

School District U-46 Elgin, Illinois

Annual Financial Report
June 30, 2010

Submitted by: Finance Department

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SCHOOL DISTRICT U-46

Principal Officials

BOARD OF EDUCATION

	<u>Position</u>	<u>Term Expires</u>
Ken Kaczynski	President	2011
Donna Smith	Vice President	2013
Amy Kerber	Secretary Pro-Tempore	2011
Maria Bidelman	Member	2011
Karen Carney	Member	2011
Joyce Fountain	Member	2013
Dale Spencer	Member	2013
Nasir Almasri	Student Advisor	2011

SUPERINTENDENT AND EXECUTIVE STAFF

Dr. Jose M. Torres	Superintendent of Schools
Patrick Broncato	Chief Legal Officer
Karen Fox	Chief of Family and Community Engagement and Special Projects
Dr. Carmen Rodriguez	Assistant Superintendent, Elementary Education
Tony Sanders	Chief Communications and Public Accountability
Greg Walker	Assistant Superintendent, Secondary Education

OFFICIALS ISSUING REPORT

Dale Burnidge	Director of Financial Operations
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DIVISION ISSUING REPORT

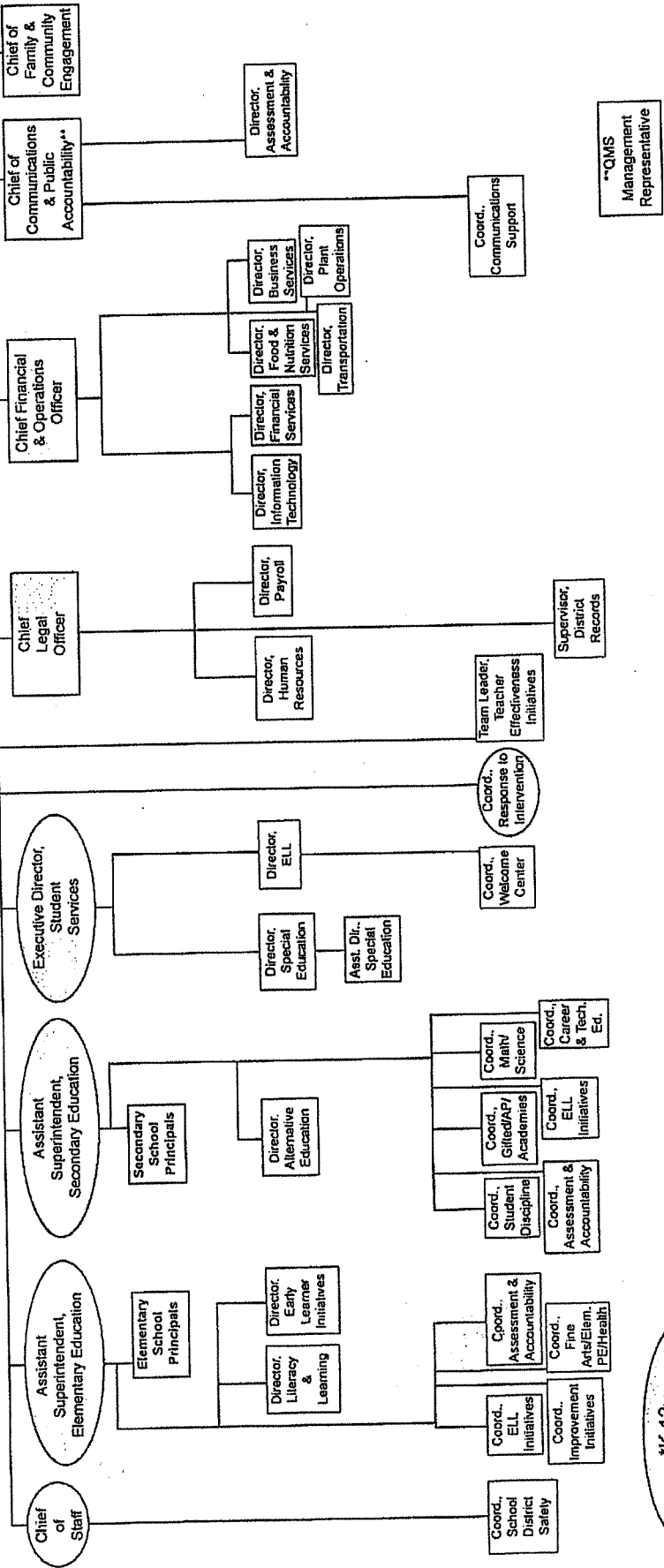
	Finance Department
Juanita Cruz	Senior Accountant
Kathy Fitzpatrick	Grants Manager
Ray Shifrin	Pension Specialist
Jerry Ward	Accounts Payable Manager

**School District U-46
Organization Chart
August 2009**

District U-46
Communities

Board of Education

Superintendent of Schools



**QMS
Management Representative

*K-12
instruction

Independent Auditor's Report



Independent Auditor's Report

To the Board of Education
School District U-46
Elgin, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District U-46, Elgin, Illinois, as of and for the year ended June 30, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of School District U-46, Elgin, Illinois, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the June 30, 2009 fund balance for the General Fund has been restated to correct for an error in accounting for claims and judgments payable. In addition, the June 30, 2009 government-wide net assets have been restated to correct an error in accounting for bond premiums, debt issuance costs and debt refunding costs.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The accompanying required supplementary information which includes management's discussion and analysis (pages 3-12), schedules of funding progress (pages 51-52) and budgetary schedules and related note (pages 53-56) are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

Chicago, Illinois
January 19, 2011

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

SCHOOL DISTRICT U-46

Management's Discussion and Analysis
For the Year Ended June 30, 2010

The discussion and analysis of Elgin School District U-46's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2010. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the MD&A).

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$27,604,356 (net assets). Of this amount, a deficit of (\$67,581,131) represents unrestricted net assets.
- In total, net assets decreased by \$20,809,039, which represents a 43.0% overall decrease from the prior year. This decrease was primarily the result of lower than expected revenues due to the weakened economy.
- General revenues were \$316,667,373 or 69.5% of all revenues. Program specific revenues, in the form of charges for services and grants, were \$139,067,652 or 30.5% of total revenues of \$455,735,025.
- Overall, the combined expenditures of the District's governmental funds were \$15,931,817 greater than revenues. However, after adding other financing sources, fund balances increased by \$15,032,851. This operating surplus increased the District's governmental funds' combined fund balance by 30.2% to \$64,763,075 from \$49,730,224 in the prior year.

Overview of the Financial Statements

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

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

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

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2010

Government-wide financial statements

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

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

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

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

Fund financial statements

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

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

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

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2010

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund (the General Fund consists of three accounts: Educational Account, Tort Immunity Account, and the Operations and Maintenance Account), Transportation Fund, Working Cash Fund, and the Debt Service Fund. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non major 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 comparison statement has been provided for each fund to demonstrate compliance with this budget.

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

Notes to the financial statements

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

Other information

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

District-Wide Financial Analysis

The District's net assets decreased by \$20.8 million or 43.0% compared to the prior year. At year-end, total net assets were \$27.6 million (see Table 1).

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

- The weakened economy in the state of Illinois led to the District's revenues falling well below budgeted expectations.
- The District's long-term debt increased by a net of \$13,074,931, due to new issuances exceeding scheduled debt payments.
- The District continued to use bond proceeds to construct, improve and expand its facilities, spending \$2,414,474 on capital asset additions.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
 For the Year Ended June 30, 2010

- 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.

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

	Governmental Activities		Percentage Change
	2010	2009 As restated	
Assets			
Current and other assets	\$ 254.6	\$ 255.6	(0.4)%
Capital assets	384.2	397.1	(3.2)%
Total assets	638.8	652.7	(2.1)%
Liabilities			
Long-term liabilities	443.9	424.8	4.5%
Other liabilities	167.3	179.5	(6.8)%
Total liabilities	611.2	604.3	1.1%
Net Assets			
Invested in capital assets, net of related debt	92.3	83.4	10.7%
Restricted	2.9	17.9	(83.8)%
Unrestricted	(67.6)	(52.9)	27.8%
Total net assets	\$ 27.6	\$ 48.4	(43.0)%

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
 For the Year Ended June 30, 2010

Table 2, Changes in Net Assets, illustrates in summary form revenues and expenses from FY 2010 and the decrease in net assets of \$20.8 million. Comparative data from FY 2009 is also illustrated.

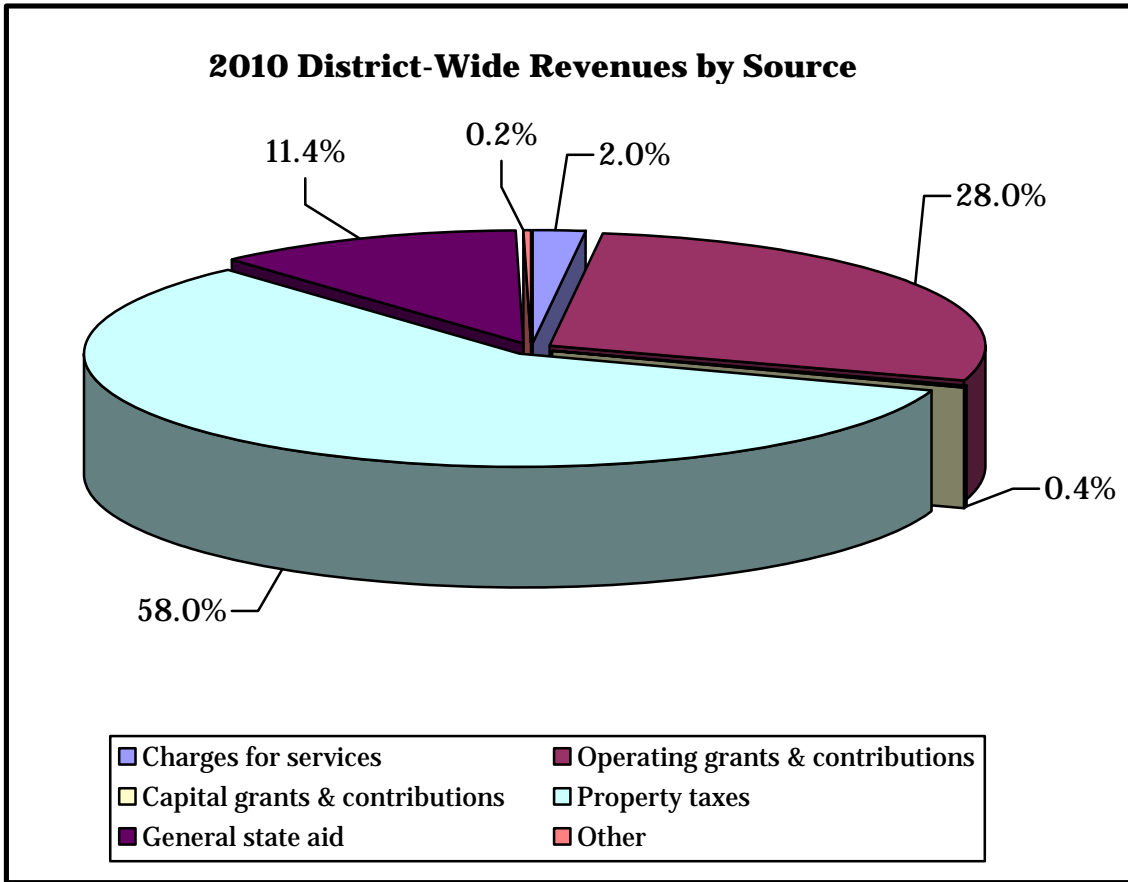
Table 2
Changes in Net Assets
 (in millions of dollars)

	<u>Governmental Activities</u>		Percentage Change
	2010	As Restated 2009	
Revenues			
Program revenues			
Charges for services	\$ 10.6	\$ 12.2	(13.1)%
Operating grants and contributions	127.7	121.4	5.2%
Capital grants and contributions	0.8	0.7	14.3%
General revenues			
Property and replacement taxes	264.4	259.7	1.8%
General state aid	51.7	53.9	(4.1)%
Other	0.5	1.4	(64.3)%
Total revenues	<u>455.7</u>	<u>449.3</u>	<u>1.4%</u>
Expenses			
Instruction	231.9	222.7	4.1%
Support services	171.1	177.0	(3.3)%
Community services	4.1	10.8	(62.0)%
Payments to other governments	46.9	34.6	35.5%
State on-behalf of payments	22.5	20.6	9.2%
Total expenses	<u>476.5</u>	<u>465.7</u>	<u>2.3%</u>
Decrease in net assets	<u>\$ (20.8)</u>	<u>\$ (16.4)</u>	<u>26.8%</u>

SCHOOL DISTRICT U-46

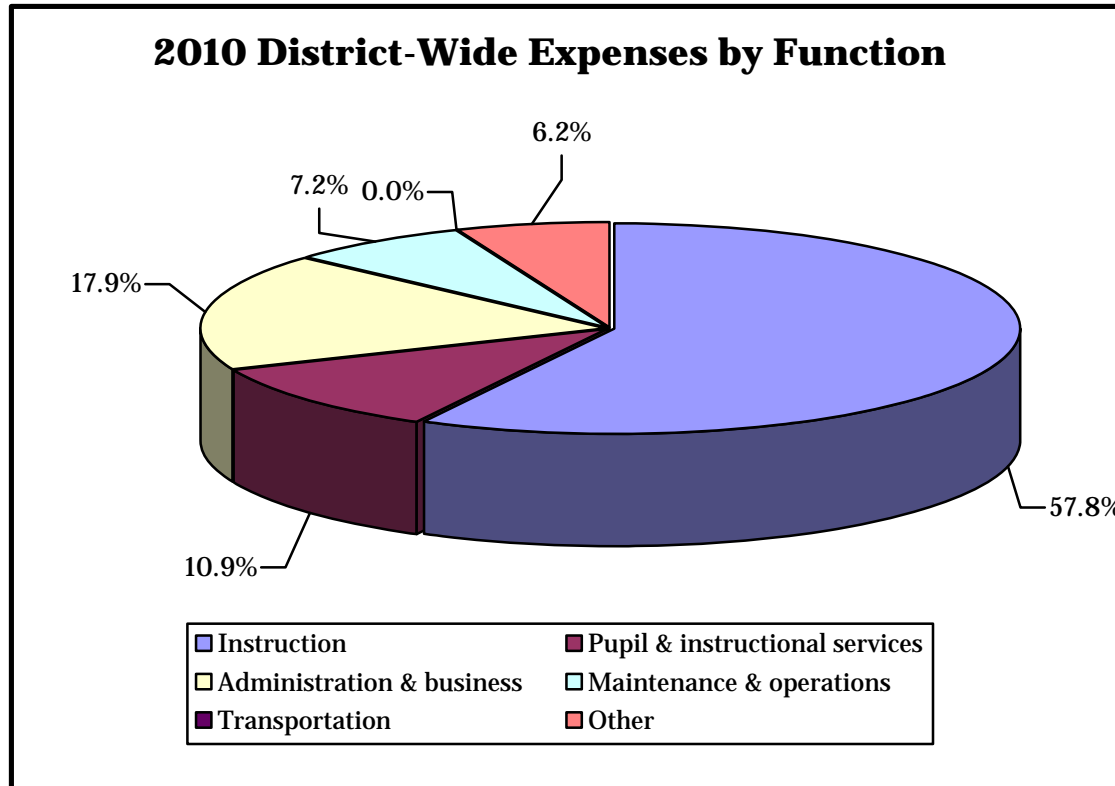
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2010

The District's total revenues were \$455.7 million. General revenues, including taxes and general state aid were 69.4% of the total or \$316.1 million. Property taxes (other than for debt service) increased \$4,789,577 over the prior year or 2.2%. This was due to an increase in the consumer price index and new construction within the District. Operating grants and contributions for specific programs and general state aid brought in \$179.4 million, a 2.3% increase from the prior year, which is due to an increase in TRS on-behalf benefits offset by a decrease in most other grants. Charges for services decreased 13.1% due to the weakened economy. The total cost of all programs and services in 2010 was \$476.5 million. The District's expenses are predominantly related to instruction and support services (caring for and transportation of students, etc.). These expenses accounted for 84.6% of the total (see Table 2). The District's other activities were 15.4% of total costs. Total expenses on the statement of activities surpassed revenues, decreasing net assets by \$20.8 million from the prior year.



SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2010



Financial Analysis of the District's Funds

As the District completed the year, its governmental funds reported combined fund balances of \$64,763,075. Revenues for the District's governmental funds were \$461,596,663, while total expenditures were \$477,528,480.

The General Fund experienced a current year operating surplus after other financing uses of \$8,498,869. This surplus helped to reduce the year-end deficit fund balance to (\$33,206,915).

The fund balance of the Transportation Fund decreased by \$5,824,231 as property taxes and state grants have not been sufficient to cover the costs associated with pupil transportation.

The fund balance in the Working Cash Fund increased by \$62,370 resulting in an ending fund balance of \$74,825,589.

The Debt Service Fund's fund balance decreased by \$248,627.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2010

General Fund Budgetary Highlights

While the District's budget for the General Fund anticipated that revenues would exceed expenditures by \$612,865 before other financing sources (uses), the actual result for the year was an excess of expenditures over revenues of \$2,076,162. This is due primarily by revenues falling short of budget by \$4,267,971. State and federal sources were under budget by a combined \$2,690,987 as expected grant revenues were not available. Property taxes were \$3,801,247 below budget and charges for services were \$2,258,843 below budget. Interest earnings and rentals and other sources were also less than anticipated. Expenditures came in under budget by \$1,578,944 or 0.4%.

Capital Asset and Debt Administration

Capital assets

Table 3 illustrates capital assets, net of depreciation:

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

	<u>2010</u>	<u>2009</u>	<u>Percentage Change</u>
Land	\$ 27.7	\$ 27.6	0.4%
Buildings	350.6	360.6	-2.8%
Transportation equipment	5.1	7.9	
Other equipment	0.9	1.0	-10.0%
Total	<u>\$ 384.3</u>	<u>\$ 397.1</u>	<u>-3.2%</u>

Long-term debt

Table 4 on the following page illustrates the District's outstanding long-term debt. The District in FY 2010 issued \$64.6 million in bonds. This additional debt was partially offset by the repayment of existing debt of \$58.5 million, resulting in a net increase of \$6.1 million. The District's other debt also increased by approximately \$7.0 million, mainly due to an increase in claims and judgments and other post-employment benefits. Additional information is available in Note 5 – Long-Term Obligations.

The District is subject to the Illinois School Code, which limits the amount of bond indebtedness to 13.8% of the most recent available equalized assessed valuation of the District. As of June 30, 2010, the statutory debt limit for the District was \$830,332,178 providing a debt margin of \$503,955,746.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2010

The ratio of general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the District's debt position to District management, citizens, and investors. These indicators for the District at the end of fiscal year 2010 were 1.68 percent and \$1,274, respectively. For fiscal year 2009, the ratio of general bonded debt to assessed valuation was 1.68 percent and the bonded debt per capita was \$1,243. The increase in the amount of bonded debt per capital is due to the addition in total debt.

Table 4
Outstanding Long-Term Obligations
(in millions)

	2010	As Restated 2009	Percentage Change
General obligation bonds/Debt Certificates	\$ 335.0	\$ 329.0	1.8%
Other	108.9	101.9	6.9%
Total	\$ 443.9	\$ 430.9	3.0%

Factors Impacting the District's Future

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

- 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 tax levy increase to the lesser of the consumer price index (CPI) or five percent, and in Cook County, mandates the use of prior year equalized assessed valuation (EA V) amounts to generate property tax receipts. This "tax cap" continues to limit the District's tax collection ability.
- Because the State does not provide an ongoing capital improvements budget plan, in the future, the District will be forced to issue additional debt to address the improvements needed for its aging facilities. As can be seen in Table 1, at the end of the current fiscal year, the largest portion of the District's net assets 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 current economy in the state continues to affect the District's state funding levels and timing of state receipts.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2010

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 Chief Operations Officer, School District U-46, 355 E. Chicago St., Elgin, IL 60120.

BASIC FINANCIAL STATEMENTS

School District U-46

**Statement of Net Assets
June 30, 2010**

	Governmental Activities
<hr/>	
Assets	
Cash and investments	\$ 74,908,215
Property taxes receivable, net of allowance	135,305,242
Replacement taxes receivable	455,823
Grants receivable	41,369,762
Accounts receivable	34,456
Inventory	222,038
Prepays	1,020,270
Unamortized bond issuance cost	1,207,755
Capital assets not being depreciated	27,687,264
Capital assets being depreciated, net of accumulated depreciation	<u>356,556,134</u>
Total assets	<u>\$ 638,766,959</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 4,421,163
Accrued payroll	22,506,114
Payroll deductions	6,034,036
Accrued interest	4,213,017
Unearned property tax revenue	130,037,768
Long-term liabilities, due within one year	42,612,679
Long-term liabilities, due in more than one year	<u>401,337,826</u>
Total liabilities	<u>611,162,603</u>
Commitments (Note 12)	
Net Assets	
Invested in capital assets, net of related debt	92,321,821
Restricted for grant programs	2,863,666
Unrestricted	<u>(67,581,131)</u>
Total net assets	<u>27,604,356</u>
 Total liabilities and net assets	 <u>\$ 638,766,959</u>

See Notes to Basic Financial Statements.

School District U-46

Statement of Activities
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenue		Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction:					
Regular programs	\$ 156,718,372	\$ 3,731,249	\$ 59,132,353	\$ -	\$ (93,854,770)
Special programs	47,527,253	62,124	31,379,741	-	(16,085,388)
Other instructional programs	54,913,211	608,591	8,328,264	-	(45,976,356)
Total instruction	259,158,836	4,401,964	98,840,358	-	(155,916,514)
Support services:					
Pupils	31,901,752	-	3,346,039	-	(28,555,713)
Instructional staff	16,664,974	-	1,763,553	-	(14,901,421)
General administration	21,972,571	-	2,327,856	-	(19,644,715)
School administration	25,780,985	-	2,719,979	-	(23,061,006)
Business	32,680,746	665,891	3,464,994	-	(28,549,861)
Facilities acquisition and construction	817,683	-	-	820,523	2,840
Transportation	32,407,634	381,504	2,923,380	-	(29,102,750)
Food service	15,287,752	5,097,756	10,617,758	-	427,762
Central	11,489,160	-	1,213,226	-	(10,275,934)
Other support services	1,314,514	-	-	-	(1,314,514)
Total support services	190,317,771	6,145,151	28,376,785	820,523	(154,975,312)
Community services	4,607,303	-	482,871	-	(4,124,432)
Debt service - interest and fees	22,460,154	-	-	-	(22,460,154)
Total governmental activities	\$ 476,544,064	\$ 10,547,115	\$ 127,700,014	\$ 820,523	(337,476,412)
General revenues:					
Taxes:					
Property taxes, general purposes					226,224,333
Property taxes, debt service					35,039,161
Payments in lieu of taxes					3,134,569
Unrestricted state grants					51,743,683
Interest and investment earnings					103,114
Other general revenues					422,513
Total general revenues					316,667,373
Change in net assets					(20,809,039)
Net assets:					
Beginning of year, as restated (Note 13)					48,413,395
End of year					\$ 27,604,356

See Notes to Basic Financial Statements.

School District U-46

Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds					Total Governmental Funds
	General Fund	Transportation Fund	Working Cash Fund	Debt Service Fund	Nonmajor Governmental Funds	
Assets						
Cash and investments	\$ 17,011,888	\$ 400	\$ 18,196,845	\$ 17,226,811	\$ 22,472,271	\$ 74,908,215
Property taxes receivable	108,647,590	3,198,565	-	18,117,245	5,341,842	135,305,242
Grants receivable	22,783,867	18,585,895	-	-	-	41,369,762
Replacement taxes receivable	455,823	-	-	-	-	455,823
Accounts receivable	34,456	-	-	-	-	34,456
Due from other funds	-	-	56,628,744	-	-	56,628,744
Inventory	222,038	-	-	-	-	222,038
Prepays	1,020,270	-	-	-	-	1,020,270
Total assets	\$ 150,175,932	\$ 21,784,860	\$ 74,825,589	\$ 35,344,056	\$ 27,814,113	\$ 309,944,550
Liabilities and Fund Balances (Deficits)						
Liabilities						
Accounts payable	\$ 2,374,858	\$ 34,409	\$ -	\$ -	\$ 2,011,896	\$ 4,421,163
Accrued payroll	22,392,723	113,391	-	-	-	22,506,114
Payroll deductions	5,707,697	-	-	-	326,339	6,034,036
Insurance claims payable	2,650,046	-	-	-	-	2,650,046
Deferred property tax revenue	104,347,764	3,076,954	-	17,351,672	5,261,378	130,037,768
Deferred grant revenue	10,459,587	12,444,017	-	-	-	22,903,604
Due to other funds	35,450,172	21,178,572	-	-	-	56,628,744
Total liabilities	183,382,847	36,847,343	-	17,351,672	7,599,613	245,181,475
Fund balances (deficits)						
Reserved for:						
Inventory	222,038	-	-	-	-	222,038
Prepays	1,020,270	-	-	-	-	1,020,270
Grant programs	2,863,666	-	-	-	-	2,863,666
Debt service	-	-	-	17,992,384	-	17,992,384
Capital projects	-	-	-	-	17,845,244	17,845,244
Unreserved (deficits), reported in:						
General fund	(37,312,889)	-	-	-	-	(37,312,889)
Special revenue funds	-	(15,062,483)	74,825,589	-	2,369,256	62,132,362
Total fund balances (deficits)	(33,206,915)	(15,062,483)	74,825,589	17,992,384	20,214,500	64,763,075
Total liabilities and fund balances	\$ 150,175,932	\$ 21,784,860	\$ 74,825,589	\$ 35,344,056	\$ 27,814,113	\$ 309,944,550

See Notes to Basic Financial Statements.

School District U-46

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2010**

Total fund balances - governmental funds		\$ 64,763,075
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Capital assets	\$ 582,827,458	
Accumulated depreciation	(198,584,060)	
Net capital assets		384,243,398
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.		(4,213,017)
Certain revenues that are deferred in the fund financial statements because they are not available, are recognized as revenue in the government wide financial statements.		22,903,604
Costs related to the issuance of long-term debt are recorded as expenditures when incurred in governmental funds, but are capitalized and amortized over the life of the debt issue in the statement of net assets.		1,207,755
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 the governmental funds. These liabilities consist of:		
General obligation bonds	(323,698,890)	
Accreted interest on long-term debt	(89,607,053)	
General obligation debt certificates	(11,232,573)	
Installment notes	(90,617)	
Purchase contracts	(9,346,736)	
Compensated absences	(436,920)	
Other post employment benefits	(1,975,188)	
Claims and judgements	(4,806,722)	
Unamortized premiums related to debt issuance	(4,901,989)	
Deferred loss on refunding	4,796,229	
		<u>(441,300,459)</u>
Net assets of governmental activities		<u>\$ 27,604,356</u>

See Notes to Basic Financial Statements.

School District U-46

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Governmental Funds
 Year Ended June 30, 2010

	Major Funds			
	General Fund	Transportation Fund	Working Cash Fund	Debt Service Fund
Revenues:				
Property taxes	\$ 209,127,214	\$ 6,189,239	\$ -	\$ 35,039,161
Replacement taxes and other payments in lieu of taxes	2,841,340	-	-	-
Charges for services	9,391,157	381,504	-	-
Earnings on investments	26,879	699	62,370	4,233
Impact fees, rentals and other local sources	1,465,641	-	-	-
State grants-in-aid	72,552,667	12,490,251	-	-
Federal grants-in-aid	53,206,061	-	-	-
State on-behalf of payments	46,868,682	-	-	-
Total revenues	395,479,641	19,061,693	62,370	35,043,394
Expenditures:				
Current:				
Instruction:				
Regular programs	129,303,819	-	-	-
Special programs	38,080,295	-	-	-
Other instructional programs	45,142,168	-	-	-
Support services:				
Pupils	25,339,140	-	-	-
Instructional staff	13,549,613	-	-	-
General administration	18,003,180	-	-	-
School administration	20,451,547	-	-	-
Business	25,297,424	-	-	-
Facilities acquisition and construction	28,446	-	-	-
Transportation	881,822	22,199,826	-	-
Food service	12,651,640	-	-	-
Central	8,835,773	-	-	-
Other support services	1,284,856	-	-	-
Community services	3,520,752	-	-	-
Payments to other governments	7,550,943	-	-	-
Intergovernmental state on-behalf of payments	46,868,682	-	-	-
Debt service:				
Principal	-	2,373,297	-	31,228,894
Interest and fees	-	312,801	-	8,488,096
Debt issuance costs	-	-	-	964,668
Capital outlay	765,703	-	-	-
Total expenditures	397,555,803	24,885,924	-	40,681,658
Excess (deficiency) of revenues over (under) expenditures	(2,076,162)	(5,824,231)	62,370	(5,638,264)
Other financing sources (uses):				
Transfer in	-	-	-	4,424,969
Transfer out	(4,424,969)	-	-	-
Proceeds from debt issuance	15,000,000	-	-	34,595,000
Premium on debt issuance	-	-	-	3,176,086
Transfer to escrow agent	-	-	-	(36,806,418)
Total other financing sources (uses)	10,575,031	-	-	5,389,637
Net change in fund balances (deficits)	8,498,869	(5,824,231)	62,370	(248,627)
Fund balances (deficits):				
Beginning of year, as restated (Note 13)	(41,705,784)	(9,238,252)	74,763,219	18,241,011
End of year	\$ (33,206,915)	\$ (15,062,483)	\$ 74,825,589	\$ 17,992,384

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,907,880	\$ 261,263,494
212,229	3,053,569
-	9,772,661
8,933	103,114
820,523	2,286,164
-	85,042,918
-	53,206,061
-	46,868,682
<u>11,949,565</u>	<u>461,596,663</u>
1,745,349	131,049,168
1,459,330	39,539,625
619,062	45,761,230
1,079,628	26,418,768
374,582	13,924,195
376,488	18,379,668
1,024,139	21,475,686
2,060,557	27,357,981
723,923	752,369
-	23,081,648
41,070	12,692,710
743,296	9,579,069
28,316	1,313,172
291,775	3,812,527
-	7,550,943
-	46,868,682
-	33,602,191
-	8,800,897
-	964,668
<u>3,837,580</u>	<u>4,603,283</u>
<u>14,405,095</u>	<u>477,528,480</u>
<u>(2,455,530)</u>	<u>(15,931,817)</u>
-	4,424,969
-	(4,424,969)
15,000,000	64,595,000
-	3,176,086
-	(36,806,418)
<u>15,000,000</u>	<u>30,964,668</u>
12,544,470	15,032,851
7,670,030	49,730,224
<u>\$ 20,214,500</u>	<u>\$ 64,763,075</u>

School District U-46

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
to the Statement of Activities
Year Ended June 30, 2010**

Net change in fund balances (deficits)—total governmental funds \$ 15,032,851

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

Governmental funds report purchases of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Capital expenditures	\$ 2,483,100	
Depreciation	(15,348,055)	
Depreciation in excess of capital expenditures		(12,864,955)

Some revenues were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds. The change from fiscal year 2009 to 2010 was: (10,526,055)

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	57,357,101	
Debt certificates	1,159,820	
Installment notes	61,470	
Purchase contracts	4,925,901	
Accreted interest	4,922,899	
Total retired debt		68,427,191

Loss on refunded debt are recorded as an expenditure in the fund financial statements, but are deferred and amortized over the life of the bonds in the statement of net assets. 1,981,418

The issuance of bonds (including premiums) is shown as an other financing source in governmental funds but as an increase in bonds on the statement of net assets. (67,771,086)

Costs related to the issuance of bonds are shown as expenditures in governmental funds but are amortized over the life of the bonds on the statement of activities. 964,668

The accretion of interest on long-term debt is not reported as an expenditure in governmental funds but as an addition to principal outstanding in the statement of activities. (13,240,502)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds.

Increase in other postemployment benefits	(384,336)	
Increase in compensated absences payable	(350,245)	
Decrease in accrued interest on debt	10,693	
Increase in claims and judgements (IBNR)	(1,659,233)	
Amortization of bond premiums	452,130	
Amortization of bond issuance costs	(165,615)	
Amortization of bond refunding costs	(715,963)	
		(2,812,569)

Change in net assets of governmental activities \$ (20,809,039)

See Notes to Basic Financial Statements.

School District U-46

Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2010

	<u>Agency Student Activity Fund</u>
Assets , cash and investments	<u>\$ 4,071,008</u>
Liabilities , due to activity fund organizations	<u>\$ 4,071,008</u>

See Notes to Basic Financial Statements.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

School District U-46 operates as a public school system governed by an elected seven-member board of education. The District is organized under the School Code of the State of Illinois, as amended. The District serves the communities of Bartlett, Elgin, Hanover Park, South Elgin, Streamwood, Wayne and portions of Carol Stream, Hoffman Estates, St. Charles, Schaumburg, and West Chicago.

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

Financial Reporting Entity

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

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

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

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

Government-Wide and Fund Financial Statements

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

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities with the difference reported in three categories:

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

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

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Fund Financial Statements: Separate financial statements are provided for governmental funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District has the following major governmental funds- General Fund, Transportation Fund, Working Cash Fund and Debt Service Fund. All remaining governmental special revenue and capital projects funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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 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.

Transportation Fund

The Transportation Fund, (a special revenue fund) accounts for costs of the transportation of pupils.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

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.

Debt Service Fund

The Debt Service Fund, formerly 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.

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. The District's nonmajor special revenue fund is the Municipal Retirement / Social Security Fund, which accounts for the District's share of retirement benefit and social security costs for employees.

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

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

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state-shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized in the period in which they are intended to finance, when the District has a legal claim to the resources. Grants, entitlements, state-shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. The District uses sixty days in order to capture reimbursement payments released by the state of Illinois during the month of August. The District also considers property taxes to be available if they are collected within sixty (60) days of the end of the fiscal period and intended to finance the current period.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, and interest. All other revenue sources are considered to be measurable and available only when cash is received. The District has recognized 50% of the 2009 tax extension and 50% of the 2008 tax extension in the current fiscal year based on estimated collections, as this is the period for which the taxes have been levied (intended to finance). Property taxes are recorded net of estimated losses on collections of 1.3%. Revenue from replacement taxes is recognized when collected by the state, prior to disbursement to the District.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB), in which case the GASB prevails.

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 2009 tax levy was passed by the Board of Education on December 7, 2009, 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 2010 in Cook County and in June and September 2010 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 within one month after collection.

The District has recorded a receivable for the uncollected portion of the 2009 taxes extended. The District has recorded deferred revenue for 50% of the 2009 tax extension which will be recognized as revenue in fiscal year 2011, the period for which those taxes were levied.

Investments

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Inventories

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

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets 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.

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

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

Interfund Transactions

The District has the following types of interfund transactions:

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

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

Compensated Absences

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred and Unearned Revenue

The District reports deferred revenue on its balance sheets. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

The District reports unearned revenues in the government-wide statement of net assets in connection with resources that have been received but not yet earned. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is recognized as revenue.

Long-Term Liabilities

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

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

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

Debt Premium and Debt Issuance/Refunding Costs

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

In the government-wide financial statements, bond premiums and discounts, as well as other bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, prepaids, grant programs, tort immunity, debt service and capital projects, as applicable.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance/Net Assets (Continued)

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

Note 2. Budgetary Information

Annual budgets are adopted for all governmental fund types. The annual budgets are adopted on the modified accrual basis of accounting at the fund level. All budgets lapse at fiscal year end. The District maintains a system to measure the uncommitted budget amount available for expenditures at any time during the year. For budgetary purposes, appropriations lapse at June 30, 2010 and outstanding encumbrances are canceled at that date.

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 2009-10 budget was adopted September 28, 2009.

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.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 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.

Deposits

As of June 30, 2010, the District had deposits with federally insured financial institutions of \$57,228,734 with the book balances totaling \$53,220,223.

Custodial credit risk – deposits. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires all bank deposits in excess of FDIC insurance limits be secured by collateral. As of June 30, 2010, the District was not exposed to custodial credit risk.

Investments

Interest Rate Risk

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

Credit Risk

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 3. Deposits and Investments (Continued)

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, 2010. The schedule also includes credit ratings by Standard & Poor's at June 30, 2010:

Investment Type	Fair Value	Investment Maturities Less Than One Year	% of Total Investments	Credit Ratings
Illinois School District Liquid Asset Fund	\$ 10,945,893	\$ 10,945,893	42.52%	AAAm
Illinois Funds Money Market fund	5,504,129	5,504,129	21.38%	AAAm
Government Money Market Fund Investments	9,292,968	9,292,968	36.10%	AAAm
	\$ 25,742,990	\$ 25,742,990	100.00%	

The Illinois School District Liquid Asset Fund Plus and Illinois Funds are shown as maturing in less than one year because of the weighted average maturity of the pools are less than one year.

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.

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	\$ 53,220,223
Investments - per note above	25,742,990
Petty Cash	16,010
Total	\$ 78,979,223
Cash and investments per statement of net assets	\$ 74,908,215
Cash and investments per statement of fiduciary assets and liabilities	4,071,008
Total	\$ 78,979,223

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2010, are as follows:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
Capital Assets, not being depreciated:				
Land	\$ 27,618,638	\$ 68,626	\$ -	\$ 27,687,264
Capital Assets, being depreciated:				
Buildings	521,906,755	2,221,544	-	524,128,299
Transportation equipment	20,814,101	-	-	20,814,101
Other equipment	10,004,864	192,930	-	10,197,794
Total capital assets being depreciated	552,725,720	2,414,474	-	555,140,194
Less accumulated depreciation:				
Buildings	161,276,575	12,252,588	-	173,529,163
Transportation equipment	12,956,772	2,774,951	-	15,731,723
Other equipment	9,002,658	320,516	-	9,323,174
Total accumulated depreciation	183,236,005	15,348,055	-	198,584,060
Total capital assets being depreciated, net	369,489,715	(12,933,581)	-	356,556,134
Governmental activities				
Capital assets, net	\$ 397,108,353	\$ (12,864,955)	\$ -	\$ 384,243,398

Depreciation expense was charged to governmental activities as follows:

Activity	Depreciation Expense
Regular programs	\$ 5,310,085
Special education programs	1,639,916
Other instructional programs	1,897,959
Pupils	1,095,725
Instructional staff	577,510
General administration	762,301
School administration	890,710
Business	1,134,679
Transportation	957,317
Food services	526,433
Central	397,294
Community services	158,126
Total	<u>\$ 15,348,055</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 5. Long-Term Obligations

The following is a summary of activity for the District's long-term debt for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
G.O. Bonds/Debt Certificates Payable:					
General obligation bonds	\$ 316,460,991	\$ 64,595,000	\$ (57,357,101)	\$ 323,698,890	\$ 25,259,453
Accreted interest on long-term debt	81,289,450	13,240,502	(4,922,899)	89,607,053	4,090,547
Debt certificates	12,392,393	-	(1,159,820)	11,232,573	1,197,403
Unamortized Premium**	2,178,033	3,176,086	(452,130)	4,901,989	534,335
Deferred loss on refunding**	(3,530,774)	(1,981,418)	715,963	(4,796,229)	(537,129)
Total G.O. Bonds/Debt Certificates Payable	408,790,093	79,030,170	(63,175,987)	424,644,276	30,544,609
Installment notes	152,087	-	(61,470)	90,617	90,617
Purchase contracts	14,272,637	-	(4,925,901)	9,346,736	4,083,765
Compensated absences	86,675	7,232,418	(6,882,173)	436,920	436,920
Other post employment benefits	1,590,852	384,336	-	1,975,188	-
Claims and judgments	5,983,230	49,236,160	(47,762,622)	7,456,768	7,456,768
Total	\$ 430,875,574	\$ 135,883,084	\$ (122,808,153)	\$ 443,950,505	\$ 42,612,679

** Beginning balances are as restated see Note 13.

At June 30, 2010 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 2013 with interest yielding 6.185%.	\$ 4,544,161
\$39,500,000, 1997 School Building Bonds due in 2012 with interest due semiannually at 5.05% to 7.8%.	13,825,000
\$32,300,000, 1998 School Building Bonds due in 2011 with interest due semiannually at 4.14% to 5.45%.	350,000
\$18,300,000, 1999 School Building Bonds due in 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 Capital Appreciation Construction Bonds due in annual installments of \$982,125 to \$1,072,352 through 2016 with interest due semiannually at 5.2% to 9.0%.	40,818,383
\$54,499,619, 2002 Illinois Development Finance Authority Program Capital Appreciation 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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

\$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%. \$ 60,716,727

\$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%. 18,500,000

\$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%. 51,430,000

\$34,405,000 2009 General Obligation Limited School Bonds due in annual installments of \$1,065,000 to \$5,920,000 beginning in fiscal year 2010 through 2023 with interest due semiannually at 2.0% to 5.0%. 31,775,000

\$30,190,000 2010 General Obligation Refunding due in annual installments of \$700,000 to \$12,275,000 beginning in fiscal year 2011 through 2015 with interest due semiannually at 2.0% to 4.0%. 30,190,000

Total General Obligation Bonds \$ 323,698,890

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Debt Service Requirements to Maturity - General Obligation Bonds:

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

Due in Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 25,259,453	\$ 13,324,032	\$ 38,583,485
2012	27,535,432	11,635,690	39,171,122
2013	29,863,010	10,846,262	40,709,272
2014	29,150,218	13,033,829	42,184,047
2015	27,945,872	13,076,397	41,022,269
2016 - 2020	123,050,282	103,881,181	226,931,463
2021 - 2023	60,894,623	91,205,452	152,100,075
	<u>\$ 323,698,890</u>	<u>\$ 257,002,843</u>	<u>\$ 580,701,733</u>

Interest maturities include \$89,607,053 of accreted interest on capital appreciation bonds, which is included as long-term debt on the statement of net assets.

Legal Debt Margin:

As of June 30, 2010, the legal debt limit of the District was \$830,332,178, based upon 13.8% percent of its estimated 2009 equalized assessed valuation of \$6,016,899,840. The debt limit less outstanding debt subject to the debt limit of \$344,368,816 and less amounts held in the Debt Service Fund of \$17,992,384, results in a legal debt margin of \$503,955,746 as of June 30, 2010.

Accreted Interest on Long-term Debt - Capital Appreciation Bonds:

The District has four outstanding capital appreciation bond issues. Interest on the capital appreciation bonds are paid only when principal payments are made, not semi-annually like conventional bond issues. The District records the accretion of interest as long-term debt in the statement of net assets as if the interest had been paid semi-annually. Accreted interest on long-term debt was increased by a net total of \$8,317,603 during the fiscal year ended June 30, 2010. At year end, the total interest accreted on the capital appreciation bonds was \$89,607,053.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Debt Certificates:

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

Debt Certificates:

\$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%.	\$ 284,768
\$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%.	5,540,000
\$6,200,000, 2007 Debt Certificates (Qualified Zone Academy Bonds) due in annual installments of \$394,759 to \$432,360 beginning in fiscal year 2009 through 2023 with interest due annually at 0.65%.	<u>5,407,805</u>
Total Debt Certificates	<u>\$ 11,232,573</u>

Installment Note:

The District has one outstanding installment note. Payments are expected to be made from the Debt Service Fund through transfers from the General Fund. A description of the District's installment note is as follows:

\$895,049, 1992 Interest Free Asbestos Abatement Federal Note, due in annual installments of \$49,724 through fiscal year 2011.	<u>\$ 90,617</u>
Total Installment Note	<u>\$ 90,617</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Purchase Contracts:

As of June 30, 2010, the District had entered into 96 lease/purchase contracts for copiers, buses, computer equipment, and other equipment. No new purchase contracts were entered into during the year ended June 30, 2010. The total value of the property currently under leases is \$22,915,637. Future minimum payments total \$10,130,796 of which \$784,057 represents interest and \$9,346,736 represents principal. Payments are expected to be made from the Transportation Fund and the Debt Service Fund through transfers from the General Fund. Upon entering a contract, the District records the activity as capital outlay expenditures with an offsetting credit to "proceeds from purchase contracts". Some items purchased through this method however, may not be capitalized as new equipment if the value of an individual item such as a desktop computer does not meet or exceed the District's capitalization threshold.

Debt Service Requirements to Maturity – Debt Certificates, Installment Note and Purchase Contracts:

Annual debt service requirements to maturity for debt certificates, the installment note and purchase contracts to be paid from the Transportation Fund and the Debt Service Fund through transfers from the General Fund and for each of the next five fiscal years and in five year increments thereafter are as follows:

Due in Fiscal Year	Debt Certificates		Installment Note	Purchase Contracts		Total Debt Service
	Principal	Interest	Principal	Principal	Interest	
2011	\$ 1,197,403	\$ 378,634	\$ 90,617	\$ 4,083,765	\$ 403,459	\$ 6,153,878
2012	1,245,003	334,065	-	2,591,586	224,148	4,394,802
2013	1,145,154	286,804	-	1,452,459	98,312	2,982,729
2014	1,192,870	238,763	-	918,475	43,647	2,393,755
2015	1,245,521	188,030	-	130,304	9,671	1,573,526
2016-2020	3,917,925	252,973	-	170,150	4,820	4,345,868
2021-2023	1,288,697	16,812	-	-	-	1,305,509
Total	\$ 11,232,573	\$ 1,696,081	\$ 90,617	\$ 9,346,739	\$ 784,057	\$ 23,150,067

Compensated Absences:

The District has recorded a liability of \$436,920 for accumulated vacation leave benefits. The amounts will be paid from the General Fund within the next year.

Other Postemployment Benefits Payable:

Other postemployment benefits (OPEB) payable represent the long-term portion of the actuarially determined net OPEB obligation for healthcare insurance for eligible retirees and their dependents through the District's group health insurance plan (see Note 9). The amounts will be paid from the General Fund.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Debt Defeasance:

On April 1, 2010, the District advance refunded series 2006B general obligation bonds by placing a portion of the proceeds of the series 2010 bonds in an irrevocable trust to provide for all future debt service payments on the series 2006B 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, 2010, the outstanding balance of series 2006B defeased bonds totals \$1,725,000. The refunding resulted in an economic gain of approximately \$1,909,000 and had a net effect of maintaining the life of the bonds at five years and decreasing the District's future debt service requirements by approximately \$2,066,000.

On September 1, 2009, the District advance refunded series 1998 general obligation bonds by placing a portion of the proceeds of the series 2009 bonds in an irrevocable trust to provide for all future debt service payments on the series 1998 bonds after January 1, 2011. 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, 2010, the outstanding balance of the series 1998 bonds included in the District's financial statements is \$350,000 and the outstanding balance of series 1998 defeased bonds totaled \$30,150,000. The refunding resulted in an economic loss of approximately \$190,000 and had a net effect of maintaining the life of the bonds at 13 years and increasing the District's future debt service requirements by approximately \$1,316,000.

On February 15, 2005, the District advance refunded series 2000 general obligation bonds by placing a portion of the proceeds of the series 2005 bonds in an irrevocable trust to provide for all future debt service payments on the series 2000 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, 2010, the outstanding balance of series 2000 defeased bonds totaled \$20,175,000. The outstanding balance for the series 2000 bonds is scheduled to be called on January 1, 2011.

As of June 30, 2010, the outstanding balance of all defeased bonds totaled \$52,050,000.

Note 6. Leases

The District paid \$115,596 on operating leases during the fiscal year ended June 30, 2010. At year-end, the District was obligated under 3 operating leases. The leases expire between 2011 and 2012, with monthly payments ranging between \$1,684 and \$5,589. The aggregate minimum annual lease payments required under these leases are as follows:

Due in Fiscal Year	Principal
2011	\$ 143,419
2012	33,166
	<u>\$ 176,585</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for the above risks. For property related risks, the District maintains excess insurance coverage to cover claims in excess of \$100,000 per occurrence to a maximum of \$250,000,000. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in any of the past three fiscal years. For workers compensation risks, the District maintains excess insurance coverage to cover claims in excess of \$400,000 per occurrence to a maximum of \$1,000,000. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in any of the past three fiscal years.

The District is also self-insured for medical claims to cover its employees and their qualifying dependents. The District funds a self-insurance account and has engaged an outside agency to administer its medical claims. The District does not assume unlimited liability for medical claims. As of June 30, 2010, the District had purchased (stop-loss) insurance to cover claims in excess of \$500,000 per person per year and \$2,000,000 lifetime. Estimated claims incurred but not yet submitted by insurers were estimated based on historical trends as provided by the District's third party administrator. Estimated insurance claims liabilities at June 30, 2010, total \$7,456,768, of which claims payable were \$2,650,046 and incurred but not reported claims amounted to \$4,806,722. Settled claims have not exceeded coverage in any of the past three fiscal years. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and societal factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Fiscal Year Ended	
	June 30,	
	Total	Total
	2010	2009
Claims liability - beginning	\$ 5,983,230	\$ 5,732,920
Incurred claims	49,236,160	41,679,865
Claim payments	47,762,622	41,429,555
Claims liability - ending	<u>\$ 7,456,768</u>	<u>\$ 5,983,230</u>

Note 8. Employee Retirement Systems and 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.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 8. Employee Retirement Systems and Plans (Continued)

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

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 the primary responsibility for funding 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, 2010, 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. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

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

On Behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2010, state of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$45,216,825 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$32,981,095) and 13.11 percent (\$24,254,071), respectively.

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

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$1,150,500. Contributions for the years ending June 30, 2009 and June 30, 2008, were \$1,138,559 and \$1,073,025, respectively, which was 100 percent of the required contribution.

Federal and Special Trust Fund Contributions

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 8. Employee Retirement Systems and Plans (Continued)

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

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 percent and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$3,250,087 were paid from federal and special trust funds that required employer contributions of \$759,870. For the years ended June 30, 2009 and June 30, 2008, required District contributions were \$547,498 and \$435,699, respectively, which was 100 percent of the required contribution.

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.

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

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

For the year ended June 30, 2010, the District paid \$1,590,994 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the District paid \$2,538,605 and \$1,433,324 in employer ERO contributions, respectively, which was 100 percent of the required contribution.

Salary Increases Over 6 Percent and Excess Sick Leave

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

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

For the year ended June 30, 2010, the District paid \$133,225 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and June 30, 2008, the District made no payments to TRS for employer contributions due on salary increases in excess of 6 percent, which was 100 percent of the required contribution.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 8. Employee Retirement Systems and Plans (Continued)

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

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010).

For the year ended June 30, 2010, the District paid \$11,866 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and June 30, 2008, the District made no payments in employer contributions granted for sick leave days, which was 100 percent of the required contribution.

Further Information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010.

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.

THIS Fund

Employer Contributions

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

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 8. Employee Retirement Systems and Plans (Continued)

THIS Fund (Continued)

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On Behalf Contributions to THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$1,651,857 and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008 were also 0.84 percent of pay. State contributions on behalf of District employees were \$1,648,947 and \$1,554,037, respectively.

Employer Contributions to THIS Fund

The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009 and June 30, 2008. For the year ended June 30, 2010, the District paid \$1,238,893 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the District paid \$1,236,710 and \$1,165,527 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information on THIS Fund

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

Illinois Municipal Retirement

Plan Description

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 8. Employee Retirement Systems and Plans (Continued)

Illinois Municipal Retirement

Funding Policy

As set by statute, the District's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District contribution rate for calendar years 2010 and 2009 are 11.05 percent and 9.31 percent, respectively, of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost and Pension Obligation

The following table shows the components of the District's annual pension cost for the fiscal year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net pension obligation to the plan:

	Government-Wide Activities
Annual required contribution	\$ 5,649,358
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	5,649,358
Contributions made	5,412,866
Increase in net OPEB obligation	236,492
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 236,492

The required contribution for 2010 was determined as part of the December 31, 2008 and 2007 actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008 and 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment 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 10 percent, per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the District's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 8. Employee Retirement Systems and Plans (Continued)

Illinois Municipal Retirement (Continued)

The District's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at the December 31, 2008 and 2007 were 22 years and 23 years, respectively.

Information related to the employer's contributions is on a fiscal year basis. The actuarial and trend information are on a calendar year basis as that is the year used by IMRF.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2009	\$ 5,374,563	100%	\$ -
December 31, 2008	5,479,486	100%	-
December 31, 2007	4,981,233	100%	-

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 70.82 percent funded. The actuarial accrued liability for benefits was \$127,226,172 and the actuarial value of assets was \$90,096,362, resulting in an underfunded actuarial accrued liability (UAAL) of \$37,129,810. The covered payroll (annual payroll of active employees covered by the plan) was \$57,728,932 and the ratio of the UAAL to the covered payroll was 64 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 9. Other Postemployment Benefits

The District had an actuarial valuation performed to determine its liability for other postemployment benefits (OPEB) as of July 1, 2009. According to GASB 45, an actuarial valuation should be performed at a minimum frequency of every two years for a plan the size of the District's.

Plan Description

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

Funding Policy

Contribution requirements are also negotiated between the District and union representatives. All plan funding is done on a pay-as-you-go basis. Funding varies from 0 percent to 100 percent, depending on the retiree's status at the time of retirement. Currently, the current and retired employees pay a specified blended premium rate for healthcare insurance and the District pays the difference. For fiscal year 2010, the District contributed \$2,673,796 to the Plan. Plan members receiving benefits contributed \$219,799, or approximately 7.6 percent of the total premiums.

Annual OPEB Cost and Net OPEB Obligation

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

	Government-Wide Activities
Annual required contribution	\$ 3,079,582
Interest on net OPEB obligation	79,543
Adjustment to annual required contribution	(100,993)
Annual OPEB cost	3,058,132
Contributions made	2,673,796
Increase in net OPEB obligation	384,336
Net OPEB obligation - beginning of year	1,590,852
Net OPEB obligation - end of year	\$ 1,975,188

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 9. Other Postemployment Benefits (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding two years were as follows:

Year Ending June 30,	Annual OPEB Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation
2010	\$ 3,058,132	87.4%	\$ 1,975,188
2009	2,909,163	72.9%	1,590,852
2008	2,920,759	72.5%	802,291

The District has reported the net OPEB obligation of \$1,975,188 in the statement of net assets. Payments to liquidate the liability have typically been made by the General Fund.

Funded Status and Funding Progress

As of July 1, 2009, the date of the most recent valuation, the actuarial accrued liability for benefits was \$28,990,310, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$241,088,582, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.02%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents only one valuation, however, in subsequent years, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits will be provided.

Methods and Assumptions

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 9. Other Postemployment Benefits (Continued)

Significant methods and assumptions were as follows:

Actuarial valuation date: July 1, 2009
 Actuarial cost method: Unit Credit Cost Method
 Amortization method: Closed, Level Dollar Method
 Remaining amortization period: 30 years
 Actuarial assumptions:
 Discount Rate 5.0%
 Healthcare Trend Rate Beginning at 8.0%, trending to 5.0%

Note 10. Other Financial Disclosures

Expenditures Exceeding Operating Budgets

Expenditures exceeded budgeted expenditures in the following funds/accounts during fiscal year 2010:

Fund	Final Budget	Actual Expenditures	Amount Over Budget
Debt Service Fund	\$ 40,138,302	\$ 40,681,658	\$ 543,356

Interfund Transfers

The General Fund made routine transfers of \$4,424,969 to the Debt Service Fund to provide resources to pay principal and interest on debt certificates, installment notes and purchase contracts.

Due To/From Other Funds

Interfund debt balances as of June 30, 2010 are as follows:

Fund	Due From Other Funds	Due To Other Funds
Major governmental funds		
General	\$ -	\$ 35,450,172
Transportation	-	21,178,572
Working cash	56,628,744	-
Total	\$ 56,628,744	\$ 56,628,744

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

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 10. Other Financial Disclosures (Continued)

Reserved Fund Balances

Fund balance of the Educational Account of the General Fund has been reserved for inventories in the amount of \$222,038 and prepaids in the amount of \$1,020,270. Fund balance of the Debt Service Fund has been reserved for \$17,992,384 for future debt service. The Capital Projects Fund's fund balance is reserved in the amount of \$4,977,191 for future projects. The Fire Prevention and Safety Fund's fund balance is reserved in the amount of \$12,868,053 for future approved projects.

Deficit Fund Balances

The General Fund and the Transportation Fund had deficit fund balances as of June 30, 2010 of (\$33,206,915) and (\$15,062,483), respectively. The General Fund deficit is comprised of the following: Educational Account - (\$17,346,677), Tort Immunity Account - (\$5,791,818) and Operations and Maintenance Account - (\$10,068,420). District management expects to reduce the deficits with future revenues and budget cuts.

Note 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 counsel, these suits are without substantial merit and should not result in judgments, which in aggregate would have a material adverse effect on the District's financial statements.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the Illinois State Board of Education. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

Note 12. Commitments

At June 30, 2010, the District had approximately \$7.9 million in outstanding construction project commitments. The projects were comprised of work to be done at various school buildings to be paid from the Fire Prevention and Safety Fund and the Capital Projects Fund.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 13. Restatements

Claims and Judgments

In order to comply with the provisions of Governmental Accounting Standards Board (GASB) Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements", the June 30, 2009 fund balance for the General Fund has been restated to correct for errors in accounting for claims and judgments payable. Prior to fiscal year 2010, estimated amounts for incurred but not reported claims payable (IBNR) were reported as liabilities in the governmental funds because the amounts were considered to be "due and payable," and thus appropriately recorded in a governmental fund, when the insured claimant was injured. Upon obtaining further guidance as to the meaning of "due and payable", the District began accruing these items in the government-wide Statement of Net Assets and removed the liabilities from the governmental funds. The effect of the restatement is shown below.

Debt Premium/Discounts and Issuance/Refunding costs

Generally Accepted Accounting Principles (GAAP) requires that bond premiums and discounts, as well as other debt issuance/refunding costs, are deferred and amortized over the life of the debt. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. Prior to fiscal year 2010, the District did not record bond premiums, discounts and other debt issuance/refunding costs in the government-wide Statement of Net Assets. The related amortization of these costs was also not reported on the government-wide Statement of Activities. In order to correct this error, the District has recorded bond premiums, deferred costs on refunding and debt issuance costs on the government-wide Statement of Net Assets for the year ended June 30, 2009. The effect of the restatement is shown below.

	General Fund	Statement of Net Assets
	Increase (Decrease)	
	Fund Balance/ (Deficit)	Net Assets
June 30, 2009 balance/(deficit) as previously reported	\$ (44,853,273)	\$ 46,651,952
Restatement to reclassify claims payable	3,147,489	-
June 30, 2009 balance/(deficit) as restated	<u>\$ (41,705,784)</u>	46,651,952
Restatement to capitalize prior years unamortized debt issuance cost		408,702
Restatement to capitalize prior years unamortized bond premiums		(2,178,033)
Restatement to capitalize prior years unamortized deferred loss on refundings		3,530,774
June 30, 2009 net assets as restated		<u>\$ 48,413,395</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 14. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing fund type definition. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The District is required to implement this Statement for the year ending June 30, 2011.

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, was issued to update standards related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. The District is required to implement this Statement for the year ending June 30, 2012.

Statement No. 59, *Financial Instruments Omnibus*, was issued to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information by improving consistency of measurements and by providing clarifications of existing standards. The District is required to implement this Statement for the fiscal year ending June 30, 2011.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* was issued to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The District is required to implement this Statement for the year ending June 30, 2013.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements

Note 14. New Accounting Pronouncements (Continued)

Statement No. 61, The Financial Reporting Omnibus, An Amendment of GASB Statements No. 14 and No. 34, was issued to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity* and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government’s management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination. The District is required to implement this Statement for the year ending June 30, 2013.

Statement No. 62, Codification of Accounting and Financial Reporting Guidance contained in pre-November 1989 FASB and AICPA Pronouncements, was established to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in certain FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The District is required to implement this Statement for the year ending June 30, 2013.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress - Illinois Municipal Retirement Fund

Schedule of Funding Progress - Retiree Healthcare Plan

Budgetary Comparison Information: General Fund and Major Special Revenue Funds

School District U-46

**Schedule of Funding Progress
Illinois Municipal Retirement Fund
June 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 90,096,362	\$ 127,226,172	\$ 37,129,810	70.82 %	\$ 57,728,932	64.32 %
12/31/08	89,512,458	125,374,452	35,861,994	71.40	58,045,404	61.78
12/31/07	101,677,116	114,015,143	12,338,027	89.18	52,655,738	23.43

On a market value basis, the actuarial value of assets as of December 31, 2009, is \$87,063,700. On a market value basis, the funded ratio would be 68.43%.

School District U-46

Schedule of Funding Progress
 Retiree Healthcare Plan
 June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/09	\$ -	\$ 28,990,310	\$ 28,990,310	- %	\$241,088,582	12.02 %
07/01/08			- No valuation performed * -			
07/01/07	-	25,908,783	25,908,783	-	230,215,824	11.25

The District adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in fiscal year 2008.

This schedule provides information for as many years as is available.

*According to GASB 45, an actuarial valuation should be performed at a minimum frequency of every two years for a plan the size of the District. The District has elected to have bi-annual valuations performed.

The District funds the benefits on a pay-as-you-go basis; therefore, there are no plan assets at year-end.

GENERAL FUND

To account for resources traditionally associated with government operations which are not required to be accounted for in another fund. The District's general fund consists of three accounts: the *Educational Account*, which records direct costs of instruction and administration; the *Tort Immunity Account*, which is used for the purpose of recording risk financing activities of the District; and the *Operations and Maintenance Account*, which reports all costs of maintaining, improving or repairing school buildings and property.

MAJOR SPECIAL REVENUE FUNDS

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

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

Working Cash Fund - To account for financial resources held by the District to be used for temporary interfund loans to the Educational Account, the Operations and Maintenance Account, and the Transportation Fund.

School District U-46

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual
General Fund
Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 212,928,461	\$ 209,127,214	\$ (3,801,247)
Replacement taxes and other payments in lieu of taxes	2,953,335	2,841,340	(111,995)
Charges for services	11,650,000	9,391,157	(2,258,843)
Earnings on investments	113,601	26,879	(86,722)
Rentals and other local sources	1,652,500	1,465,641	(186,859)
State grants-in-aid	91,114,892	72,552,667	(18,562,225)
Federal grants-in-aid	37,334,823	53,206,061	15,871,238
State on-behalf of payments	42,000,000	46,868,682	4,868,682
Total revenues	399,747,612	395,479,641	(4,267,971)
Expenditures:			
Current:			
Instruction:			
Regular programs	129,362,282	129,303,819	58,463
Special programs	37,092,443	38,080,295	(987,852)
Other instructional programs	46,093,074	45,142,168	950,906
Support services:			
Pupils	27,130,561	25,339,140	1,791,421
Instructional staff	17,327,041	13,549,613	3,777,428
General administration	12,994,960	18,003,180	(5,008,220)
School administration	20,526,292	20,451,547	74,745
Business	28,248,522	25,297,424	2,951,098
Facilities acquisition and construction	45,139	28,446	16,693
Transportation	775,941	881,822	(105,881)
Food service	13,086,998	12,651,640	435,358
Central	11,023,976	8,835,773	2,188,203
Other support	438,834	1,284,856	(846,022)
Community services	3,182,070	3,520,752	(338,682)
Payments to other governments	8,403,932	7,550,943	852,989
Intergovernmental: State on-behalf of payments	42,000,000	46,868,682	(4,868,682)
Capital outlay	1,245,182	765,703	479,479
Contingency	157,500	-	157,500
Total expenditures	399,134,747	397,555,803	1,578,944
Excess (deficiency) of revenues over (under) expenditures	612,865	(2,076,162)	(2,689,027)
Other financing sources (uses):			
Debt issuance	15,000,000	15,000,000	-
Transfer out	(4,424,969)	(4,424,969)	-
Total other financing sources (uses)	10,575,031	10,575,031	-
Net change in fund balance (deficit)	\$ 11,187,896	8,498,869	\$ (2,689,027)
Fund balance (deficit):			
Beginning of year, as restated		(41,705,784)	
End of year		<u>\$ (33,206,915)</u>	

See Note to Required Supplementary Information.

School District U-46

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual
 Transportation Fund
 Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 6,238,001	\$ 6,189,239	\$ (48,762)
Charges for services	260,000	381,504	121,504
Earnings on investments	3,035	699	(2,336)
State grants-in-aid	15,498,428	12,490,251	(3,008,177)
Total revenues	<u>21,999,464</u>	<u>19,061,693</u>	<u>(2,937,771)</u>
Expenditures:			
Current:			
Support services:			
Transportation	23,285,523	22,199,826	1,085,697
Debt service			
Principal	2,373,297	2,373,297	-
Interest and fees	338,464	312,801	25,663
Capital outlay	4,300,000	-	4,300,000
Total expenditures	<u>30,297,284</u>	<u>24,885,924</u>	<u>5,411,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,297,820)</u>	<u>(5,824,231)</u>	<u>2,473,589</u>
Other financing sources:			
Issuance of purchase contracts	4,300,000	-	(4,300,000)
Net change in fund balance (deficit)	<u>\$ (3,997,820)</u>	<u>(5,824,231)</u>	<u>\$ (1,826,411)</u>
Fund balance (deficit):			
Beginning of year		<u>(9,238,252)</u>	
End of year		<u>\$ (15,062,483)</u>	

See Note to Required Supplementary Information.

School District U-46

Schedule of Revenues and Changes in Fund Balance - Budget and Actual
 Working Cash Fund
 Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance
Revenues:			
Earnings on investments	\$ 100,000	\$ 62,370	\$ (37,630)
Other financing uses			
Transfers out	100,000	-	100,000
Change in fund balance	<u>\$ -</u>	62,370	<u>\$ 62,370</u>
Fund balance:			
Beginning of year		<u>74,763,219</u>	
End of year		<u>\$ 74,825,589</u>	

See Note to Required Supplementary Information.

School District U-46

Note to Required Supplementary Information

The budgetary comparison information includes the activity of the General Fund and the major special revenue funds (Transportation Fund and Working Cash Fund). The General, Transportation and Working Cash Funds are presented on the modified accrual basis of accounting.

OTHER SUPPLEMENTARY INFORMATION

School District U-46

Combining Balance Sheet
 General Fund, by Account
 June 30, 2010

	Educational Account	Tort Immunity Account	Operations and Maintenance Account	Total
Assets				
Cash and investments	\$ 17,011,108	\$ -	\$ 780	\$ 17,011,888
Property taxes receivable	96,596,560	2,069,807	9,981,223	108,647,590
Grants receivable	22,783,867	-	-	22,783,867
Replacement taxes receivable	455,823	-	-	455,823
Accounts receivable	34,456	-	-	34,456
Due from other funds	-	-	-	-
Inventory	222,038	-	-	222,038
Prepays	1,020,270	-	-	1,020,270
Total assets	\$ 138,124,122	\$ 2,069,807	\$ 9,982,003	\$ 150,175,932
Liabilities and Fund Balance (Deficit)				
Liabilities				
Accounts payable	\$ 1,506,565	\$ 567,409	\$ 300,884	\$ 2,374,858
Accrued payroll	22,110,003	-	282,720	22,392,723
Payroll deductions	5,707,697	-	-	5,707,697
Insurance claims payable	2,650,046	-	-	2,650,046
Deferred property tax revenue	92,841,091	1,989,885	9,516,788	104,347,764
Deferred grant revenue	10,459,587	-	-	10,459,587
Due to other funds	20,195,810	5,304,331	9,950,031	35,450,172
Total liabilities	155,470,799	7,861,625	20,050,423	183,382,847
Fund balance (deficit)				
Reserved for inventory	222,038	-	-	222,038
Reserved for prepays	1,020,270	-	-	1,020,270
Reserved for grant programs	2,863,666	-	-	2,863,666
Unreserved (deficit)	(21,452,651)	(5,791,818)	(10,068,420)	(37,312,889)
Total fund balance (deficit)	(17,346,677)	(5,791,818)	(10,068,420)	(33,206,915)
Total liabilities and fund balance	\$ 138,124,122	\$ 2,069,807	\$ 9,982,003	\$ 150,175,932

School District U-46

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
General Fund, by Account
Year Ended June 30, 2010**

	Educational Account	Tort Immunity Account	Operations and Maintenance Account	Total
Revenues:				
Property taxes	\$ 186,103,286	\$ 3,970,915	\$ 19,053,013	\$ 209,127,214
Replacement taxes and other payments in lieu of taxes	1,094,787	-	1,746,553	2,841,340
Charges for services	9,391,157	-	-	9,391,157
Earnings on investments	23,614	786	2,479	26,879
Rentals and other local sources	383,049	-	1,082,592	1,465,641
State grants-in-aid	70,552,667	-	2,000,000	72,552,667
Federal grants-in-aid	53,206,061	-	-	53,206,061
State on-behalf of payments	46,868,682	-	-	46,868,682
Total revenues	367,623,303	3,971,701	23,884,637	395,479,641
Expenditures:				
Current:				
Instruction:				
Regular programs	129,303,819	-	-	129,303,819
Special programs	38,080,295	-	-	38,080,295
Other instructional programs	45,142,168	-	-	45,142,168
Support services:				
Pupils	25,339,140	-	-	25,339,140
Instructional staff	13,549,613	-	-	13,549,613
General administration	7,029,142	10,974,038	-	18,003,180
School administration	20,451,547	-	-	20,451,547
Business	2,990,220	-	22,307,204	25,297,424
Facilities acquisition and construction	-	-	28,446	28,446
Transportation	881,022	-	800	881,822
Food service	12,651,640	-	-	12,651,640
Central	8,835,773	-	-	8,835,773
Other support services	1,284,856	-	-	1,284,856
Community services	3,520,752	-	-	3,520,752
Payments to other governments	7,550,943	-	-	7,550,943
Intergovernmental:				
State on-behalf of payments	46,868,682	-	-	46,868,682
Capital outlay	594,468	-	171,235	765,703
Total expenditures	364,074,080	10,974,038	22,507,685	397,555,803
Excess (deficiency) of revenues over (under) expenditures	3,549,223	(7,002,337)	1,376,952	(2,076,162)
Other financing uses:				
Transfer out	(2,497,243)	(995,049)	(932,677)	(4,424,969)
Proceeds from debt issuance	-	15,000,000	-	15,000,000
Total other financing sources (uses)	(2,497,243)	14,004,951	(932,677)	10,575,031
Net change in fund balance (deficit)	1,051,980	7,002,614	444,275	8,498,869
Fund balance (deficit):				
Beginning of year, as restated	(18,398,657)	(12,794,432)	(10,512,695)	(41,705,784)
End of year	\$ (17,346,677)	\$ (5,791,818)	\$ (10,068,420)	\$ (33,206,915)

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual
General Fund - Educational Account
Year Ended June 30, 2010**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 188,905,789	\$ 186,103,286	\$ (2,802,503)
Replacement taxes and other payments in lieu of taxes	1,138,547	1,094,787	(43,760)
Charges for services	11,650,000	9,391,157	(2,258,843)
Earnings on investments	100,000	23,614	(76,386)
Rentals and other local sources	552,500	383,049	(169,451)
State grants-in-aid	89,114,892	70,552,667	(18,562,225)
Federal grants-in-aid	37,334,823	53,206,061	15,871,238
State on-behalf of payments	42,000,000	46,868,682	4,868,682
Total revenues	<u>370,796,551</u>	<u>367,623,303</u>	<u>(3,173,248)</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	129,362,282	129,303,819	58,463
Special programs	37,092,443	38,080,295	(987,852)
Other instructional programs	46,093,074	45,142,168	950,906
Support services:			
Pupils	27,130,561	25,339,140	1,791,421
Instructional staff	17,327,041	13,549,613	3,777,428
General administration	4,708,352	7,029,142	(2,320,790)
School administration	20,526,292	20,451,547	74,745
Business	3,384,604	2,990,220	394,384
Transportation	775,941	881,022	(105,081)
Food service	13,086,998	12,651,640	435,358
Central	11,023,976	8,835,773	2,188,203
Other support	438,834	1,284,856	(846,022)
Community services	3,182,070	3,520,752	(338,682)
Payments to other governments	8,403,932	7,550,943	852,989
Intergovernmental: State on-behalf of payments	42,000,000	46,868,682	(4,868,682)
Capital outlay	1,155,182	594,468	560,714
Contingency	157,500	-	157,500
Total expenditures	<u>365,849,082</u>	<u>364,074,080</u>	<u>1,775,002</u>
Excess (deficiency) of revenues over (under) expenditures	4,947,469	3,549,223	(1,398,246)
Other financing sources (uses):			
Transfer out	(2,561,569)	(2,497,243)	64,326
Total other financing sources (uses)	<u>(2,561,569)</u>	<u>(2,497,243)</u>	<u>64,326</u>
Net change in fund balance (deficit)	<u>\$ 2,385,900</u>	1,051,980	<u>\$ (1,333,920)</u>
Fund balance (deficit):			
Beginning of year, as restated		<u>(18,398,657)</u>	
End of year		<u>\$ (17,346,677)</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)-
Budget and Actual
General Fund - Tort Immunity Account
Year Ended June 30, 2010**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 4,041,816	\$ 3,970,915	\$ (70,901)
Earnings on investments	3,274	786	(2,488)
Total revenues	<u>4,045,090</u>	<u>3,971,701</u>	<u>(73,389)</u>
Expenditures:			
Current:			
Support services:			
General administration	8,286,608	10,974,038	(2,687,430)
Total expenditures	<u>8,286,608</u>	<u>10,974,038</u>	<u>(2,687,430)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,241,518)</u>	<u>(7,002,337)</u>	<u>(2,760,819)</u>
Other financing sources (uses):			
Debt issuance	15,000,000	15,000,000	-
Transfer out	(997,756)	(995,049)	2,707
Total other financing sources (uses)	<u>14,002,244</u>	<u>14,004,951</u>	<u>2,707</u>
Net change in fund balance (deficit)	<u>\$ 9,760,726</u>	7,002,614	<u>\$ (2,758,112)</u>
Fund balance (deficit):			
Beginning of year		<u>(12,794,432)</u>	
End of year		<u>\$ (5,791,818)</u>	

Schedule of Tort Expenditures by Object

Workers' compensation or workers' occupation disease acts payments	\$ 2,849,787
Unemployment insurance payments	1,690,146
Insurance payments (regular or self-insurance)	792,736
Educational, inspectional, supervisory services related to loss prevention or reduction	1,255,743
Legal service	<u>4,385,626</u>
Total tort expenditures	<u>\$ 10,974,038</u>

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

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual
General Fund - Operations and Maintenance Account
Year Ended June 30, 2010**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 19,980,856	\$ 19,053,013	\$ (927,843)
Replacement taxes and other payments in lieu of taxes	1,814,788	1,746,553	(68,235)
Earnings on investments	10,327	2,479	(7,848)
Rentals and other local sources	1,100,000	1,082,592	(17,408)
State grants-in-aid	2,000,000	2,000,000	-
Total revenues	<u>24,905,971</u>	<u>23,884,637</u>	<u>(1,021,334)</u>
Expenditures:			
Current:			
Support services:			
Business	24,863,918	22,307,204	2,556,714
Facilities acquisition and construction	45,139	28,446	16,693
Transportation	-	800	(800)
Capital outlay	90,000	171,235	(81,235)
Total expenditures	<u>24,999,057</u>	<u>22,507,685</u>	<u>2,491,372</u>
Excess (deficiency) of revenues over (under) expenditures	(93,086)	1,376,952	1,470,038
Other financing (uses):			
Transfer out	(865,644)	(932,677)	(67,033)
Net change in fund balance (deficit)	<u>\$ (958,730)</u>	444,275	<u>\$ 1,403,005</u>
Fund balance (deficit):			
Beginning of year		<u>(10,512,695)</u>	
End of year		<u>\$ (10,068,420)</u>	

DEBT SERVICE FUND

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

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

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Debt Service Fund
Year Ended June 30, 2010**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 35,724,694	\$ 35,039,161	\$ (685,533)
Earnings on investments	17,633	4,233	(13,400)
Total revenues	<u>35,742,327</u>	<u>35,043,394</u>	<u>(698,933)</u>
Expenditures:			
Debt service			
Principal	26,497,844	31,228,894	(4,731,050)
Interest and fees	13,257,893	8,488,096	4,769,797
Bond issuance costs	382,565	964,668	(582,103)
Total expenditures	<u>40,138,302</u>	<u>40,681,658</u>	<u>(543,356)</u>
Deficiency of revenues over (under) expenditures	<u>(4,395,975)</u>	<u>(5,638,264)</u>	<u>(1,242,289)</u>
Other financing sources (uses):			
Transfer in	4,424,969	4,424,969	-
Debt issuance	4,405,000	34,595,000	30,190,000
Premium on debt issuance	819,661	3,176,086	2,356,425
Transfer to escrow agent	(4,842,096)	(36,806,418)	(31,964,322)
Total other financing sources (uses)	<u>4,807,534</u>	<u>5,389,637</u>	<u>582,103</u>
Net change in fund balance	<u>\$ 411,559</u>	<u>(248,627)</u>	<u>\$ (660,186)</u>
Fund balance:			
Beginning of year		<u>18,241,011</u>	
End of year		<u>\$ 17,992,384</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

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

CAPITAL PROJECTS FUNDS

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

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

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

School District U-46

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Fund	Capital Projects Funds		Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund		
Assets					
Cash	\$ 2,615,131	\$ 5,192,250	\$ 14,664,890	\$ 19,857,140	\$ 22,472,271
Property taxes receivable	5,341,842	-	-	-	5,341,842
Total assets	\$ 7,956,973	\$ 5,192,250	\$ 14,664,890	\$ 19,857,140	\$ 27,814,113
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 215,059	\$ 1,796,837	\$ 2,011,896	\$ 2,011,896
Payroll deductions	326,339	-	-	-	326,339
Deferred property - tax revenue	5,261,378	-	-	-	5,261,378
Total liabilities	5,587,717	215,059	1,796,837	2,011,896	7,599,613
Fund balances					
Reserved for capital projects	-	4,977,191	-	4,977,191	4,977,191
Reserved for fire prevention and safety projects	-	-	12,868,053	12,868,053	12,868,053
Unreserved	2,369,256	-	-	-	2,369,256
Total fund balances	2,369,256	4,977,191	12,868,053	17,845,244	20,214,500
Total liabilities and fund balances	\$ 7,956,973	\$ 5,192,250	\$ 14,664,890	\$ 19,857,140	\$ 27,814,113

School District U-46

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2010**

	Special Revenue		Capital Projects Funds		Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Municipal Retirement/Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund			
Revenues:						
Property taxes	\$ 10,546,532	\$ -	\$ 361,348	\$ 361,348	\$ 10,907,880	
Replacement taxes	212,229	-	-	-	212,229	
Earnings on investments	1,626	282	7,025	7,307	8,933	
Impact fees and other local sources	-	820,523	-	820,523	820,523	
Total revenues	10,760,387	820,805	368,373	1,189,178	11,949,565	
Expenditures:						
Current:						
Instruction:						
Regular programs	1,745,349	-	-	-	1,745,349	
Special programs	1,459,330	-	-	-	1,459,330	
Other instructional programs	619,062	-	-	-	619,062	
Support services:						
Pupils	1,079,628	-	-	-	1,079,628	
Instructional staff	374,582	-	-	-	374,582	
General administration	376,488	-	-	-	376,488	
School administration	1,024,139	-	-	-	1,024,139	
Business	2,060,557	-	-	-	2,060,557	
Facilities acquisition and construction	-	172,359	551,564	723,923	723,923	
Food service	41,070	-	-	-	41,070	
Central	743,296	-	-	-	743,296	
Other support services	28,316	-	-	-	28,316	
Community services	291,775	-	-	-	291,775	
Capital outlay	-	1,117,487	2,720,093	3,837,580	3,837,580	
Total expenditures	9,843,592	1,289,846	3,271,657	4,561,503	14,405,095	
Excess (deficiency) of revenues over (under) expenditures	916,795	(469,041)	(2,903,284)	(3,372,325)	(2,455,530)	
Other financing sources						
Issuance of bonds	-	-	15,000,000	15,000,000	15,000,000	
Change in fund balances	916,795	(469,041)	12,096,716	11,627,675	12,544,470	
Fund balances:						
Beginning of year	1,452,461	5,446,232	771,337	6,217,569	7,670,030	
End of year	\$ 2,369,256	\$ 4,977,191	\$ 12,868,053	\$ 17,845,244	\$ 20,214,500	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Municipal Retirement/Social Security Fund
Year Ended June 30, 2010**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 9,671,372	\$ 10,546,532	\$ 875,160
Replacement taxes	220,521	212,229	(8,292)
Earnings on investments	-	1,626	1,626
Total revenues	<u>9,891,893</u>	<u>10,760,387</u>	<u>868,494</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	1,325,962	1,745,349	(419,387)
Special programs	1,106,811	1,459,330	(352,519)
Other instructional programs	678,843	619,062	59,781
Support services:			
Pupils	1,310,774	1,079,628	231,146
Instructional staff	419,965	374,582	45,383
General administration	350,495	376,488	(25,993)
School administration	1,239,433	1,024,139	215,294
Business	2,404,913	2,060,557	344,356
Facilities acquisition and construction	4,111	-	4,111
Food service	237,452	41,070	196,382
Central	777,413	743,296	34,117
Other support	22,611	28,316	(5,705)
Community services	13,253	291,775	(278,522)
Total expenditures	<u>9,892,036</u>	<u>9,843,592</u>	<u>48,444</u>
Net change in fund balance	<u>\$ (143)</u>	916,795	<u>\$ 916,938</u>
Fund balance:			
Beginning of year		<u>1,452,461</u>	
End of year		<u>\$ 2,369,256</u>	

School District U-46

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual
 Capital Projects Fund
 Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance
Revenues:			
Earnings on investments	\$ -	\$ 282	\$ 282
Impact fees and other local sources	875,000	820,523	(54,477)
Total revenues	<u>875,000</u>	<u>820,805</u>	<u>(54,195)</u>
Expenditures:			
Current:			
Support services:			
Facilities acquisition and construction	210,000	172,359	37,641
Capital outlay	1,790,000	1,117,487	672,513
Total expenditures	<u>2,000,000</u>	<u>1,289,846</u>	<u>710,154</u>
Net change in fund balance	<u>\$ (1,125,000)</u>	<u>(469,041)</u>	<u>\$ 655,959</u>
Fund balance:			
Beginning of year		<u>5,446,232</u>	
End of year		<u>\$ 4,977,191</u>	

School District U-46

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual
 Fire Prevention and Safety Fund
 Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 357,947	\$ 361,348	\$ (3,401)
Earnings on investments	1,068	7,025	(5,957)
Total revenues	<u>359,015</u>	<u>368,373</u>	<u>(9,358)</u>
Expenditures:			
Current:			
Support services:			
Facilities acquisition and construction	719,854	551,564	168,290
Capital outlay	9,280,147	2,720,093	6,560,054
Total expenditures	<u>10,000,001</u>	<u>3,271,657</u>	<u>6,728,344</u>
Deficiency of revenues over expenditures	(9,640,986)	(2,903,284)	6,737,702
Other financing sources:			
Issuance of bonds	15,000,000	15,000,000	-
Net change in fund balance	<u>\$ 5,359,014</u>	12,096,716	<u>\$ 6,737,702</u>
Fund balance:			
Beginning of year		<u>771,337</u>	
End of year		<u>\$ 12,868,053</u>	

FIDUCIARY FUNDS

AGENCY FUNDS

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

School District U-46

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds - Student Activity Funds
Year Ended June 30, 2010**

	Assets/ Liabilities Balance at July 1, 2009	Additions	Deletions	Assets/ Liabilities Balance at June 30, 2010
High Schools				
Bartlett	\$ 639,686	\$ 1,789,478	\$ 1,958,375	\$ 470,789
Elgin	530,639	962,716	991,892	501,463
Larkin	467,162	890,037	860,437	496,762
Streamwood	416,059	980,604	1,137,343	259,320
Gifford	140,799	209,491	163,484	186,806
South Elgin	463,811	1,413,508	1,539,454	337,865
Total High Schools	2,658,156	6,245,834	6,650,985	2,253,005
Middle Schools				
Abbott	24,654	143,272	137,830	30,096
Canton	93,642	206,437	253,719	46,360
Eastview	107,598	249,205	239,462	117,341
Ellis	25,010	77,062	78,634	23,438
Kenyon Woods	88,068	196,725	188,346	96,447
Kimball	46,775	78,604	101,179	24,200
Larsen	53,763	107,697	102,129	59,331
Tefft	37,170	142,742	133,634	46,278
Total High Schools	476,680	1,201,744	1,234,933	443,491
Elementary Schools				
Bartlett	49,132	91,058	86,518	53,672
Centennial	46,819	140,832	126,884	60,767
Century Oaks	12,985	28,216	26,017	15,184
Channing	31,803	39,395	54,891	16,307
Clinton	17,021	58,820	55,387	20,454
Coleman	5,896	79,859	68,677	17,078
Creekside	10,787	44,530	31,920	23,397
Fox Meadow	62,315	146,358	133,208	75,465
Garfield	12,502	21,114	23,283	10,333
Gifford	28,392	62,299	56,559	34,132
Glenbrook	17,287	46,570	46,294	17,563
Hanover Countryside	33,406	60,780	62,083	32,103
Hawk Hollow	34,424	72,801	66,138	41,087
Heritage	16,828	42,661	44,014	15,475
Highland	14,673	51,573	51,546	14,700
Hillcrest	12,056	41,170	41,880	11,346
Hilltop	56,388	89,961	94,276	52,073

(Continued)

School District U-46

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds - Student Activity Funds (Continued)
Year Ended June 30, 2010**

	Assets/ Liabilities Balance at July 1, 2009	Additions	Deletions	Assets/ Liabilities Balance at June 30, 2010
Elementary Schools (Continued)				
Horizon	\$ 38,997	\$ 92,346	\$ 89,049	\$ 42,294
Huff	7,612	16,304	15,385	8,531
Laurel Hill	21,482	47,776	48,926	20,332
Liberty	84,387	86,520	88,061	82,846
Lincoln	25,908	67,914	66,767	27,055
Lords Park	34,448	58,022	64,638	27,832
Lowrie	1,933	22,816	21,657	3,092
McKinley	17,162	32,157	31,724	17,595
Nature Ridge	41,371	87,149	78,011	50,509
Oakhill	17,456	33,559	31,700	19,315
Ontarioville	23,178	58,340	53,647	27,871
Otter Creek	43,395	109,394	95,789	57,000
Parkwood	8,242	18,197	16,891	9,548
Prairieview	33,906	90,472	89,162	35,216
Ridge Circle	14,043	57,321	56,747	14,617
Sheridan	5,818	28,490	29,706	4,602
Spring Trail	39,862	73,013	78,019	34,856
Sunnydale	9,948	64,684	55,962	18,670
Sycamore Trails	63,262	124,664	121,382	66,544
Timber Trails	20,525	57,762	48,175	30,112
Washington	20,302	51,185	45,595	25,892
Wayne	62,529	89,415	82,505	69,439
Willard	33,647	36,620	39,816	30,451
Total Elementary Schools	1,132,127	2,522,117	2,418,889	1,235,355
Other				
Adult Education	2,513	1,476	1,722	2,267
Safe Program	104,421	184,525	175,825	113,121
SWEP	8,150	44,735	40,093	12,792
Central School Programs	4,386	7,776	5,483	6,679
DORS	-	35,243	30,945	4,298
Total Other	119,470	273,755	254,068	139,157
Total All Agency Funds	\$ 4,386,433	\$ 10,243,450	\$ 10,558,875	\$ 4,071,008

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

School District U-46

Schedule of Bonded Debt and Annual Interest Requirements
Year Ended June 30, 2010

	Total	Due in Fiscal Year					
		2011	2012	2013	2014	2015	Thereafter
April 1996 Issue							
Principal	\$ 4,544,161	\$ 1,203,975	\$ 1,677,118	\$ 1,663,068	\$ -	\$ -	\$ -
Interest	7,355,839	1,741,025	2,682,882	2,931,932	-	-	-
	11,900,000	2,945,000	4,360,000	4,595,000	-	-	-
April 1997 Issue							
Principal	13,825,000	-	13,825,000	-	-	-	-
Interest	2,156,700	1,078,350	1,078,350	-	-	-	-
	15,981,700	1,078,350	14,903,350	-	-	-	-
February 1998 Issue							
Principal	350,000	350,000	-	-	-	-	-
Interest	1,593,313	1,593,313	-	-	-	-	-
	1,943,313	1,943,313	-	-	-	-	-
February 1999 Issue							
Principal	17,050,000	-	-	-	-	-	17,050,000
Interest	6,927,000	863,000	863,000	863,000	863,000	863,000	2,612,000
	23,977,000	863,000	863,000	863,000	863,000	863,000	19,662,000
March 2001 Issue							
Principal	40,818,383	3,042,688	2,524,952	2,677,017	9,327,947	9,173,427	14,072,352
Interest	40,136,617	1,982,312	1,865,048	2,222,983	8,647,053	9,436,573	15,982,648
	80,955,000	5,025,000	4,390,000	4,900,000	17,975,000	18,610,000	30,055,000
March 2002 Issue							
Principal	54,499,619	-	-	-	-	-	54,499,619
Interest	75,345,381	-	-	-	-	-	75,345,381
	129,845,000	-	-	-	-	-	129,845,000
March 2003B Issue							
Principal	60,716,727	722,790	723,362	727,925	727,271	727,445	57,087,934
Interest	96,623,273	367,210	426,638	492,075	557,729	627,555	94,152,066
	157,340,000	1,090,000	1,150,000	1,220,000	1,285,000	1,355,000	151,240,000
December 2003D Issue							
Principal	18,500,000	3,900,000	4,360,000	4,850,000	5,390,000	-	-
Interest	2,668,210	1,000,290	797,490	568,590	301,840	-	-
	21,168,210	4,900,290	5,157,490	5,418,590	5,691,840	-	-
February 2005 Issue							
Principal	51,430,000	13,600,000	420,000	15,085,000	365,000	935,000	21,025,000
Interest	10,389,757	2,340,919	1,660,919	1,645,169	890,919	877,231	2,974,600
	61,819,757	15,940,919	2,080,919	16,730,169	1,255,919	1,812,231	23,999,600
September 2009 Issue							
Principal	31,775,000	1,740,000	1,535,000	1,305,000	1,065,000	5,920,000	20,210,000
Interest	9,600,403	1,195,713	1,143,513	1,112,813	1,080,188	1,048,238	4,019,938
	41,375,403	2,935,713	2,678,513	2,417,813	2,145,188	6,968,238	24,229,938
April 2010 Issue							
Principal	30,190,000	700,000	2,470,000	3,555,000	12,275,000	11,190,000	-
Interest	4,206,350	1,161,900	1,117,850	1,009,700	693,100	223,800	-
	34,396,350	1,861,900	3,587,850	4,564,700	12,968,100	11,413,800	-
Total All Issues:							
Principal	323,698,890	25,259,453	27,535,432	29,863,010	29,150,218	27,945,872	183,944,905
Interest	257,002,843	13,324,032	11,635,690	10,846,262	13,033,829	13,076,397	195,086,633
	\$ 580,701,733	\$ 38,583,485	\$ 39,171,122	\$ 40,709,272	\$ 42,184,047	\$ 41,022,269	\$ 379,031,538