930,925</u>	<u>1,996,583</u>	<u>31,927,508</u>
Expenditures					
Current:					
Instruction					
Regular Program:		1,136,324	1,136,324	-	1,136,324
Special Programs		1,079,950	1,079,950	-	1,079,950
Other Instructional		629,552	629,552	-	629,552
Support Services					
Pupils		1,050,388	1,050,388	-	1,050,388
Instructional Staff		411,914	411,914	-	411,914
General Administration		275,522	275,522	-	275,522
School Administration		1,095,690	1,095,690	-	1,095,690
Business	-	1,842,912	1,842,912	9,330	1,852,242
Facilities Acquisition &					
Construction	-	21,171	21,171	446,475	467,646
Transportation	19,650,045	1,282,996	20,933,041	-	20,933,041
Food Service	-	5	5	-	5
Central	-	660,830	660,830	-	660,830
Other Support	-	10,051	10,051	-	10,051
Community Services	-	69,087	69,087	-	69,087
Capital Outlay	2,997,716	-	2,997,716	3,804,266	6,801,982
Total Expenditures	<u>22,647,761</u>	<u>9,566,392</u>	<u>32,214,153</u>	<u>4,260,071</u>	<u>36,474,224</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(2,254,192)	(29,036)	(2,283,228)	(2,263,488)	(4,546,716)
Other Financing Sources (Uses)					
Issuance of Debt Certificates	-	-	-	711,920	711,920
Transfers Out	(5,000,000)	-	(5,000,000)	-	(5,000,000)
Issuance of Purchase Contracts	2,928,478	-	2,928,478	-	2,928,478
Total Other Financing Sources (Uses)	(2,071,522)	-	(2,071,522)	711,920	(1,359,602)
Net Change in Fund Balances	(4,325,714)	(29,036)	(4,354,750)	(1,551,568)	(5,906,318)
Fund Balances (Deficits), Beginning of Year	7,588,618	(502,117)	7,086,501	11,314,819	18,401,320
Fund Balances (Deficits), End of Year	<u>\$ 3,262,904</u>	<u>(\$ 531,153)</u>	<u>\$ 2,731,751</u>	<u>\$ 9,763,251</u>	<u>\$ 12,495,002</u>

SCHOOL DISTRICT U-46

Transportation Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 5,130,448	\$ 5,046,535	(\$ 83,913)
Charges for Services	296,343	338,703	42,360
Earnings on Investments	2,000	8,509	6,509
State Grants-in-Aid	12,596,707	14,999,822	2,403,115
Total Revenues	18,025,498	20,393,569	2,368,071
Expenditures			
Current:			
Support Services			
Transportation	16,637,423	19,650,045	(3,012,622)
Capital Outlay	1,044,489	2,997,716	(1,953,227)
Total Expenditures	17,681,912	22,647,761	(4,965,849)
Excess (Deficiency) of Revenues Over Expenditures	343,586	(2,254,192)	(2,597,778)
Other Financing Sources (Uses)			
Transfers Out	-	(5,000,000)	(5,000,000)
Issuance of Purchase Contracts	-	2,928,478	2,928,478
Total Other Financing Sources (Uses)	-	(2,071,522)	(2,071,522)
Net Change in Fund Balance	\$ 343,586	(4,325,714)	(\$ 4,669,300)
Fund Balance, Beginning of Year		7,588,618	
Fund Balance, End of Year		\$ 3,262,904	

SCHOOL DISTRICT U-46

Municipal Retirement / Social Security Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 9,118,404	\$ 9,261,420	\$ 143,016
Replacement Taxes	300,000	275,936	(24,064)
Earnings on Investments	500,000	-	(500,000)
 Total Revenues	 <u>9,918,404</u>	 <u>9,537,356</u>	 <u>(381,048)</u>
Expenditures			
Current:			
Instruction			
Regular Programs	1,250,144	1,136,324	113,820
Special Programs	1,497,771	1,079,950	417,821
Other Instructional Programs	583,445	629,552	(46,107)
Support Services			
Pupils	827,494	1,050,388	(222,894)
Instructional Staff	212,289	411,914	(199,625)
General Administration	104,977	275,522	(170,545)
School Administration	1,224,509	1,095,690	128,819
Business	1,480,533	1,842,912	(362,379)
Facilities Acquisition & Construction	32,027	21,171	10,856
Transportation	2,488,293	1,282,996	1,205,297
Food Service	(229,252)	5	(229,257)
Central	611,115	660,830	(49,715)
Other Support	901	10,051	(9,150)
Community Services	60,971	69,087	(8,116)
 Total Expenditures	 <u>10,145,217</u>	 <u>9,566,392</u>	 <u>578,825</u>
 Net Change in Fund Balance	 <u>(\$ 226,813)</u>	 <u>(29,036)</u>	 <u>\$ 197,777</u>
 Fund Balance (Deficit), Beginning of Year		 <u>(502,117)</u>	
 Fund Balance (Deficit), End of Year		 <u>(\$ 531,153)</u>	

SCHOOL DISTRICT U-46

Site and Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Earnings on Investments	\$ -	\$ 9,586	\$ 9,586
Impact Fees and Other Local Sources	1,500,000	1,986,997	486,997
Total Revenues	<u>1,500,000</u>	<u>1,996,583</u>	<u>496,583</u>
Expenditures			
Current:			
Support Services			
Business	-	9,330	(9,330)
Facilities Acquisition & Construction	474,929	446,475	28,454
Capital Outlay	4,793,603	3,804,266	989,337
Total Expenditures	<u>5,268,532</u>	<u>4,260,071</u>	<u>1,008,461</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,768,532)	(2,263,488)	1,505,044
Other Financing Sources (Uses)			
Issuance of Debt Certificates	711,920	711,920	-
Total Other Financing Sources (Uses)	<u>711,920</u>	<u>711,920</u>	<u>-</u>
Net Change in Fund Balance	(\$ 3,056,612)	(1,551,568)	\$ 1,505,044
Fund Balance, Beginning of Year		<u>11,314,819</u>	
Fund Balance, End of Year		<u>\$ 9,763,251</u>	

SCHOOL DISTRICT U-46

Agency Funds - Student Activity Funds Schedule of Cash Receipts, Disbursements and Ending Balances For the Year Ended June 30, 2007

	<u>Balance July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2007</u>
High Schools				
Bartlett	\$ 513,310	\$ 1,618,093	\$ 1,484,583	\$ 646,820
Elgin	440,965	1,244,274	1,089,349	595,890
Larkin	531,609	1,278,011	1,171,244	638,376
Streamwood	359,719	1,344,282	1,244,392	459,609
Gifford	91,135	226,349	104,808	212,676
South Elgin	145,043	827,013	599,530	372,526
	<u>2,081,781</u>	<u>6,538,022</u>	<u>5,693,906</u>	<u>2,925,897</u>
Total High Schools				
Middle Schools				
Abbott	27,021	108,655	109,286	26,390
Canton	179,339	133,853	183,888	129,304
Eastview	92,723	311,611	295,800	108,534
Ellis	22,428	82,338	80,547	24,219
Kenyon Woods	47,409	203,470	184,764	66,115
Kimball	34,941	118,545	116,443	37,043
Larsen	64,067	118,445	117,630	64,882
Tefft	34,255	163,197	164,796	32,656
	<u>502,183</u>	<u>1,240,114</u>	<u>1,253,154</u>	<u>489,143</u>
Total Middle Schools				
Elementary Schools				
Bartlett	22,761	111,730	78,539	55,952
Centennial	56,745	131,906	132,930	55,721
Century Oaks	5,786	35,313	34,701	6,398
Channing	46,510	41,079	29,493	58,096
Clinton	31,694	40,203	60,367	11,530
Coleman	21,524	78,323	83,725	16,122
Creekside	12,830	54,081	55,436	11,475
Fox Meadow	83,443	135,853	144,934	74,362
Garfield	13,830	40,381	38,619	15,592
Gifford	33,499	64,605	65,100	33,004
Glenbrook	22,418	62,699	58,868	26,249
Hanover Countryside	39,144	70,410	71,708	37,846
Hawk Hollow	12,659	75,711	82,748	5,622
Heritage	25,554	41,138	55,137	11,555
Highland	20,502	47,146	51,830	15,818
Hillcrest	14,747	35,499	38,872	11,374
Hilltop	11,276	109,085	78,305	42,056
Horizon	15,248	112,365	110,785	16,828
Huff	8,340	48,651	47,541	9,450
Laurel Hill	16,072	56,543	47,881	24,734
Liberty	57,439	126,406	98,041	85,804

SCHOOL DISTRICT U-46

Agency Funds - Student Activity Funds Schedule of Cash Receipts, Disbursements and Ending Balances For the Year Ended June 30, 2007

	<u>Balance July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2007</u>
Lincoln	\$ 5,213	\$ 36,149	\$ 22,104	\$ 19,258
Lords Park	29,091	71,934	63,142	37,883
Lowrie	12,823	27,009	27,888	11,944
McKinley	15,472	44,951	47,742	12,681
Nature Ridge	3,742	88,279	80,952	11,069
Oakhill	8,324	65,478	62,031	11,771
Ontarioville	16,471	53,170	51,117	18,524
Otter Creek	24,367	89,981	73,453	40,895
Parkwood	12,860	24,549	34,308	3,101
Praireview	39,866	96,072	97,328	38,610
Ridge Circle	10,102	69,084	72,211	6,975
Sheridan	4,800	30,186	28,607	6,379
Spring Trail	15,923	97,283	105,046	8,160
Sunnydale	5,246	49,152	47,514	6,884
Sycamore Trails	54,249	148,031	135,406	66,874
Timber Trails	2,875	42,425	41,192	4,108
Washington	24,707	53,865	58,031	20,541
Wayne	60,140	95,354	98,350	57,144
Willard	31,983	61,981	58,605	35,359
	<u>950,275</u>	<u>2,764,060</u>	<u>2,670,587</u>	<u>1,043,748</u>
Total Elementary Schools				
Other				
Adult Education	2,466	818	169	3,115
Safe Program	76,407	231,055	237,328	70,134
SWEP	5,000	40,981	37,241	8,740
Central School Programs	406	4,388	2,589	2,205
	<u>84,279</u>	<u>277,242</u>	<u>277,327</u>	<u>84,194</u>
Total Other				
Total All Agency Funds	<u>\$ 3,618,518</u>	<u>\$ 10,819,438</u>	<u>\$ 9,894,974</u>	<u>\$ 4,542,982</u>

SCHOOL DISTRICT U-46

Schedule of Expenditures for Tort Immunity Purposes For the Year Ended June 30, 2007

Workers' Compensation Act and/or Workers' Occupational Disease Act	\$ 2,397,120
Unemployment Insurance Act	277,918
Insurance (Regular or Self-Insurance)	1,892,316
Judgments/Settlements	1,011,945
Educational, Inspectional, Supervisory Services Related to Loss Prevention/Reduction	1,832,999
Legal Services	<u>1,912,155</u>
Total Tort Immunity Purposes Expenditures	<u>\$ 9,324,453</u>

The District levies property taxes for tort immunity/liability insurance 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 annual financial report.

The District's total tax extension for liability insurance purposes for tax year 2006 as levied by Cook, DuPage and Kane Counties was \$4,026,782. Any shortfall to cover expenditures in excess of taxes collected is derived from other revenues of the District. Any excess of revenues over expenditures is carried forward to subsequent fiscal years subject to a statutory formula.

SCHOOL DISTRICT U-46

Schedule of Bond Debt and Annual Interest Requirements June 30, 2007

	Total	Due in Fiscal Year					Thereafter
		2008	2009	2010	2011	2012	
April 1996 issue							
Principal	\$ 7,557,206	\$ 1,015,956	\$ 1,002,084	\$ 995,005	\$ 1,203,975	\$ 1,677,118	\$ 1,663,068
Interest	10,872,794	1,054,044	1,167,916	1,294,995	1,741,025	2,682,882	2,931,932
	<u>18,430,000</u>	<u>2,070,000</u>	<u>2,170,000</u>	<u>2,290,000</u>	<u>2,945,000</u>	<u>4,360,000</u>	<u>4,595,000</u>
April 1997 issue							
Principal	14,850,000	1,025,000	-	-	-	13,825,000	-
Interest	5,445,563	1,132,163	1,078,350	1,078,350	1,078,350	1,078,350	-
	<u>20,295,563</u>	<u>2,157,163</u>	<u>1,078,350</u>	<u>1,078,350</u>	<u>1,078,350</u>	<u>14,903,350</u>	<u>-</u>
February 1998 issue							
Principal	31,300,000	250,000	250,000	300,000	350,000	2,050,000	28,100,000
Interest	11,478,353	1,630,163	1,618,913	1,607,413	1,593,313	1,576,513	3,452,038
	<u>42,778,353</u>	<u>1,880,163</u>	<u>1,868,913</u>	<u>1,907,413</u>	<u>1,943,313</u>	<u>3,626,513</u>	<u>31,552,038</u>
February 1999 issue							
Principal	17,050,000	-	-	-	-	-	17,050,000
Interest	9,516,000	863,000	863,000	863,000	863,000	863,000	5,201,000
	<u>26,566,000</u>	<u>863,000</u>	<u>863,000</u>	<u>863,000</u>	<u>863,000</u>	<u>863,000</u>	<u>22,251,000</u>
March 2001 issue							
Principal	49,297,707	2,444,525	3,013,239	3,021,560	3,042,688	2,524,952	35,250,743
Interest	44,347,293	1,015,475	1,476,761	1,718,440	1,982,312	1,865,048	36,289,257
	<u>93,645,000</u>	<u>3,460,000</u>	<u>4,490,000</u>	<u>4,740,000</u>	<u>5,025,000</u>	<u>4,390,000</u>	<u>71,540,000</u>
March 2002 issue							
Principal	54,499,619	-	-	-	-	-	54,499,619
Interest	75,345,381	-	-	-	-	-	75,345,381
	<u>129,845,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,845,000</u>
March 2003A issue							
Principal	10,445,000	5,570,000	4,875,000	-	-	-	-
Interest	483,976	325,538	158,438	-	-	-	-
	<u>10,928,976</u>	<u>5,895,538</u>	<u>5,033,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 2003B issue							
Principal	65,999,779	-	847,516	4,435,536	722,790	723,362	59,270,575
Interest	98,835,221	-	302,484	1,909,464	367,210	426,638	95,829,425
	<u>164,835,000</u>	<u>-</u>	<u>1,150,000</u>	<u>6,345,000</u>	<u>1,090,000</u>	<u>1,150,000</u>	<u>155,100,000</u>
December 2003C issue							
Principal	5,470,000	2,585,000	2,885,000	-	-	-	-
Interest	257,862	167,706	90,156	-	-	-	-
	<u>5,727,862</u>	<u>2,752,706</u>	<u>2,975,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 2003D issue							
Principal	22,000,000	-	-	3,500,000	3,900,000	4,360,000	10,240,000
Interest	6,194,080	1,175,290	1,175,290	1,175,290	1,000,290	797,490	870,430
	<u>28,194,080</u>	<u>1,175,290</u>	<u>1,175,290</u>	<u>4,675,290</u>	<u>4,900,290</u>	<u>5,157,490</u>	<u>11,110,430</u>
February 2005 issue							
Principal	70,525,000	4,785,000	6,660,000	7,650,000	13,600,000	420,000	37,410,000
Interest	18,830,539	3,045,244	2,805,994	2,589,544	2,340,919	1,660,919	6,387,919
	<u>89,355,539</u>	<u>7,830,244</u>	<u>9,465,994</u>	<u>10,239,544</u>	<u>15,940,919</u>	<u>2,080,919</u>	<u>43,797,919</u>
June 2006 issue							
Principal	11,115,000	3,115,000	3,325,000	2,950,000	1,725,000	-	-
Interest	1,439,944	791,944	360,000	210,375	77,625	-	-
	<u>12,554,944</u>	<u>3,906,944</u>	<u>3,685,000</u>	<u>3,160,375</u>	<u>1,802,625</u>	<u>-</u>	<u>-</u>
June 2007 issue							
Principal	4,000,000	4,000,000	-	-	-	-	-
Interest	23,218	23,218	-	-	-	-	-
	<u>4,023,218</u>	<u>4,023,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Issues:							
Principal	364,109,311	24,790,481	22,857,839	22,852,101	24,544,453	25,580,432	243,484,005
Interest	283,070,224	11,223,785	11,097,302	12,446,871	11,044,044	10,950,840	226,307,382
	<u>\$647,179,535</u>	<u>\$ 36,014,266</u>	<u>\$ 33,955,141</u>	<u>\$ 35,298,972</u>	<u>\$ 35,588,497</u>	<u>\$ 36,531,272</u>	<u>\$469,791,387</u>

SCHOOL DISTRICT U-46

Schedule of Tax Extensions and Collections - Last Five Levy Years
June 30, 2007

	Kane	Cook	DuPage	Total	Total Collections	Balance Uncollected	Collections as a Percentage of Tax extended
2006 levy:							
Equalized Assessed Valuation	\$1,939,560,185	\$2,062,444,588	\$1,237,554,149	\$5,239,558,922			
Education	\$ 63,479,651	\$ 67,827,228	\$ 40,689,543	\$ 171,996,422	\$ 78,092,433	\$ 93,903,989	
Operations and Maintenance	6,894,983	7,130,735	4,371,041	18,396,759	8,442,418	9,954,341	
Transportation	1,857,834	2,276,429	1,183,102	5,317,365	2,279,158	3,038,207	
Working Cash	-	-	-	-	-	-	
IMRF	1,850,465	1,933,406	1,097,711	4,881,582	2,204,014	2,677,568	
Tort Immunity	1,619,646	1,376,253	1,030,883	4,026,782	1,986,513	2,040,269	
Bond and Interest	12,175,338	13,506,762	7,709,962	33,392,062	14,900,849	18,491,213	
Special Education	734,842	758,809	469,033	1,962,684	902,370	1,060,314	
Fire Safety and Prevention	606,129	719,310	245,036	1,570,475	628,124	942,351	
Social Security	1,850,465	1,933,406	1,097,711	4,881,582	2,204,014	2,677,568	

\$ 91,069,353 \$ 97,462,338 \$ 57,894,022 \$ 246,425,713 \$ 111,639,893 \$ 134,785,820 45.30%

The EAV and extensions for Cook County for 2006 have been estimated - actual amounts were unavailable at the time of printing.

2005 levy:							
Equalized Assessed Valuation	\$1,790,572,445	\$1,892,150,998	\$1,156,852,488	\$4,839,575,931			
Education	\$ 59,980,963	\$ 62,226,815	\$ 37,027,378	\$ 159,235,156	\$ 156,572,818	\$ 2,662,338	
Operations and Maintenance	6,168,980	6,541,959	4,096,415	16,807,354	16,562,700	244,654	
Transportation	1,923,970	2,088,467	982,168	4,994,605	4,910,435	84,170	
Working Cash	-	-	-	-	-	-	
IMRF	1,542,284	1,773,767	1,092,069	4,408,120	4,343,224	64,896	
Tort Immunity	1,005,824	1,262,617	861,855	3,130,296	3,085,917	44,379	
Bond and Interest	11,502,431	12,770,192	7,317,092	31,589,715	31,098,484	491,231	
Special Education	658,030	696,155	436,133	1,790,318	1,760,598	29,720	
Fire Safety and Prevention	450,826	659,917	327,389	1,438,132	1,412,003	26,129	
Social Security	1,542,284	1,773,767	1,092,069	4,408,120	4,343,225	64,895	
	\$ 84,775,592	\$ 89,793,656	\$ 53,232,568	\$ 227,801,816	\$ 224,089,404	\$ 3,712,412	98.37%

2004 levy:							
Equalized Assessed Valuation	\$1,677,248,456	\$1,413,593,357	\$1,080,926,035	\$4,171,767,848			
Education	\$ 55,494,332	\$ 60,060,840	\$ 34,706,373	\$ 150,261,545	\$ 149,534,233	\$ 727,312	
Operations and Maintenance	5,477,181	6,187,370	3,679,472	15,344,023	15,771,236	(427,213)	
Transportation	2,065,062	2,206,960	1,079,845	5,351,867	4,839,878	511,989	
Working Cash	-	-	-	-	-	-	
IMRF	1,442,263	1,576,400	1,044,175	4,062,838	5,008,095	(945,257)	
Tort Immunity	1,546,693	157,999	1,123,082	2,827,774	4,049,145	(1,221,371)	
Bond and Interest	9,806,016	10,958,088	6,281,261	27,045,365	27,156,724	(111,359)	
Special Education	584,238	630,560	402,104	1,616,902	1,679,950	(63,048)	
Fire Safety and Prevention	524,474	591,150	383,729	1,499,353	1,601,795	(102,442)	
Social Security	1,442,263	1,576,400	1,044,175	4,062,838	5,008,095	(945,257)	
	\$ 78,382,522	\$ 83,945,767	\$ 49,744,216	\$ 212,072,505	\$ 214,649,151	(\$ 2,576,646)	101.21%

Note: Cumulative collections may exceed 100% in one year due to the timing of extensions and receipts and may be reallocated in the following year.

SCHOOL DISTRICT U-46

Schedule of Tax Extensions and Collections - Last Five Levy Years
June 30, 2007

	Kane	Cook	DuPage	Total	Total Collections	Balance Uncollected	Collections as a Percentage of Tax extended
2003 levy:							
Equalized Assessed Valuation	\$1,576,533,429	\$1,413,593,357	\$1,009,843,005	\$3,999,969,791			
Education	\$ 55,449,834	\$ 54,260,960	\$ 32,933,000	\$ 142,643,794	\$ 140,529,430	\$ 2,114,364	
Operations and Maintenance	5,912,000	5,453,760	3,480,929	14,846,689	14,615,652	231,037	
Transportation	1,576,533	2,647,840	1,111,837	5,336,210	4,770,911	565,299	
Working Cash	-	-	-	-	-	-	
IMRF	1,576,533	1,896,960	1,272,402	4,745,895	4,040,407	705,488	
Tort Immunity	1,617,523	1,661,891	940,164	4,219,578	4,062,831	156,747	
Bond and Interest	9,334,654	10,251,390	5,944,946	25,530,990	24,542,882	988,108	
Special Education	630,613	553,280	371,622	1,555,515	1,549,512	6,003	
Fire Safety and Prevention	788,267	632,320	-	1,420,587	1,275,596	144,991	
Social Security	1,576,533	1,896,960	1,272,402	4,745,895	4,040,407	705,488	
	\$ 78,462,490	\$ 79,255,361	\$ 47,327,302	\$ 205,045,153	\$ 199,427,628	\$ 5,617,525	97.26%
2002 levy:							
Equalized Assessed Valuation	\$1,422,742,761	\$1,401,053,108	\$ 916,982,047	\$3,740,777,916			
Education	\$ 50,170,178	\$ 50,284,000	\$ 30,389,702	\$ 130,843,880	\$ 131,430,112	(\$ 586,232)	
Operations and Maintenance	5,335,285	4,718,960	3,153,501	13,207,746	13,274,884	(67,138)	
Transportation	2,444,272	2,514,200	1,470,839	6,429,311	6,457,390	(28,079)	
Working Cash	355,686	618,880	240,249	1,214,815	1,215,140	(325)	
IMRF	1,880,866	1,547,200	1,149,895	4,577,961	4,602,490	(24,529)	
Tort Immunity	1,422,743	952,894	1,426,824	3,802,461	3,822,380	(19,919)	
Bond and Interest	7,596,024	7,861,500	4,729,793	20,187,317	20,274,131	(86,814)	
Special Education	544,910	502,840	331,948	1,379,698	1,386,392	(6,694)	
Fire Safety and Prevention	570,520	618,880	238,415	1,427,815	1,436,013	(8,198)	
Social Security	1,880,866	1,547,200	1,151,729	4,579,795	4,604,323	(24,528)	
	\$ 72,201,350	\$ 71,166,554	\$ 44,282,895	\$ 187,650,799	\$ 188,503,255	(\$ 852,456)	100.45%

Note: Cumulative collections may exceed 100% in one year due to the timing of extensions and receipts and may be reallocated in the following year.