

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

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**



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

SCHOOL DISTRICT U-46 ELGIN, ILLINOIS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

DRAFT

Prepared By:

Mr. Dale Burnidge
Director of Financial Operations

Ms. Robyn Cornelissen
Financial Controller

SCHOOL DISTRICT U-46

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January 14, 2019

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of School District U-46, Elgin, Illinois, (the District) as of and for the year ended June 30, 2018. The audit was completed and the Independent Auditor's Report was issued on January 14, 2019.

Management Responsibilities

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

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

Financial Reporting

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

Independent Audit

The School Code of Illinois and the District's adopted policy require an annual audit of the books and accounts of the District by an independent certified public accountant in conformance with prescribed standards and legal requirements. The certified public accountant is selected by the Board of Education. The selected certified public accountants, RSM US LLP, have issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2018 (pages 1 - 2). The submission of the CAFR is intended to meet these annual requirements.

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

DISTRICT PROFILE

Legal Autonomy and Fiscal Independence

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

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

Size and Scope

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

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

Budget Control

All governmental funds of the District adopt annual budgets. A report of actual activity compared to budget is prepared by the Finance Department and reported to the District's Board of Education on a monthly basis. Account balances are compared to the annual budget with accumulation to the cost center, fund and total District levels. Full disclosures are made if extraordinary variances appear during the year. Further budgetary information such as the budget process and legal level of budgetary control are addressed in Notes to Required Supplementary Information – Note 1 (page 67).

ECONOMIC CONDITION

Local Economy and Economic Outlook

The economy continues to show signs of growth and inflation resulting in revenue growth for the District. The area's unemployment rate has steadily declined over the past five years with population and wage growth expected to increase over the next five years. Although local property tax revenue are the district's largest revenue source, the State of Illinois contributes approximately 35% of our funding. The State of Illinois is in financial difficulty and is often slow in paying funds vouchered by the State Board of Education for mandated categorical payments, however the adoption of the Evidence-Based Funding for Student Success Act (EBF) has positively impacted the district. EBF has combined General State Aid and four (4) other categorical programs allowing the district to receive revenue on a timelier basis. The State Teachers

Retirement System pension obligation continues to be underfunded and there are proposals to shift that cost to school districts.

Approximately half of the District's revenues are sourced from property taxes. The property tax base is derived from the Equalized Assessed Valuation (EAV) of the property within the District's boundaries. District property values peaked at \$6,112,265,852 in tax year 2009 and have declined each year thereafter until hitting a low of \$4,070,166,849 in tax year 2014. The EAV over the last two tax years has increased and the most recent EAV, 2017 tax year, is \$4,743,510,739 which is an increase over the prior year of 3.28 percent. Property tax revenue growth from year to year closely tracks the Consumer Price Index (CPI) for the related period. Within the past five years CPI has peaked at 3.0 percent in 2011 and hit a new low of 0.7 percent in 2015. In 2016, the CPI has rebounded to 2.1 percent and remained constant for 2017. It is predicted to increase slightly to 2.3 for the end of 2018.

Long-term financial planning

The District continues to review all expenditures to assure that the district is making efficient and fiscally responsible decisions. With its conservative budgeting, U-46 has weathered both the recession and the recent Illinois budget crisis. School District U-46 has earned the State Board of Education's top financial profile rating called "financial recognition" in fiscal year 2017 for the sixth consecutive year.

During this same time period the District's General Fund balance has increased \$150,955,234 from \$101,661,414 in fiscal year 2011 to \$252,616,648 in fiscal year 2018. Over the next five years management will continue to reduce the deficit balance in the Tort Immunity and Judgment fund while maintaining a minimum balance of 15 to 20 percent of annual operating fund expenditures to operating fund balance (Educational, Operations and Maintenance, and Transportation make up the District's Operating Fund).

In 2015 the District refunded several debt issuances originally issued from 1999 to 2009 with the purpose of improving interest rates and smoothing out the debt service payments over the next several years. As of June 30, 2018 the District's net general bonded debt was \$311,967,782, down from \$381,687,463 (18%) a decade ago. Six (6) bonds are set to expire in just over four (4) years (January of 2023) along with debt certificates and purchase contracts. Management will continue to identify and recommend solutions for maintaining a responsible level of debt while addressing the District's capital project needs and fully anticipates the outstanding debt to decline over the next few years.

Projected Enrollment

The District's enrollment remained reasonably consistent from 2017 to 2018 and is projected to decrease approximately 2 percent per year over the next three years. Lower birth rates in the area over the last 5 years is the primary factor for the reduction in the projected enrollments. For further historical enrollment information refer to District Enrollment by school in the Statistical Section (page 116).

Age of School Buildings

In addition to the 53 school buildings, one alternative high school and two Pre-K centers the District operates six other buildings. A majority of the buildings built before 2000 have had additions and/or renovations since they were built. The average age of the 53 school buildings, one alternative high school and two Pre-K centers, not including subsequent renovations, is 51 years. For the buildings that had an addition and/or renovation the average age of the last addition and/or renovation is 18 years.

Relevant Financial Policies

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

The Board of Education (the Board) adopted the annual budget (September 2017), subsequent to a public hearing and prior to filing the annual tax levy. The Board recognizes the right of the public to be informed about the budgeting of public tax monies and therefore made the budget available for public examination at least thirty days prior to the final adoption as set forth in the Illinois School Code. The Chief Executive

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

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

Major Initiatives/ Strategic Goals

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

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

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



AWARDS AND ACKNOWLEDGEMENTS

The Association of School Business Officials (ASBO) International has awarded School District U-46 its Certificate of Excellence in Financial Reporting for having met or exceeded the program's high standards for financial reporting and accountability for the past two fiscal years. The District was recognized for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2017.

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

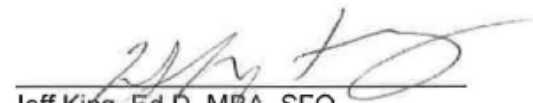
It is our intention that this Comprehensive Annual Financial Report will provide the District's management, outside investors, interested District residents, and any other stakeholders with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2018.

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

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

Respectfully submitted,



Tony Sanders
Chief Executive Officer

Jeff King, Ed.D, MBA, SFO
Deputy Superintendent of Operations/CSBO

Dale Burnidge
Director of Financial Operations

Robyn Cornelissen
Financial Controller

SCHOOL DISTRICT U-46

Principal Officials

BOARD OF EDUCATION

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

SUPERINTENDENT AND EXECUTIVE STAFF

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

OFFICIALS ISSUING REPORT

Dr. Jeffrey King	Deputy Superintendent of Operations/Chief School Business Official
Dale Burnidge	Director of Financial Operations
Robyn Cornelissen.....	Financial Controller

DIVISION ISSUING REPORT

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



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

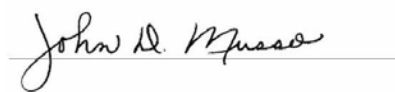
School District U-46

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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

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

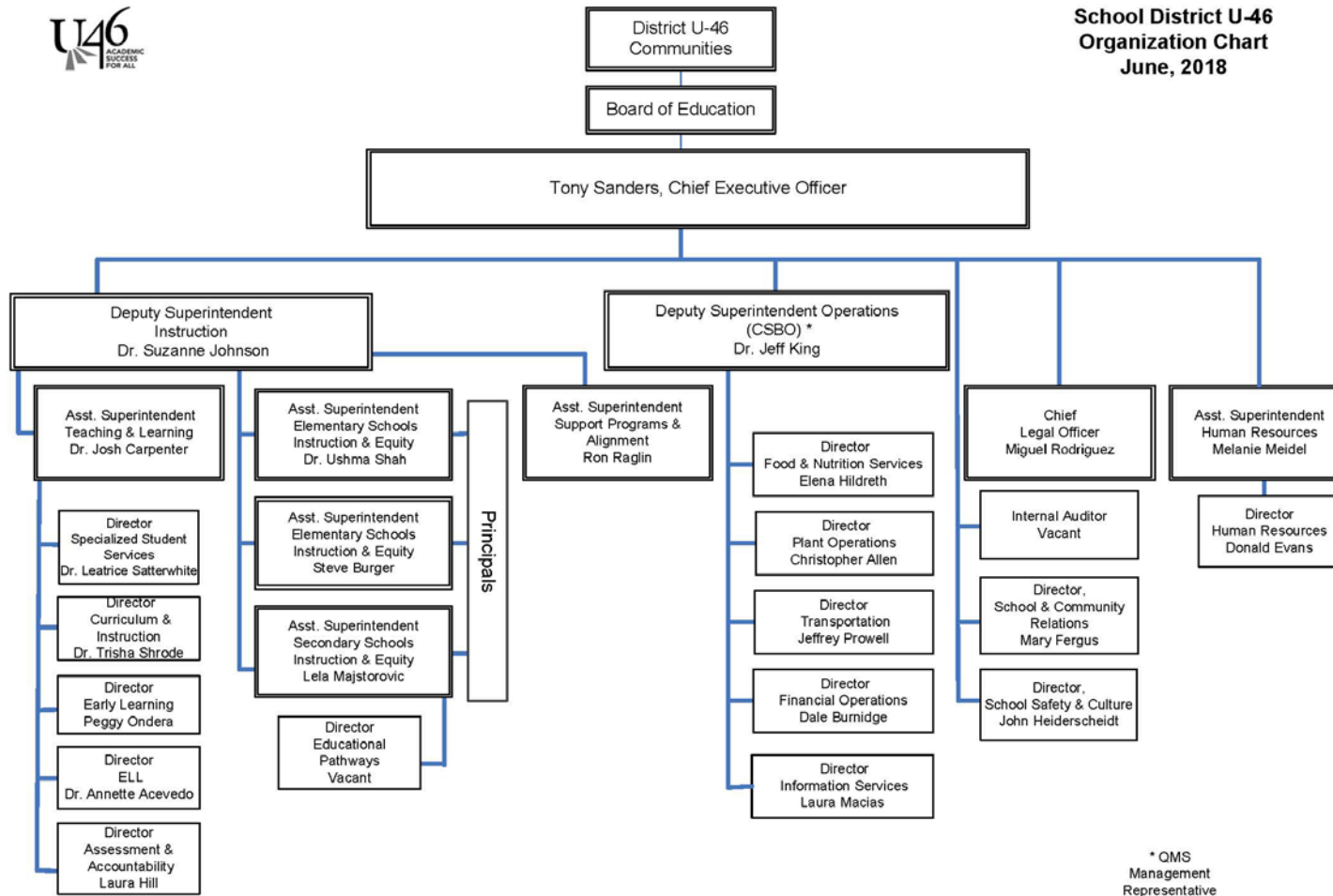
Anthony N. Dragona, Ed.D., RSBA
President

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

John D. Musso, CAE
Executive Director



**School District U-46
Organization Chart
June, 2018**



* QMS
Management
Representative

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District U-46, Elgin, Illinois (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the District implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which required a restatement to opening net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis (pages 3-11), schedules of net pension and other postemployment benefits (OPEB) liabilities, employer contributions, and budgetary comparison information and related notes (pages 58-68), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

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

DRAFT

School District U-46

Management's Discussion and Analysis For the Year Ended June 30, 2018

The discussion and analysis of School District U-46's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2018. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the MD&A).

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$20.1 million (deficit net position).
- In total, net position increased by \$40.5 million, which represents a 66.8 percent overall increase from the prior year restated net position. This increase was primarily the result of lower than expected actual expenses and higher than expected actual revenues.
- General revenues were \$470.1 million or 64.5 percent of all revenues. Program specific revenues, in the form of charges for services and grants, were \$258.3 million or 35.5 percent of total revenues of \$728.4 million.
- Overall, the combined revenues of the District's governmental funds were \$41.0 million more than expenditures. After factoring in a change of \$0.5 million in other financing sources, fund balances increased by \$41.5 million. This surplus increased the District's governmental funds' combined fund balance by 16.3 percent to \$296.0 million from \$254.5 million in the prior year.

Overview of the Financial Statements

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

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic 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, 2018**

Government-wide financial statements

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

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

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

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

Fund financial statements

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

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

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

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

School District U-46

**Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018**

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

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

Notes to basic financial statements

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

Other information

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

District-Wide Financial Analysis

The District's net position deficit decreased by \$40.5 million or 66.8 percent compared to the prior year, restated. At year-end, total net position deficit was \$20.1 million (see Table 1).

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

- The District retired \$33.4 million of general obligation bonds, debt certificates and related discounts and premiums, issued new debt certificates of \$0.5 million and increased accretion of interest on long-term debt by \$6.0 million resulting in a net reduction of general obligation bonds and debt certificates of \$26.9 million during the year.
- The District received \$157.1 million under the new Evidence Based Funding (EBF) model during the current year, which exceeded the General State Aid (GSA) revenue from the prior year by \$36.9 million.
- During the year, the District received an additional \$2.8 million in interest and investment earnings, over last year.

School District U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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

	Governmental Activities		Percentage Change
	2018	2017	
Assets			
Current and other assets	\$ 528.4	\$ 483.9	9.2%
Capital assets	392.1	389.1	0.8%
Total assets	920.5	873.0	5.4%
Deferred Outflows	40.0	52.6	(24.0)%
Liabilities			
Long-term liabilities	707.0	762.7	(7.3)%
Other liabilities	56.7	52.1	8.8%
Total liabilities	763.7	814.8	(6.3)%
Deferred Inflows	216.9	171.4	26.5%
Net Position, as Restated			
Net investment in capital assets	188.6	162.1	16.3%
Restricted	9.9	3.4	191.2%
Unrestricted	(218.6)	(226.1)	3.3%
Total net position, as restated	\$ (20.1)	\$ (60.6)	(66.8)%

School District U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

Table 2, Changes in Net Position, illustrates in summary revenues and expenses from fiscal year 2018 and the increase in net position of \$40.5 million. Comparative data from fiscal year 2017 is also illustrated.

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

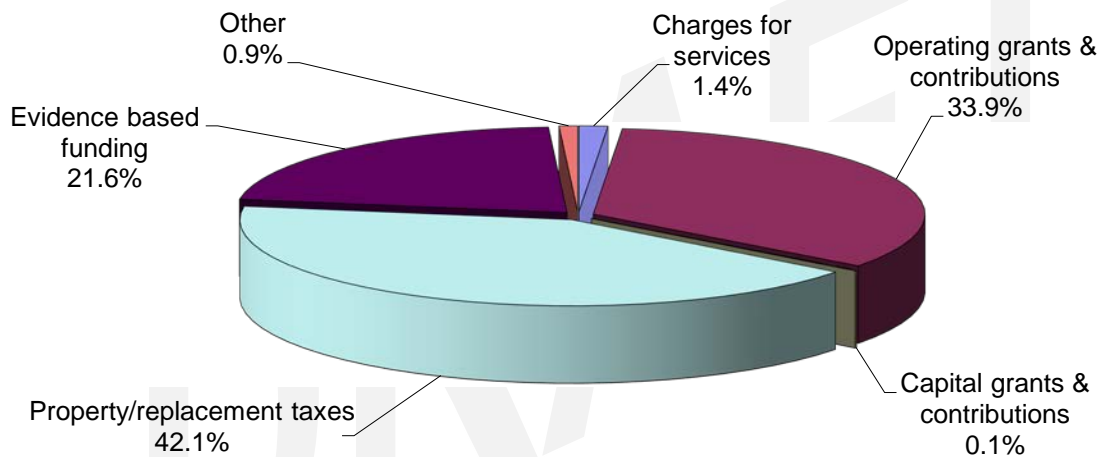
	Governmental Activities		Percentage Change
	2018	2017	
Revenues			
Program revenues			
Charges for services	\$ 10.4	\$ 11.1	(6.3)%
Operating grants and contributions	246.9	226.5	9.0%
Capital grants and contributions	1.0	0.4	150.0%
General revenues			
Property and replacement taxes	306.8	305.3	0.5%
Evidenced based funding/general state aid	157.1	120.2	30.7%
Other	6.2	5.3	17.0%
Total revenues	728.4	668.8	8.9%
Expenses			
Instruction	289.0	261.8	10.4%
Support services	205.5	190.5	7.9%
Community services	3.8	3.8	0.0%
State on-behalf contributions - TRS and THIS	175.5	160.4	9.4%
Debt service - interest and fees	14.1	15.4	(8.4)%
Total expenses	687.9	631.9	8.9%
Increase in net position, as restated	\$ 40.5	\$ 36.9	9.8%

School District U-46

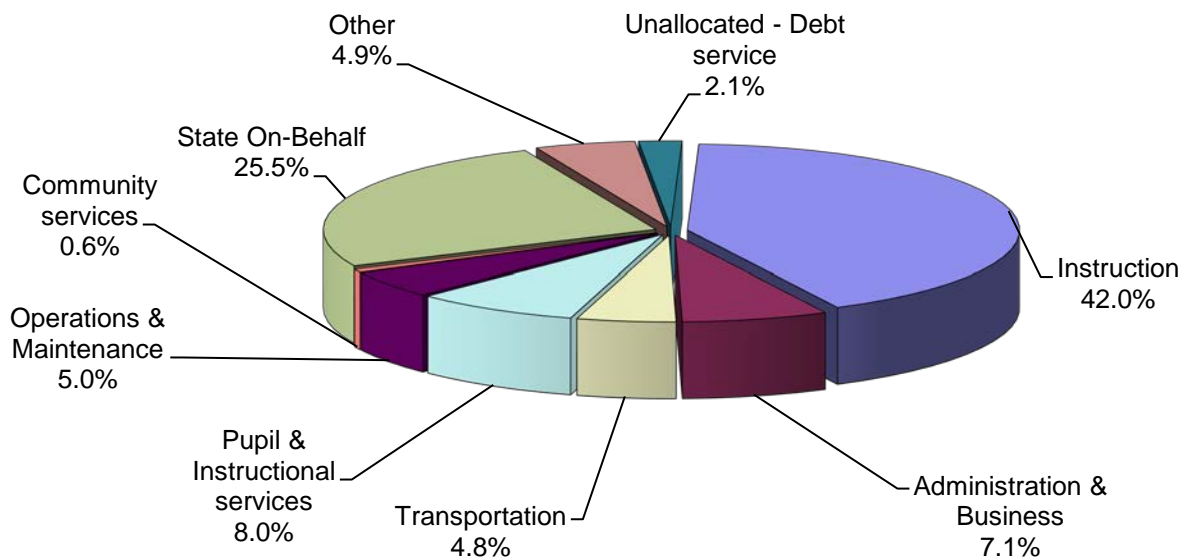
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

The District's total revenues were \$728.4 million. General revenues, including taxes and Evidence Based Funding were 64.5 percent of the total or \$470.1 million. Property and replacement taxes increased \$1.5 million over the prior year or 0.5 percent. Grants and contributions for specific programs and Evidence Based Funding brought in \$405.0 million, an increase of 16.7 percent over the prior year. The total cost of all programs and services in 2018 was \$687.9 million. The District's expenses are predominantly related to instruction and support services (caring for and transportation of students, etc.), which accounted for 71.8 percent of the total expense (see Table 2.2). The District's remaining activities, unallocated debt service, the State's on-behalf allocations of retirement and other post-employment benefits and community services, were 28.2 percent of total expense. Total revenues on the statement of activities surpassed expenses, increasing net position by \$40.5 million from the prior year.

District-Wide Revenues by Source - Table 2.1



District-Wide Expenses by Function - Table 2.2



School District U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

Financial Analysis of the District's Funds

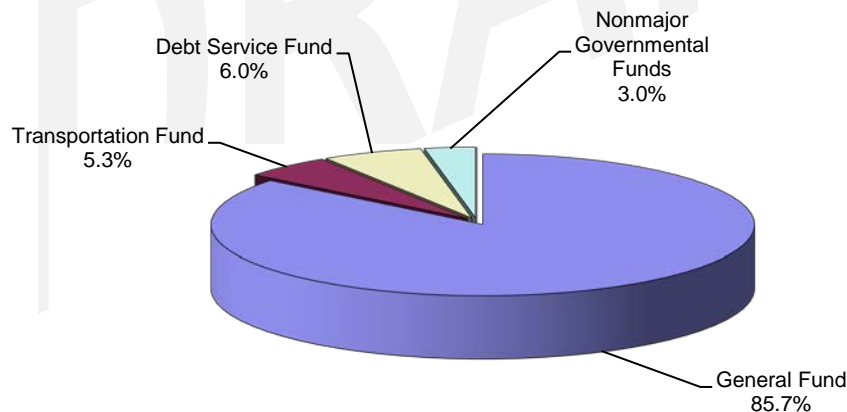
As the District completed the year, its governmental funds reported combined fund balances of \$296.0 million. Revenues for the District's governmental funds were \$645.1 million, while total expenditures were \$604.0 million. Of the revenues and expenditures reported in the governmental funds \$86.9 million of the revenues and expenditures were attributable to State on-behalf payments. These on-behalf payments include contributions made to Teachers' Retirement System (TRS) and Teachers' Health Insurance Security Fund (THIS) by the State of Illinois on behalf of School District U-46.

The General Fund experienced a current year surplus of \$29.1 million. This was due primarily to more than expected revenues from state and federal sources, primarily Evidence Based Funding. This surplus resulted in an increase in the year-end fund balance to \$252.6 million.

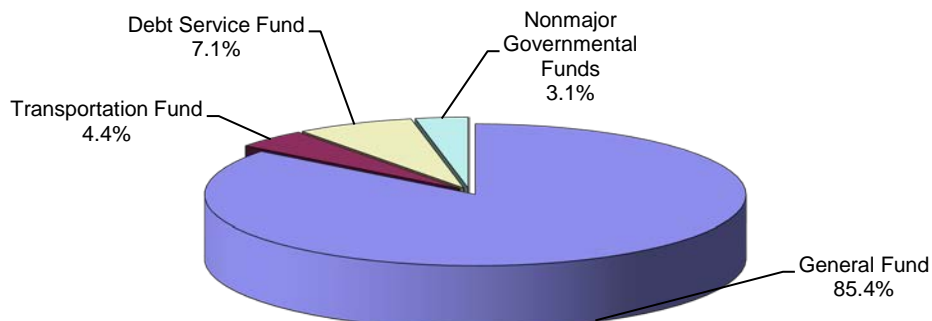
The revenues exceeded expenditures in the Transportation Fund by \$7.7 million. The expected excess of revenues over expenditures was \$2.9 million or \$4.8 million less than actual. This was due to higher than expected state grant revenue related to the transportation claim during the year. When factoring in other financing sources and uses the Transportation Fund deficit was reduced by \$10.7 million to a year-end fund balance of \$10.5 million.

During the year, a portion of the 2017 levy was abated resulting in \$4.5 million being transferred into the Debt Service Fund from the General Fund. This transfer accounted for most of the increase in fund balance after factoring in the deficiency of revenues under expenditures of \$3.9 million. The resulting year-end fund balance in the Debt Service Fund was \$28.6.

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



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



School District U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

General Fund Budgetary Highlights

While the District's budget for the General Fund anticipated that expenditures would exceed revenues by \$36.6 million before other financing sources (uses), the actual result for the year was an excess of revenues over expenditures of \$44.3 million. State revenue exceeded the budget by \$38.9 million. The property tax abatement was not included in the budget for fiscal year 2018 resulting in actual property tax revenue coming in under budget by \$2.0 million. Regular program expenditures came in above budget by \$0.5 million. Actual expenditures lagged the budget by \$2.0 million or 0.5 percent.

Capital Asset and Debt Administration

Capital assets

Table 3 illustrates capital assets, net of depreciation:

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

	2018	2017	Percentage Change
Land	\$ 28.4	\$ 28.4	0.0%
Construction in progress	9.6	5.8	65.5%
Buildings	341.7	341.9	(0.1)%
Transportation equipment	5.7	8.1	(29.6)%
Other equipment	6.7	4.9	36.7%
Total	\$ 392.1	\$ 389.1	0.8%

At June 30, 2018, the District has outstanding commitments relating to construction projects of approximately \$4.1 million.

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

Long-term Obligations

Table 4 on the following page illustrates the District's outstanding long-term obligations. The District issued \$0.5 million of new debt certificates in fiscal year 2018 and reduced outstanding general obligation bonded debt, debt certificates and related items by \$27.0 million. The District's other long-term obligations decreased by \$28.7 million. The pension and postemployment benefit liabilities decreased \$30.4 million while the lease liability or purchase contracts decreased by \$2.7 million. Claims incurred but not reported and compensated absences increased by \$4.4 million. Additional information is available in Note 4 – Long-Term Obligations.

The District is subject to the Illinois School Code, which limits the amount of bond indebtedness to 13.8 percent of the most recent available equalized assessed valuation of the District. As of June 30, 2018, the statutory debt limit for the District was \$654.6 million providing a debt margin of \$417.7 million.

School District U-46

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

The ratio of general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the District's debt position to District management, residents, and investors. These indicators for the District at the end of fiscal year 2018 were 2.09 percent and \$1,334, respectively. Due to the increase in taxable property value and the reduction of outstanding bonded debt, the general bonded debt to assessed valuation decreased compared to fiscal year 2017 when the ratio was 2.29 percent. The bonded debt per capita decreased from fiscal year 2017 when it was \$1,448.

Table 4
Outstanding Long-Term Obligations
(in millions)

	2018	2017	Percentage Change
General obligation bonds/debt certificates	\$ 343.2	\$ 370.2	(7.3)%
Other	363.8	392.5	(7.3)%
Total	\$ 707.0	\$ 762.7	(7.3)%

Factors Impacting the District's Future

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

- In 2017, Illinois approved a new law changing the Illinois Pension Code which will shift additional pension costs to the District for the Teachers Retirement System. At this time, the starting date for the new law has not yet been determined.
- In the future, the District does not plan to issue additional debt to address the improvements needed for its aging facilities. All improvements will be funded using current fund balances. As can be seen in Table 1, at the end of the current fiscal year, the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debts used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The current economy in the State continues to affect the District's state funding levels and timing of state receipts. The State of Illinois has a fiscal year 2019 budget including the new evidence based funding model for school districts. Under this restructuring of funding, School District U-46 received an additional \$22.3 million in fiscal year 2018, however, future increases could be impacted by the lack of a balanced State budget.

Requests for Information

This financial report is designed to provide the District's residents, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Chief Operations Officer, School District U-46, 355 E. Chicago St., Elgin, IL 60120.

BASIC FINANCIAL STATEMENTS

DRAFT

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

School District U-46

**Statement of Net Position
June 30, 2018**

	Governmental Activities
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 340,633,787
Accrued interest	1,553,750
Property taxes receivable, net of allowance	148,909,463
Replacement taxes receivable	572,592
Grants receivable	32,270,855
Accounts receivable	1,363,057
Inventories	32,479
Prepays	3,072,764
Capital assets not being depreciated	38,034,614
Capital assets being depreciated, net of accumulated depreciation	354,055,490
Total assets	<u>920,498,851</u>
Deferred outflows of resources	
Deferred pension actuarial adjustments	22,591,187
Deferred pension contributions	5,546,295
Deferred other post employment benefits actuarial adjustments	184,347
Deferred other post employment benefits contributions	11,688,709
Total deferred outflows of resources	<u>40,010,538</u>
Total assets and deferred outflows of resources	<u>\$ 960,509,389</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable	\$ 16,806,392
Accrued payroll	28,309,051
Payroll deductions	1,770,943
Insurance claims payable	1,716,863
Construction retainerage payable	879,677
Accrued interest	5,216,225
Unearned grant revenue	28,508
Unearned other revenue	1,705,722
Unclaimed property	286,507
Long-term obligations, due within one year, net of premium and discount	44,276,353
Long-term obligations, due in more than one year, net of premium and discount	662,692,664
Total liabilities	<u>763,688,905</u>
Deferred inflows of resources	
Deferred property taxes	153,363,200
Deferred amount on refunding	713,697
Deferred pension actuarial adjustments	34,303,961
Deferred other post employment benefits actuarial adjustments	28,515,493
Total deferred inflows of resources	<u>216,896,351</u>
Net Position (Deficit)	
Net investment in capital assets	188,622,845
Restricted for:	
Capital projects	3,594,969
Student transportation	6,305,330
Unrestricted	<u>(218,599,011)</u>
Total net deficit	<u>(20,075,867)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 960,509,389</u>

See Notes to Basic Financial Statements.

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

School District U-46

**Statement of Activities
Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
Instruction:					
Regular programs	\$ 164,139,239	\$ 4,992,240	\$ 23,144,478	\$ -	\$ (136,002,521)
Special programs	52,159,551	-	18,547,154	-	(33,612,397)
Other instructional programs	72,641,845	610,437	70,197	-	(71,961,211)
Total instruction	288,940,635	5,602,677	41,761,829	-	(241,576,129)
Support services:					
Pupils	38,768,141	-	-	-	(38,768,141)
Instructional staff	16,050,602	-	52,612	-	(15,997,990)
General administration	15,958,730	-	-	-	(15,958,730)
School administration	28,353,074	-	-	-	(28,353,074)
Business	4,866,686	-	-	-	(4,866,686)
Operations and maintenance	33,331,248	-	-	-	(33,331,248)
Transportation	33,111,957	1,240,389	16,255,142	-	(15,616,426)
Facilities acquisition and construction	1,172,201	-	37,597	977,224	(157,380)
Food service	17,557,209	3,572,207	13,217,001	-	(768,001)
Central	14,115,899	-	-	-	(14,115,899)
Other support services	2,206,497	-	-	-	(2,206,497)
Total support services	205,492,244	4,812,596	29,562,352	977,224	(170,140,072)
Community services	3,784,264	-	-	-	(3,784,264)
State on-behalf contributions - TRS and THIS	175,531,224	-	175,531,224	-	-
Debt service - interest and fees	14,131,444	-	-	-	(14,131,444)
Total governmental activities	\$ 687,879,811	\$ 10,415,273	\$ 246,855,405	\$ 977,224	(429,631,909)
General revenues:					
Taxes:					
Property taxes, general purposes					264,219,826
Property taxes, debt service					38,758,711
Replacement taxes and other payment in lieu of taxes					3,769,443
Unrestricted state grants					157,137,958
Interest and investment earnings					4,411,435
Other general revenues					1,833,050
Total general revenues					470,130,423
Change in net position					40,498,514
Net deficit:					
Beginning of year, as restated					(60,574,381)
End of year					\$ (20,075,867)

See Notes to Basic Financial Statements.

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

School District U-46

**Balance Sheet
Governmental Funds
June 30, 2018**

	Major Funds			Nonmajor	Total
	General	Transportation	Debt	Governmental	Governmental
	Fund	Fund	Service	Funds	Funds
			Fund		
Assets					
Cash and investments	\$ 292,938,287	\$ 11,126,578	\$ 29,180,692	\$ 7,388,230	\$ 340,633,787
Accrued interest	1,553,750	-	-	-	1,553,750
Property taxes receivable, net of allowance	113,927,995	8,259,543	18,849,172	7,872,753	148,909,463
Replacement taxes receivable	-	-	-	572,592	572,592
Grants receivable	11,469,726	20,801,129	-	-	32,270,855
Accounts receivable	1,301,691	23,412	-	37,954	1,363,057
Inventories	32,479	-	-	-	32,479
Prepays	3,052,636	20,128	-	-	3,072,764
Total assets	\$ 424,276,564	\$ 40,230,790	\$ 48,029,864	\$ 15,871,529	\$ 528,408,747
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 14,921,494	\$ 164,893	\$ -	\$ 1,720,005	\$ 16,806,392
Accrued payroll	28,096,862	212,189	-	-	28,309,051
Payroll deductions	252,880	-	-	1,518,063	1,770,943
Insurance claims payable	1,716,863	-	-	-	1,716,863
Construction retainage payable	680,751	-	-	198,926	879,677
Unearned grant revenue	28,508	-	-	-	28,508
Unearned other revenue	1,705,722	-	-	-	1,705,722
Unclaimed property	195,753	-	-	90,754	286,507
Total liabilities	47,598,833	377,082	-	3,527,748	51,503,663
Deferred inflows of resources					
Deferred grant revenue	6,725,612	20,801,129	-	-	27,526,741
Deferred property taxes	117,335,471	8,506,578	19,412,933	8,108,218	153,363,200
Total deferred inflows of resources	124,061,083	29,307,707	19,412,933	8,108,218	180,889,941
Fund balances					
Nonspendable	3,085,115	20,128	-	-	3,105,243
Restricted	-	6,305,330	28,616,931	4,235,563	39,157,824
Assigned	-	4,220,543	-	-	4,220,543
Unassigned	249,531,533	-	-	-	249,531,533
Total fund balances	252,616,648	10,546,001	28,616,931	4,235,563	296,015,143
Total liabilities, deferred inflows of resources and fund balances	\$ 424,276,564	\$ 40,230,790	\$ 48,029,864	\$ 15,871,529	\$ 528,408,747

See Notes to Basic Financial Statements.

School District U-46

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018**

Total fund balances - governmental funds	\$ 296,015,143
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	\$ 708,737,107	
Accumulated depreciation	(316,647,003)	
Net capital assets		392,090,104

Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.		(5,216,225)
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Certain revenues that are deferred in the fund financial statements because they are not available, are recognized as revenue in the government-wide financial statements.		27,526,741
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Certain pension-related items are reported in the government-wide financial statements but not in the fund statements. These amounts consist of:		
Deferred outflows - pension actuarial adjustments	22,591,187	
Deferred outflows - pension contributions	5,546,295	
Deferred inflows - pension actuarial adjustments	(34,303,961)	(6,166,479)

Certain other post employment benefit-related items are reported in the government-wide financial statements but not in the fund statements. These amounts consist of:		
Deferred outflows - other post employment benefit actuarial adjustments	184,347	
Deferred outflows - other post employment benefit contributions	11,688,709	
Deferred inflows - other post employment benefit actuarial adjustments	(28,515,493)	(16,642,437)

Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in the governmental funds. These liabilities consist of:

General obligation bonds	(260,203,766)	
Accreted interest on long-term debt	(60,008,791)	
General obligation debt certificates	(2,600,303)	
Purchase contracts	(2,687,098)	
Compensated absences	(1,032,855)	
Other postemployment benefits - District Plan	(25,699,710)	
Other postemployment benefits - Teachers' Health Insurance Security Fund (THIS)	(238,342,838)	
Net pension liability - Illinois Municipal Retirement Fund (IMRF)	(16,961,412)	
Net pension liability - Teachers' Retirement System (TRS)	(66,545,775)	
Claims incurred but not reported	(12,514,313)	
Unamortized premiums related to debt issuance	(20,467,837)	
Unamortized discounts related to debt issuance	95,681	
Deferred amount on refunding	(713,697)	(707,682,714)

Net position of governmental activities	\$ (20,075,867)
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See Notes to Basic Financial Statements.

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

School District U-46

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Governmental Funds
Year Ended June 30, 2018**

	Major Funds			Nonmajor	Total
	General	Transportation	Debt	Governmental	Governmental
	Fund	Fund	Service	Funds	Funds
			Fund		
Revenues:					
Property taxes	\$ 232,514,965	\$ 16,784,823	\$ 38,758,711	\$ 14,920,038	\$ 302,978,537
Replacement taxes and payments in lieu of taxes	173,822	-	-	3,595,621	3,769,443
Charges for services	9,174,884	1,240,389	-	-	10,415,273
Earnings on investments	4,400,229	2,666	6,081	2,459	4,411,435
Rentals	757,135	-	-	-	757,135
Local grants	39,637	-	-	-	39,637
Other local sources	1,075,633	282	-	977,224	2,053,139
State grants-in-aid	177,306,448	16,148,001	-	-	193,454,449
Federal grants-in-aid	40,295,443	-	-	-	40,295,443
State on-behalf contributions - TRS and THIS	86,890,974	-	-	-	86,890,974
Total revenues	552,629,170	34,176,161	38,764,792	19,495,342	645,065,465
Expenditures:					
Current:					
Instruction:					
Regular programs	142,756,376	-	-	1,959,568	144,715,944
Special programs	42,964,544	-	-	2,197,516	45,162,060
Other instructional programs	62,404,493	-	-	931,029	63,335,522
Support services:					
Pupils	31,825,291	-	-	1,343,253	33,168,544
Instructional staff	13,596,857	-	-	433,431	14,030,288
General administration	13,693,408	-	-	475,815	14,169,223
School administration	23,701,164	-	-	1,225,481	24,926,645
Business	3,762,359	-	-	441,075	4,203,434
Operations and maintenance	27,372,733	-	-	1,907,188	29,279,921
Transportation	1,770,461	23,624,233	-	3,330,505	28,725,199
Facilities acquisition and construction	783,914	-	-	340,994	1,124,908
Food service	14,211,637	-	-	-	14,211,637
Central	11,046,636	-	-	922,376	11,969,012
Other support services	1,833,580	-	-	60,969	1,894,549
Community services	3,152,434	-	-	151,045	3,303,479
State on-behalf contributions - TRS and THIS	86,890,974	-	-	-	86,890,974
Intergovernmental:					
Payments to other governments	9,820,359	-	-	-	9,820,359
Debt service:					
Principal	-	2,745,758	21,308,474	-	24,054,232
Interest and fees	-	77,308	21,317,267	-	21,394,575
Capital outlay	24,434,432	-	-	3,189,428	27,623,860
Total expenditures	516,021,652	26,447,299	42,625,741	18,909,673	604,004,365
Excess (deficiency) of revenues over (under) expenditures	36,607,518	7,728,862	(3,860,949)	585,669	41,061,100
Other financing sources (uses):					
Transfer in	-	3,000,000	4,543,037	-	7,543,037
Transfer out	(7,543,037)	-	-	-	(7,543,037)
Proceeds from debt issuance	-	-	-	466,270	466,270
Total other financing sources (uses)	(7,543,037)	3,000,000	4,543,037	466,270	466,270
Net change in fund balances (deficits)	29,064,481	10,728,862	682,088	1,051,939	41,527,370
Fund balances (deficits):					
Beginning of year	223,552,167	(182,861)	27,934,843	3,183,624	254,487,773
End of year	\$ 252,616,648	\$ 10,546,001	\$ 28,616,931	\$ 4,235,563	\$ 296,015,143

See Notes to Basic Financial Statements.

School District U-46

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
to the Statement of Activities
Year Ended June 30, 2018**

Net change in fund balances (deficits)—total governmental funds	\$ 41,527,370
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	\$ 21,446,065
Depreciation	<u>(18,422,801)</u>
Capital expenditures in excess of depreciation	3,023,264
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 2017 to 2018 was:	(5,327,390)
Repayment of debt principal and accreted interest is an expenditure in the governmental funds, but the repayment reduced long-term obligations in the statement of net position. The following amounts were retired:	
General obligation bonds	20,889,896
Debt certificates	418,578
Purchase contracts	2,745,758
Accreted interest	<u>10,370,105</u>
Total retired debt	34,424,337
The issuance of debt is shown as an other financing source in governmental funds but as an increase in bonds on the statement of net assets.	(466,270)
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.	(5,986,047)
Items related to pension expense and revenue are reported as deferred inflows and outflows on the government-wide financial statements but not on the fund statements.	
Deferred outflows related to pension expense	(20,529,962)
Deferred inflows related to pension expense	(14,503,893)
Items related to other post employment benefit expense and revenue are reported as deferred inflows and outflows on the government-wide financial statements but not on the fund statements.	
Deferred outflows related to other post employment benefit expense	7,940,593
Deferred inflows related to other post employment benefit expense	(28,515,493)
Some revenues and 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.	
State on-behalf contribution revenue - TRS and THIS	88,640,250
State on-behalf expense - TRS and THIS	(88,640,250)
Decrease in other postemployment benefits - District Plan	2,139,816
Decrease in other postemployment benefits - THIS	1,279,178
Decrease in net pension liability - Illinois Municipal Retirement Fund (IMRF)	28,295,607
Increase in net pension liability - Teachers' Retirement System (TRS)	(1,297,740)
Increase in compensated absences payable	(198,818)
Decrease in accrued interest on debt	322,188
Increase in claims incurred but not reported	(4,185,111)
Amortization of bond premiums	1,778,157
Amortization of bond discounts	(26,237)
Amortization of deferred amount on refunding	<u>804,965</u>
	<u>28,912,005</u>
Change in net position of governmental activities	<u><u>\$ 40,498,514</u></u>

See Notes to Basic Financial Statements.

School District U-46

Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2018

	Agency Student Activity Fund
Assets , cash and investments	\$ 4,092,559
Liabilities , due to activity fund organizations	\$ 4,092,559

See Notes to Basic Financial Statements.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

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

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

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

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

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

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund

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

Transportation Fund

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

Debt Service Fund

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

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

Special Revenue Funds

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

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Capital Projects Funds

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

Fiduciary Fund

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

Measurement Focus and Basis of Accounting and Financial Statement Presentation

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

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

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

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

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Real Estate and Other Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2017 tax levy was passed by the Board of Education on December 4, 2017, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and August 2018 in Cook County and in June and September 2018 in DuPage County and Kane County, and are collected by the County Collector, who in turn returns to the District its respective share. The District typically receives the remittances from the County Treasurer within one month after collection.

The District has recognized as revenue approximately 50 percent of the 2017 tax extension and 50 percent of the 2016 tax extension in the current fiscal year based on estimated collections, as this is the period for which the taxes have been levied (intended to finance). Property taxes are recorded net of estimated allowance for uncollectible accounts. The allowance for uncollectible accounts is based on collection history and is estimated at 1.3 percent of the total levy. As of June 30, 2018 the property tax allowance was as follows:

Fund	Allowance
General Fund	\$ 3,090,903
Debt Service Fund	511,384
Transportation Fund	224,084
Nonmajor Governmental Funds	213,590
	<u>\$ 4,039,961</u>

The District has recorded a receivable for the uncollected portion of the 2017 taxes extended. The District has recorded a deferred inflow of resources net of any allowance, which approximates 50 percent of the 2017 tax extension which will be recognized as revenue in the following fiscal year, the period for which those taxes were levied.

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

Investments

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

Prepaid Items

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

Inventories

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

Capital Assets

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

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

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

Interfund Transactions

The District has the following types of interfund transactions:

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

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

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

Compensated Absences

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

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

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

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

Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. The net difference between projected and actual earnings on pension plan or other post employment benefit plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions are reported as deferred outflows or inflows of resources on the government-wide financial statements. The District's payments to the plans made subsequent to the liability measurement date are also considered to be deferred outflows of resources on the government-wide financial statements. See Note 6 and Note 7 for further discussion of the District's deferred outflows and inflows of resources related to pensions and other post employment benefits, respectively.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

Long-Term Obligations

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

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

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

Debt Premium, Discount and Debt Issuance/Refunding Costs

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

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

Postemployment Benefits Other Than Pensions (OPEB)

The District participates in two OPEB plans, the Teachers' Health Insurance Security Fund (THIS) plan provided by the State and an OPEB plan provided by the District. For purposes of measuring the District's collective OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the THIS OPEB Plan and additions to/deductions from the THIS Plan's fiduciary net position have been determined on the same basis as they are reported by the THIS Plan. For this purpose, the THIS Plan recognizes benefit payments when due and payable in accordance with the benefit terms, investments, if any, are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balances

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

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact. At June 30, 2018, the District's nonspendable fund balances in the Governmental Funds related to inventories for \$32,479, and prepaid expenses of \$3,072,764.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. The highest level of decision-making authority rests with the District's Board of Education. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same action it employed to previously commit those amounts. The District passes formal resolutions to commit their fund balances. There are no committed fund balances as of June 30, 2018.

Assigned – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. At June 30, 2018, \$4,220,543 was assigned in the Transportation Fund for costs associated with transportation.

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

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

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

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District in order to enable the District to have in its treasury at all times sufficient money to meet demands thereon. These working cash funds may be lent to other District governmental funds in need, but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish the funds to the Educational Account, of the General Fund, or abate the fund to any fund of the District most in need. At June 30, 2018, the District had working cash stabilization fund balances of \$112,217,090 that have been classified as unassigned fund balances in the General Fund.

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

At June 30, 2018, the District had the following fund balances restricted for various purposes as follows:

Fund	Fund balance	Purpose of restriction
Transportation Fund	\$ 6,305,330	Student transportation
Fire Prevention and Safety Fund	453,565	School construction projects
Debt Service Fund	28,616,931	Repayment of principal and interest on long-term debt
Capital Projects Fund	3,141,404	School construction projects
Municipal Retirement /Social Security Fund	640,594	Employee pension
	<u>\$ 39,157,824</u>	

Net Position

Net position consists of the following categories:

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

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

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

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

Eliminations

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

Use of Estimates

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

School District U-46

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Restatement

The District's net position has been restated as of June 30, 2017. The restatement is a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In accordance with GASB 75, the District now reports a net OPEB liability on its financial statements, as well as deferred outflows of resources and deferred inflows of resources. In addition, the impact of implementing this statement resulted in a restatement of beginning net position for governmental activities to adjust for the OPEB liability and deferred outflows of resources for OPEB contributions made subsequent to the measurement date that would have been reported in previous years. Restatement of the beginning fund balances for other deferred outflows of resources and deferred inflows of resources related to OPEB was not done because it was not practical to determine all such amounts.

The District's net position as of June 30, 2017, has been restated as follows:

Net Position, June 30, 2017	\$	195,507,935
Collective net OPEB liability - THIS		(239,622,016)
Net OPEB liability - District Plan		(27,839,526)
Net OPEB obligation - District Plan		7,446,763
Deferred outflow of resources - OPEB contributions subsequent to the measurement date		3,932,463
Net Position as restated, June 30, 2017	\$	<u><u>(60,574,381)</u></u>

Note 2. Deposits and Investments

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

Deposits

As of June 30, 2018, the District had deposits with federally insured financial institutions of \$305,889,612 with the book balances totaling \$305,532,293. The deposits held in fiduciary funds with federally insured financial institutions were \$4,729,252 with the book balances totaling \$4,092,559.

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, 2018, the District was not exposed to custodial credit risk.

School District U-46

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Investments

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the District's investments at June 30, 2018. The schedule also includes credit ratings by Standard & Poor's at June 30, 2018:

Investment Type	Investment Maturities (in Years)			% of Total Investments	Credit Ratings
		Less than 1	1 - 5		
ISDLAF	\$ 31,079,339	\$ 31,079,339	\$ -	88.56 %	AAAm
Government Money Market Funds	1,317,620	1,317,620	-	3.75	AAAm
	32,396,959	\$ 32,396,959	\$ -		
Illinois Funds	2,698,551			7.69	AAAm
	<u>\$ 35,095,510</u>			<u>100.00 %</u>	

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

The District's investments are measured at the net asset value (NAV) or amortized cost as follows:

Investment Type		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
			(If Currently Eligible)	
ISDLAF	\$ 31,079,339	N/A	Daily	One Day
Government Money Market Funds	1,317,620	N/A	Daily	One Day
Illinois Funds	2,698,551	N/A	Daily	One Day
	<u>\$ 35,095,510</u>			

School District U-46

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

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

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

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

The above deposits and investments (plus \$5,984 held by the District as petty cash) are presented in the basic financial statements as cash and investments as follows:

Cash and investments per statement of net position	\$ 340,633,787
Cash and investments per statement of fiduciary assets and liabilities	<u>4,092,559</u>
Total	<u><u>\$ 344,726,346</u></u>

School District U-46

Notes to Basic Financial Statements

Note 3. Capital Assets

Capital asset balances and activity for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Transfers and Additions	Transfers and Retirements	Balance June 30, 2018
Capital Assets, not being depreciated:				
Land	\$ 28,397,412	\$ -	\$ -	\$ 28,397,412
Construction in progress	5,756,504	15,061,301	11,180,603	9,637,202
Total capital assets, not being depreciated	34,153,916	15,061,301	11,180,603	38,034,614
Capital Assets, being depreciated:				
Buildings	606,047,254	13,774,908	-	619,822,162
Transportation equipment	26,993,317	-	-	26,993,317
Other equipment	20,096,555	3,790,459	-	23,887,014
Total capital assets being depreciated	653,137,126	17,565,367	-	670,702,493
Less accumulated depreciation:				
Buildings	264,190,826	13,882,842	-	278,073,668
Transportation equipment	18,844,480	2,497,774	-	21,342,254
Other equipment	15,188,896	2,042,185	-	17,231,081
Total accumulated depreciation	298,224,202	18,422,801	-	316,647,003
Total capital assets being depreciated, net	354,912,924	(857,434)	-	354,055,490
Governmental activities Capital assets, net	\$ 389,066,840	\$ 14,203,867	\$ 11,180,603	\$ 392,090,104

School District U-46

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Activity	Depreciation Expense
Instruction:	
Regular programs	\$ 6,182,902
Special education programs	1,929,522
Other instructional programs	2,705,972
Support services:	
Pupils	1,417,106
Instructional staff	599,436
General administration	605,372
School administration	1,064,976
Business	179,589
Operations and maintenance	1,250,967
Transportation	1,227,267
Food services	607,184
Central	511,369
Community services	141,139
Total	<u>\$ 18,422,801</u>

Note 4. Long-Term Obligations

The following is a summary of activity for the District's long-term obligations for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
G.O. Bonds/Debt Certificates Payable:					
General obligation bonds	\$ 281,093,662	\$ -	\$ (20,889,896)	\$ 260,203,766	\$ 22,661,283
Accreted interest on long-term debt	64,392,849	5,986,047	(10,370,105)	60,008,791	9,163,870
Debt certificates	2,552,611	466,270	(418,578)	2,600,303	514,553
Unamortized premium	22,245,994	-	(1,778,157)	20,467,837	1,778,157
Unamortized discount	(121,918)	-	26,237	(95,681)	(26,237)
Total General Obligation Bonds/ Debt Certificates Payable	370,163,198	6,452,317	(33,430,499)	343,185,016	34,091,626
Purchase contracts	5,432,856	-	(2,745,758)	2,687,098	1,333,745
Compensated absences	834,037	1,953,457	(1,754,639)	1,032,855	1,032,855
Net pension liability - IMRF	45,257,019	37,598,782	(65,894,389)	16,961,412	-
Collective net pension liability - TRS	65,248,035	1,297,740	-	66,545,775	-
Net OPEB liability - District Plan	27,839,526	1,810,564	(3,950,380)	25,699,710	-
Collective net OPEB liability - THIS	239,622,016	-	(1,279,178)	238,342,838	-
Claims incurred but not reported	8,329,202	57,728,712	(53,543,601)	12,514,313	7,818,127
Total	<u>\$ 762,725,889</u>	<u>\$ 106,841,572</u>	<u>\$ (162,598,444)</u>	<u>\$ 706,969,017</u>	<u>\$ 44,276,353</u>

School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

At June 30, 2018, general obligation bonds consisted of the following:

General Obligation Bonds - Payable by the Debt Service Fund

\$18,300,000, 1999 School Building Bonds due in installments of \$5,025,000 to \$7,000,000 through 2019 with interest due semiannually at 5.00% to 5.15%. Issued for the purpose of building new schools.	\$ 7,000,000
\$54,499,619, 2002 Illinois Development Finance Authority Program Capital Appreciation Revenue Bonds due in annual installments of \$1,065,463 to \$7,678,182 through 2021 with interest due annually in years of maturity at a rate yielding 5.3789%. Issued for the purpose of building new schools.	14,257,178
\$65,999,779, 2003B Capital Appreciation School Bonds due in annual installments of \$960,659 to \$10,591,479 through 2023 with interest due annually in years of maturity at a rate yielding 5.35%. Issued for the purpose of building new schools.	32,606,588
\$34,405,000, 2009 General Obligation Limited School Bonds due in annual installments of \$1,175,000 to \$1,480,000 through 2023 with interest due semiannually at 4.00% to 5.00%. Issued for the purpose of capital projects and funding the tort fund.	6,940,000
\$25,925,000, 2011A Taxable General Obligation Limited School Bonds due in annual installments of \$1,515,000 to \$3,085,000 through 2022 with interest due semiannually at 4.75% to 6.0%. Issued for the purpose of capital projects and working cash.	10,340,000
\$2,030,000, 2011B Taxable General Obligation Limited School Bonds due in annual installments of \$200,000 to \$230,000 through 2021 with interest due semiannually at 0.65%. Issued for the purpose of capital projects.	630,000
\$31,045,000, 2012B Taxable General Obligation Limited School Bonds due in annual installments of \$75,000 to \$5,705,000 beginning in fiscal year 2016 through 2026 with interest due semiannually at 3.0% to 4.5%. Issued for the purpose of working cash and funding the tort fund.	20,770,000
\$44,310,000, 2015A General Obligation Limited School Bonds due in annual installments of \$2,955,000 through \$8,205,000 beginning in fiscal year 2028 through 2034 with interest due semiannually at 5.00%. Issued for the purpose of working cash.	44,310,000
\$10,780,000, 2015B Taxable General Obligation Limited Refunding Bonds due in annual installments of \$2,170,000 through \$6,215,000 beginning in fiscal year 2026 through 2028 with interest due semiannually at 3.7% to 3.95%. Issued for the purpose of refunding capital project related bonds and working cash.	10,780,000
	(continued)

School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

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

\$19,235,000, 2015C General Obligation Refunding School Bonds due in annual installments of \$3,740,000 through \$6,095,000 beginning in fiscal year 2016 through 2020 with interest due semiannually at 4.00% to 5.00%. Issued for the purpose of refunding capital project related bonds. 10,995,000

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

Total General Obligation Bonds \$ 260,203,766

Debt Service Requirements to Maturity - General Obligation Bonds

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

Due in Fiscal Year	General Obligation		Total Debt Service
	Principal	Interest	
2019	\$ 22,661,283	\$ 19,516,546	\$ 42,177,829
2020	19,228,841	22,943,767	42,172,608
2021	15,856,253	26,482,713	42,338,966
2022	15,576,479	26,706,309	42,282,788
2023	15,255,910	26,978,129	42,234,039
2024-2028	65,130,000	35,919,438	101,049,438
2029-2033	82,255,000	18,799,500	101,054,500
2034-2035	24,240,000	1,756,997	25,996,997
	<u>\$ 260,203,766</u>	<u>\$ 179,103,399</u>	<u>\$ 439,307,165</u>

Interest maturities include \$60,008,791 of accreted interest on capital appreciation bonds.

Accreted Interest on Long-term Debt - Capital Appreciation Bonds

The District has two outstanding capital appreciation bond issues. Interest on the capital appreciation bonds are paid only when principal payments are made, not semi-annually like conventional bond issues. The District records the accretion of interest as long-term debt in the statement of net position as if the interest had been paid semi-annually. Accreted interest on long-term debt was reduced by a net total of \$4,384,058 during the fiscal year ended June 30, 2018. At year end, the total interest accreted on the capital appreciation bonds was \$60,008,791.

School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

Debt Certificates

The District has two 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:

\$6,200,000, 2007 Debt Certificates (Qualified Zone Academy Bonds) due in annual installments of \$418,578 to \$432,360 through 2023 with interest due annually at 0.65%. Issued for the purpose of capital projects.	\$ 2,134,033
\$466,270, 2017 Debt Certificates (Qualified Zone Academy Bonds) due in annual installments of \$93,254 through 2023 with interest due semiannually at 0.25%. Issued for the purpose of capital projects.	466,270
Total Debt Certificates	<u>\$ 2,600,303</u>

Purchase Contracts

The District did not enter into any new lease/purchase contracts during the year. The total cost of the property currently under leases is \$6,653,797. Future minimum payments total \$2,745,490 of which \$58,392 represents interest and \$2,687,098 represents principal. Payments are expected to be made from the Transportation Fund. Upon entering a contract, the District records the activity as capital outlay expenditures with an offsetting credit to "proceeds from purchase contracts." The net book value of the assets associated with the outstanding lease is \$2,661,519. Some items purchased through this method, however, may not be capitalized as new equipment if the value of an individual item such as a desktop computer does not meet or exceed the District's capitalization threshold.

As of June 30, 2018, the District's outstanding lease is as follows:

Purchase Contracts	
\$6,866,225 purchase contract for new buses dated August 1, 2015 due in five annual payments of \$1,373,245 through October 2019. Over the life of the contract the principal and interest portions of the contract are \$6,653,797 and \$212,428, respectively.	<u>\$ 2,687,098</u>

School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

Debt Service Requirements to Maturity – Debt Certificates and Purchase Contracts

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

Due in Fiscal Year	Debt Certificates		Purchase Contracts		Total Debt Service
	Principal	Interest	Principal	Interest	
2019	\$ 514,553	\$ 14,920	\$ 1,333,745	\$ 39,500	\$ 1,902,718
2020	517,291	11,949	1,353,353	18,894	1,901,487
2021	520,024	8,982	-	-	529,006
2022	522,821	5,952	-	-	528,773
2023	525,614	2,927	-	-	528,541
Total	\$ 2,600,303	\$ 44,730	\$ 2,687,098	\$ 58,394	\$ 5,390,525

Legal Debt Margin

As of June 30, 2018, the legal debt limit of the District was \$654,604,482, based upon 13.8 percent of its 2017 equalized assessed valuation of \$4,743,510,739. The debt limit less outstanding debt subject to the debt limit of \$265,551,164 plus amounts held in the Debt Service Fund of \$28,616,931, results in a legal debt margin of \$417,670,249 as of June 30, 2018.

Compensated Absences

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

The District provides up to 20 vacation days per year, most of which must be used by August 31st of the following year. Some vacation days may be used up until October 31st of the following year depending on the employee union. The District provides up to four personal days per year to its employees. Personal balances left over at the end of the year are carried forward into the sick day balance for the next year. The District also offers up to 14 sick days per year. Accumulated personal and sick days are not paid out upon termination. If an employee is vested in the Teachers' Retirement System (TRS) or the Illinois Municipal Retirement Fund (IMRF), the employee is allowed extra service credit based on unused sick days. Since accrued personal and sick days are not paid out upon termination, the District does not accrue a payable for these days at year-end. Based on accumulated vacation days as of year-end, the District's maximum liability for accumulated vacation days to be paid upon its employees' termination was calculated to be \$1,032,855 at June 30, 2018. The amounts will be paid from the General Fund within the next year.

Net Pension and Collective Net Pension Liability

Net pension and collective net pension liabilities of \$83,507,187 at June 30, 2018 represent the District's share of pension liability to plan members for benefits provided through defined benefit pension plans (see Note 6). \$16,961,412 relates to IMRF and will be paid from the Municipal Retirement/Social Security Fund. \$66,545,775 relates to TRS and will be paid from the General Fund.

School District U-46

Notes to Basic Financial Statements

Note 4. Long-Term Obligations (Continued)

Other Postemployment Benefits Liability

The other postemployment benefits (OPEB) liability represents the long-term actuarially determined liability for healthcare insurance for eligible retirees and their dependents through the District's group health insurance plan and the District's share of the Teacher's Health Insurance Security Fund (THIS) plan (see Note 7). The District's OPEB liability at June 30, 2018 related to its own plan was \$25,699,710 and \$408,047,923 for its share of THIS, both amounts will be paid from the General Fund.

Debt Refunding

As of June 30, 2018, the outstanding balance of all defeased bonds totaled \$122,025,000.

Note 5. Risk Management

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

The District is also self-insured for medical claims to cover its employees and their qualifying dependents. The District funds a self-insurance account and has engaged an outside agency to administer its medical claims. The District does not assume unlimited liability for medical claims. As of June 30, 2018, the District had purchased (stop-loss) insurance to cover claims in excess of \$500,000 per person per year and \$2,000,000 lifetime. Estimated claims incurred but not yet submitted by insurers were estimated based on historical trends as provided by the District's third party administrator. Estimated insurance claims incurred but not reported (IBNR) liabilities at June 30, 2018, total \$12,514,313 and claims payable totaled \$1,716,863. 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 2018	Total 2017
Claims liability - beginning	\$ 11,569,666	\$ 17,349,593
Incurred claims	59,445,575	52,509,450
Claim payments and reductions	(56,784,065)	(58,289,377)
Claims liability - ending	<u>\$ 14,231,176</u>	<u>\$ 11,569,666</u>

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans

The following is a summary of all pension related items presented in the governmental activities. Details related to these plans are presented separately on the following pages.

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Teachers' Retirement System (TRS)	\$ 66,545,775	\$ 21,916,004	\$ 11,463,212	\$ 154,932,177
Illinois Municipal Retirement Fund (IMRF)	16,961,412	6,221,478	22,840,749	5,258,156
Total	<u>\$ 83,507,187</u>	<u>\$ 28,137,482</u>	<u>\$ 34,303,961</u>	<u>\$ 160,190,333</u>

Teachers' Retirement System

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cfafs/fy2017>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenses of \$153,320,666 in the governmental activities based on the economic resources measurement basis and revenues and expenditures of \$84,346,281 in the General Fund based on the current financial resources measurement basis.

2.2 formula contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$1,250,781, and are deferred because they were paid after the June 30, 2017 measurement date. As of June 30, 2018, \$5,993 was due and payable to TRS.

Federal and special trust fund contributions

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018. Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$5,144,694 were paid from federal and special trust funds that required employer contributions of \$519,614. These contributions are deferred because they were paid after the June 30, 2017 measurement date. As of June 30, 2018, \$64,989 was due and payable to TRS.

Employer retirement cost contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the employer paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the employer paid \$285,175 to TRS for employer contributions due on salary increases in excess of 6 percent and \$11,247 for sick leave days granted in excess of the normal annual allotment.

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

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

At June 30, 2018, the employer reported a liability for its proportionate share of the collective net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amounts recognized by the employer as its proportionate share of the collective net pension liability, the related state support, and the total portion of the collective net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the collective net pension liability	\$ 66,545,775
State's proportionate share of the collective net pension liability associated with the employer	1,557,896,054
Total	<u>\$ 1,624,441,829</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the employer's proportion was 0.0871 percent, which was an increase of 0.0044 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized the following pension expense/expenditures and revenue pertaining to the District's employees:

	Governmental Activities	General Fund
State on-behalf contributions - revenue and expense/expenditure	\$ 153,320,666	\$ 84,346,281
District TRS pension expense	1,611,511	1,699,413
Total TRS expense/expenditure	<u>\$ 154,932,177</u>	<u>\$ 86,045,694</u>

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 722,761	\$ 30,717
Net difference between projected and actual earnings on pension plan investments	45,651	-
Changes of assumptions	4,441,452	1,912,215
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,006,727	9,520,280
Total deferred pension actuarial adjustments	<u>20,216,591</u>	<u>11,463,212</u>
Employer contribution subsequent to the measurement date	<u>1,699,413</u>	-
Total deferred amounts related to pensions	<u>\$ 21,916,004</u>	<u>\$ 11,463,212</u>

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

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

Of the amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, \$1,699,413 will be recognized as a reduction of the collective net pension liability in the reporting year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2019	\$ (223,721)
2020	2,346,079
2021	5,689,609
2022	910,620
2023	30,792
	<hr/>
	<u>\$ 8,753,379</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016, actuarial valuation.

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

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

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

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.00 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Teachers' Retirement System (Continued)

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

The following presents the employer's proportionate share of the collective net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the collective net pension liability	\$ 81,760,175	\$ 66,545,775	\$ 54,083,913

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Illinois Municipal Retirement Fund

Plan Description

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

Benefits Provided

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

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Illinois Municipal Retirement Fund (Continued)

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

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

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	1,291
Inactive Plan Members entitled to but not yet receiving benefits	1,788
Active Plan Members	2,060
Total	<u>5,139</u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rates for calendar years 2018 and 2017 were 11.13 percent and 11.45 percent, respectively. For the fiscal year ended June 30, 2018, the District contributed \$7,435,749 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50 percent.
- **Salary Increases** were expected to be 3.39 percent to 14.25 percent, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50 percent.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014-2016.

School District U-46

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems and Plans (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

- For **Non-disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns / Risk	
		One Year Arithmetic	Ten Year Geometric
Domestic equity	37.0 %	8.30	6.85
International equity	18.0	8.45	6.75
Fixed income	28.0	3.05	3.00
Real estate	9.0	6.90	5.75
Alternative investments	7.0		
Private equity	-	12.45	7.35
Hedge funds	-	5.35	5.05
Commodities	-	4.25	2.65
Cash equivalents	1.0	2.25	2.25
Total	<u>100.0 %</u>		

School District U-46

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.31 percent, and the resulting single discount rate is 7.50 percent.

School District U-46

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

The following table shows the components of the District's annual pension liability and related plan fiduciary net position for the calendar year ended December 31, 2017:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 306,825,770	\$ 261,568,751	\$ 45,257,019
Changes for the year:			
Service cost	7,088,356	-	7,088,356
Interest on the total pension liability	22,710,668	-	22,710,668
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	1,653,787	-	1,653,787
Changes of assumptions	(9,673,308)	-	(9,673,308)
Contributions - employer	-	7,505,169	(7,505,169)
Contributions - employees	-	2,991,943	(2,991,943)
Net investment income	-	45,723,969	(45,723,969)
Benefit payments, including refunds of employee contributions	(15,122,077)	(15,122,077)	-
Other (net transfer)	-	(6,145,971)	6,145,971
Net changes	6,657,426	34,953,033	(28,295,607)
Balances at December 31, 2017	\$ 313,483,196	\$ 296,521,784	\$ 16,961,412

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

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

	1% Decrease 6.50%	Current Single Discount Rate 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 351,499,551	\$ 313,483,196	\$ 282,082,486
Plan Fiduciary Net Pension	296,521,784	296,521,784	296,521,784
Net Pension Liability (Asset)	\$ 54,977,767	\$ 16,961,412	\$ (14,439,298)

School District U-46

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2018, the District recognized pension expense of \$5,258,156. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,301,160	\$ 2,367,813
Net difference between projected and actual earnings on pension plan investments	-	12,793,860
Changes of assumptions	73,436	7,679,076
Total deferred pension actuarial adjustments	2,374,596	22,840,749
Employer contribution subsequent to the measurement date	3,846,882	-
Total deferred amounts related to pensions	\$ 6,221,478	\$ 22,840,749
Total deferred amounts related to pensions	\$ 10,068,360	\$ 22,840,749

Of the amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, \$3,846,882 will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2019	\$ (3,469,485)
2020	(4,884,505)
2021	(6,810,120)
2022	(5,302,043)
	<u>\$ (20,466,153)</u>

Note 7. Post Employment Plans Other Than Pensions

The following is a summary of all other postemployment benefits (OPEB) other than pension related items presented in the governmental activities. Details related to these plans are presented separately in the following pages.

	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Retiree Healthcare Plan - District Plan	\$ 25,699,710	\$ 184,347	\$ -	\$ (166,567)
Teachers' Health Insurance Security Fund (THIS)	238,342,838	11,688,709	28,515,493	41,430,768
Total	<u>\$ 264,042,548</u>	<u>\$ 11,873,056</u>	<u>\$ 28,515,493</u>	<u>\$ 41,264,201</u>

School District U-46

Notes to Basic Financial Statements

Note 7. Post Employment Plans Other Than Pensions (Continued)

Retiree Healthcare Plan

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. The Plan does not issue a stand-alone financial report.

Benefits Provided

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. Certified retirees receive coverage under the TRS health plan and non-certified retirees receive coverage under the District's health plan. The District's contributions vary based on the union to which the employee belongs, the employees' years of service, and the year in which the employee retired.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members currently receiving benefits	3,380
Active Plan Members	335
	3,715

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2017	\$ 27,839,526	\$ -	\$ 27,839,526
Changes for the year:			
Service cost	1,003,974	-	1,003,974
Interest on the total OPEB liability	806,590	-	806,590
Changes of benefit terms	(2,003,354)	-	(2,003,354)
Differences between expected and actual experience of the total OPEB liability	-	-	-
Changes of assumptions	210,570	-	210,570
Contributions - employer	-	2,157,596	(2,157,596)
Contributions - employees	-	-	-
Net investment income	-	-	-
Benefit payments	(2,157,596)	(2,157,596)	-
Other (net transfer)	-	-	-
Net changes	(2,139,816)	-	(2,139,816)
Balances at June 30, 2018	\$ 25,699,710	\$ -	\$ 25,699,710

School District U-46

Notes to Basic Financial Statements

Note 7. Post Employment Plans Other Than Pensions (Continued)

Retiree Healthcare Plan (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total OPEB liability at June 30, 2018:

- The **Actuarial Cost Method** used was the Entry Age Normal.
- **Salary Increases** was assumed to be 3.50 percent, including inflation.
- For **Healthcare Cost Trend Rates**, actual trend rate used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 7.00 percent and gradually decreases to an ultimate trend of 4.50 percent.
- For IMRF employees the **Mortality Rates** used are from the RP-2014 Healthy Mortality Tables with Blue Collar Adjustments for retirees, projected generationally with Scale MP-2014. Pre- and post-commencement rates were further adjusted. Specifically for pre-commencement, male rates were multiplied by 88% for all ages and female rates were multiplied by 82% for all ages. For post-commencement, male and female rates were adjusted to match current experience.
- For TRS employees the **Mortality Rates** used are from the RP-2014 Healthy Mortality Tables with White Collar Adjustments, projected generationally with Scale MP-2014. Post-commencement rates were further adjusted. Specifically, male rates were multiplied by 115% for ages 78-114, and female rates were multiplied by 76% for ages 50-77 and 106% for ages 78-114.

Actuarial assumptions were changed from the prior year. The discount rate was changed from 5.00 percent to 3.13 percent to comply with GASB 75. It was further decreased to 2.98 percent for the measurement of the June 30, 2018 liability based on the change in 20-year municipal bond yields. The actuarial cost method changed to the Entry Age Method to reflect adoption of GASB 75. Morbidity rates were updated based on the June 2013 Society of Actuaries Study entitled "Health Care Costs – Birth to Death". Finally, the healthcare cost trend rate was updated to a graded scale.

Discount Rate

Since the Plan is financed on a pay-as-you-go basis, a long-term rate of return was not used and the discount rate used to measure the total OPEB liability was the 20-year municipal bond yield (source was the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018). The projection of cash flows used to determine the discount rate assumed the employee and employer contributions would be made at the current rates. Based on those assumptions, the Plan's fiduciary net position was not projected to be sufficient to make projected OPEB payments for current active and inactive employees beyond the current year.

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Single Discount Rate

The following presents the Plan's net OPEB liability, calculated using a Single Discount Rate of 2.98 percent, as well as what the Plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point higher (3.98 percent) or lower (1.98 percent) than the current rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Employer's proportionate share of the collective net OPEB liability	\$ 27,172,247	\$ 25,699,710	\$ 24,298,852

School District U-46

Notes to Basic Financial Statements

Note 7. Post Employment Plans Other Than Pensions (Continued)

Retiree Healthcare Plan (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher (8.00 percent) or lower (6.00 percent), than the current healthcare cost trend rates.

	1% Decrease 6.00%	Healthcare Cost Trend Rate Assumptions 7.00%	1% Increase 8.00%
Employer's proportionate share of the collective net OPEB liability	\$ 24,651,184	\$ 25,699,710	\$ 26,867,852

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of (\$166,567). Negative expense was recognized due to the amortization of deferred inflows and outflows during the year. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	184,347	-
Total deferred amounts related to OPEB	\$ 184,347	\$ -

Amounts reported as deferred outflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year ending June 30:	
2019	\$ 26,223
2020	26,223
2021	26,223
2022	26,223
2023	26,223
Thereafter	53,232
	<u>\$ 184,347</u>

School District U-46

Notes to Basic Financial Statements

Note 7. Post Employment Plans Other Than Pensions (Continued)

Teachers' Health Insurance Security Fund

Plan Description

The District (employer) participates in the Teachers' Health Insurance Security Fund (THIS) of the State of Illinois. THIS is a cost-sharing multiple-employer defined benefit post-employment healthcare plan (OPEB) established by the Illinois legislature for the benefit of eligible retired Illinois public school teachers employed outside the City of Chicago (members). All District employees receiving monthly benefits from the Teachers' Retirement System (TRS) who have at least eight years of creditable service with TRS, the survivor of an annuitant or benefit recipient who had at least eight years of creditable service or a recipient of a monthly disability benefit are eligible to enroll in THIS.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Plan and amendments to the Plan can be made only by legislative action with the Governor's approval. The Plan is administered by the Illinois Department of Central Management Services. The publicly available financial report of the Plan may be found on the website of the Illinois Auditor General. The current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>).

Benefits Provided

THIS provides medical, prescription, and behavioral health benefits for eligible retirees and their dependents, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan. The premiums charged reflect approximately a 75 percent subsidy for members that elect a managed care plan or elect the Teachers' Choice Health Plan (TCHP) plan if a managed care plan is either not available or only partially available. Members receive approximately a 50 percent subsidy if they elect the TCHP when a managed care plan is available. Medicare primary dependent beneficiaries enrolled in a managed care plan or in the TCHP when no managed care plan is available receive a premium subsidy.

Contributions

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6) specifies the contribution requirements of the participating school districts and covered employees. For the year ended June 30, 2018, required contributions are as follows:

- Active members contribute 1.18 percent of covered payroll.
- Employers contribute 0.88 percent of covered payroll. The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2018, the employer paid \$1,897,737 to the THIS Fund, which was 100 percent of the required contribution.
- The State of Illinois makes contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members. The State contributed 1.18 percent of covered payroll. For the year ended June 30, 2018, State of Illinois contributions on behalf of the District's employees were \$2,544,693 and the employer recognized revenue and expenditures for this on-behalf contribution amount during the year in the General Fund.
- Retired members contribute through premium payments based on the coverage elected, Medicare eligibility, and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0 percent per year by statute. The Federal Government provides a Medicare Part D subsidy.

School District U-46

Notes to Basic Financial Statements

Note 7. Post Employment Plans Other Than Pensions (Continued)

Teachers' Health Insurance Security Fund (Continued)

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the employer reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for state pension support provided for the District. The state's support and total are for disclosure purposes only. The OPEB proportionate shares are as follows:

Employer's proportionate share of the collective OPEB liability	\$ 238,342,838
The State's proportionate share of the collective net OPEB liability associated with the employer	313,003,345
Total THIS net collective OPEB liability associated with the employer	<u>\$ 551,346,183</u>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as June 30, 2016, and rolled forward to June 30, 2017. The employer's proportionate share of the net OPEB liability was based on the employer's share of contributions to THIS for the measurement year ended June 30, 2017, relative to the contributions of all participating employers and the State during that period. At June 30, 2017, the District's proportion was 0.9185 percent, which was a decrease of 0.042 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized the following for OPEB expense/expenditure and revenue pertaining to the District's employees:

	Governmental Activities	General Fund
State on-behalf contributions - OPEB revenue and expense/expenditure	\$ 22,210,558	\$ 2,544,693
District OPEB expense	19,220,210	1,897,737
Total OPEB expense/expenditure	<u>\$ 41,430,768</u>	<u>\$ 4,442,430</u>

School District U-46

Notes to Basic Financial Statements

Note 7. Post Employment Plans Other Than Pensions (Continued)

Teachers' Health Insurance Security Fund (Continued)

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 135,004
Net difference between projected and actual earnings on OPEB investments	-	2,621
Changes of assumptions	-	28,377,868
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,790,972	-
Total deferred OPEB actuarial adjustments	9,790,972	28,515,493
Employer contribution subsequent to the measurement date	1,897,737	-
Total deferred amounts related to OPEB	<u>\$ 11,688,709</u>	<u>\$ 28,515,493</u>

The District reported \$1,897,737 as deferred outflows of resources resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in expense as follows:

Year ending June 30:	
2019	\$ (2,874,209)
2020	(2,874,209)
2021	(2,874,209)
2022	(2,874,209)
2023	(2,873,553)
Thereafter	(4,354,134)
	<u>\$ (18,724,521)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, based on the entry age normal cost method and using the following actuarial assumptions:

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation

School District U-46

Notes to Basic Financial Statements

Note 7. Post Employment Plans Other Than Pensions (Continued)

Teachers' Health Insurance Security Fund (Continued)

Healthcare cost trend rates

Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare cost on and after 2020 to account for the Excise Tax.

Eighty percent of future retirees that are currently active are assumed to elect healthcare coverage, with 80 percent electing single coverage and 20 percent electing two-person coverage.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants, mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table, sex distinct. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

The following OPEB-related assumption changes were made since the June 30, 2014, OPEB actuarial valuation date:

- The discount rate was changed from 2.85 percent at June 30, 2016 to 3.56 percent at June 30, 2017;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2016, projected plan cost for plan year end June 30, 2017, premium changes through plan year end 2018, and expectation of future trend increases after June 30, 2017;
- The Excise trend rate adjustment was updated based on available premium and enrollment information as of June 30, 2017;
- Per capita claim costs were updated based on projected claims and enrollment experience through June 30, 2017, and updated premium rates through plan year 2018;
- The morbidity factors, used to adjust per capita claim cost by age and gender, were updated; and
- Healthcare plan participation rates by plan were updated based on observed experience.

The long-term expected rate of return assumption was set to zero. As such, ranges of expected future real rates of return by asset class were not developed.

Discount Rate

Since THIS is financed on a pay-as-you-go basis, a long-term rate of return was not used and the discount rate used to measure the total OPEB liability was the 20-year general obligation bond index rate (source was Fidelity Index's 20-year municipal GO AA Index). The discount rate as of June 30, 2017, was 3.56 percent, which was an increase from the June 30, 2016, rate of 2.85 percent. The projection of cash flows used to determine the discount rate assumed that employee, employer, and State contributions would be made at the current statutorily-required rates. Based on those assumptions, THIS's fiduciary net position was not projected to be sufficient to make projected OPEB payments for current active and inactive employees beyond the current year.

School District U-46

Notes to Basic Financial Statements

Note 7. Post Employment Plans Other Than Pensions (Continued)

Teachers' Health Insurance Security Fund (Continued)

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.56 percent, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.56 percent) or lower (2.56 percent) than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Employer's proportionate share of the collective net OPEB liability	\$ 286,010,221	\$ 238,342,838	\$ 200,201,475

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00 percent in 2018 decreasing to an ultimate trend rate of 5.09 percent in 2025, for non-Medicare coverage, and 9.00 percent decreasing to an ultimate trend rate of 4.50 percent in 2027 for Medicare coverage.

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
Employer's proportionate share of the collective net OPEB liability	\$ 192,367,128	\$ 238,342,838	\$ 304,333,330

(a) One percentage point decrease in healthcare trend rates are 7.00 percent in 2018 decreasing to an ultimate trend rate of 4.09 percent in 2025, for non-Medicare coverage, and 8.00 percent in 2018 decreasing to an ultimate trend rate of 3.50 percent in 2027 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00 percent in 2018 decreasing to an ultimate trend rate of 6.09 percent in 2025, for non-Medicare coverage, and 10.00 percent in 2018 decreasing to an ultimate trend rate of 5.50 percent in 2027 for Medicare coverage.

OPEB Plan Fiduciary Net Position

Detailed information about the THIS plan fiduciary net position is available in the separately issued THIS financial report.

Payable to the OPEB Plan

The District had no outstanding amount of contributions to the THIS plan for the year ended June 30, 2018.

School District U-46

Notes to Basic Financial Statements

Note 8. Other Financial Disclosures

Expenditures Exceeding Budgets

The District adopts annual budgets for all funds except the Student Activity Fund, an agency fund. The funds with annually adopted budgets and excesses of expenditures over budgeted expenditures during fiscal year 2018 are as follows:

Fund	Final Budget	Actual Expenditures	Amount Over Budget
Debt Service Fund	\$ 42,625,595	\$ 42,625,741	\$ 146
Capital Projects Fund	300,000	1,506,526	1,206,526
Fire Prevention and Safety Fund	1,497,000	2,023,896	526,896

Interfund Transfers

During fiscal year 2018, the District transferred \$4,543,037 from the General Fund to the Debt Service Fund to provide resources to pay principal and interest on debt certificates and purchase contracts and to abate a portion of the 2017 property tax levy. The General Fund also transferred \$3,000,000 of interest earned to the Transportation Fund for the purpose of financing transportation related expenses.

Note 9. Contingent Liabilities

Litigation

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

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the Illinois State Board of Education. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Note 10. Commitments

At June 30, 2018, the District had approximately \$4,100,000 million in outstanding construction project commitments. The projects were comprised of work to be done at various school buildings and to be paid from the Operations and Maintenance Account of the General Fund, Fire Prevention and Safety Fund and the Capital Projects Fund.

School District U-46

Notes to Basic Financial Statements

Note 11. Authoritative Pronouncements Issued But Not Yet Adopted

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

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

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

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

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, will be effective for the District beginning with its year ending June 30, 2019. This Statement is intended to clarify which liabilities governments should include in their note disclosures related to debt and increase the amount of information disclosed.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*, will be effective for the District beginning with its year ending June 30, 2021. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset on the Statement of Net Position.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, will be effective for the District beginning with its year ending June 30, 2020. This Statement improves financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously were reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Employer Contributions – Teachers' Retirement System

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

Schedule of Employer Contributions – Illinois Municipal Retirement Fund

Schedule of Changes in the Net OPEB Liability and Related Ratios – District OPEB Plan

Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability – Teachers' Health Insurance Security Fund

Schedule of Employer Contributions - Teachers' Health Insurance Security Fund

Budgetary Comparison Information: General Fund and Major Special Revenue Fund

Notes to Required Supplementary Information (RSI)

School District U-46

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

Fiscal Year Ended*	2018	2017	2016	2015
Employer's proportion of the collective net pension liability	0.0871%	0.0827%	0.0517%	0.0814%
Employer's proportionate share of the collective net pension liability	\$ 66,545,775	\$ 65,248,035	\$ 33,868,384	\$ 49,508,342
State's proportionate share of the collective net pension liability associated with the employer	1,557,896,054	1,609,322,179	1,275,250,978	1,173,916,748
Total	\$ 1,624,441,829	\$ 1,674,570,214	\$ 1,309,119,362	\$ 1,223,425,090
Employer's covered-employee payroll	\$ 211,077,112	\$ 204,244,433	\$ 198,258,595	\$ 188,448,392
Employer's proportionate share of the collective net pension liability as a percentage of its covered employee payroll	31.5%	31.9%	17.1%	26.3%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

Notes to schedule

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

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

School District U-46

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

Fiscal Year Ended	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually-required contribution	\$ 1,770,395	\$ 2,800,714	\$ 3,175,233	\$ 2,337,303	\$ 2,502,668	\$ 2,652,392	\$ 2,487,278	\$ 2,257,952	\$ 1,910,370	\$ 1,686,057
Contributions in relation to the contractually-required contribution	1,699,413	3,589,872	2,444,400	2,311,171	2,502,668	2,652,392	2,487,278	2,257,952	1,910,370	1,686,057
Contribution (excess) deficiency	\$ 70,982	\$ (789,158)	\$ 730,833	\$ 26,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 215,651,921	\$ 211,077,112	\$ 204,244,433	\$ 198,258,595	\$ 188,448,392	\$ 187,379,565	\$ 182,339,091	\$ 177,710,000	\$ 196,649,683	\$ 196,303,175
Contributions as a percentage of covered-employee payroll	0.79%	1.70%	1.20%	1.17%	1.33%	1.42%	1.36%	1.27%	0.97%	0.86%

Notes to Schedules

Changes of Assumptions

For the 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

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

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

Calendar year ended December 31	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 7,088,356	\$ 7,287,074	\$ 6,752,927	\$ 6,492,825
Interest in the Total Pension Liability	22,710,668	21,991,405	20,550,703	18,815,885
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	1,653,787	(5,058,203)	5,258,888	916,388
Changes of Assumptions	(9,673,308)	(1,091,259)	359,033	9,485,528
Benefit Payments, including Refunds of Employee Contributions	(15,122,077)	(14,112,060)	(12,956,579)	(11,667,594)
Net Change in Total Pension Liability	6,657,426	9,016,957	19,964,972	24,043,032
Total Pension Liability - Beginning	306,825,770	297,808,813	277,843,841	253,800,809
Total Pension Liability - Ending	<u>\$ 313,483,196</u>	<u>\$ 306,825,770</u>	<u>\$ 297,808,813</u>	<u>\$ 277,843,841</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 7,505,169	\$ 7,623,785	\$ 7,321,744	\$ 6,915,065
Contributions - Employees	2,991,943	2,932,617	2,914,439	2,714,707
Net Investment Income	45,723,969	17,057,396	1,228,293	14,218,684
Benefit Payments, including Refunds of Employee Contributions	(15,122,077)	(14,112,060)	(12,956,579)	(11,667,594)
Other (Net Transfer)	(6,145,971)	237,493	2,302,834	725,835
Net Change in Plan Fiduciary Net Position	34,953,033	13,739,231	810,731	12,906,697
Plan Fiduciary Net Position - Beginning	261,568,751	247,829,520	247,018,789	234,112,092
Plan Fiduciary Net Position - Ending	<u>\$ 296,521,784</u>	<u>\$ 261,568,751</u>	<u>\$ 247,829,520</u>	<u>\$ 247,018,789</u>
Net Pension Liability	<u>\$ 16,961,412</u>	<u>\$ 45,257,019</u>	<u>\$ 49,979,293</u>	<u>\$ 30,825,052</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.59%	85.25%	83.22%	88.91%
Covered Valuation Payroll	\$ 65,500,573	\$ 64,026,568	\$ 64,024,510	\$ 59,788,613
Net Pension Liability as a Percentage of Covered Valuation Payroll	25.90%	70.68%	78.06%	51.56%

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

School District U-46

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

Fiscal Year Ending June 30, 2018	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2018	\$ 7,499,816	* \$ 7,505,169	\$ (5,353)	\$ 65,500,573	11.46%
2017	7,567,940	7,623,785	(55,845)	64,025,539	11.91%
2016	7,305,197	7,321,744	(16,547)	61,906,562	11.83%
2015	6,833,838	6,915,065	(81,227)	58,046,942	11.91%
2014	7,099,132	7,099,132	-	54,960,594	12.92%
2013	6,696,410	6,696,410	-	53,247,560	12.58%
2012	6,153,219	6,153,219	-	52,980,936	11.61%
2011	5,767,622	5,767,622	-	55,405,801	10.41%
2010	5,649,358	5,649,358	-	57,887,168	9.76%
2009	5,427,025	5,427,025	-	55,350,571	9.80%

Notes to Schedule of Contributions

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate**

Valuation Date

Notes

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

Methods and Assumptions Used to Determine 2017 Contribution Rate

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26-year closed period
Asset Valuation Method:	5-year smoothed market; 20 percent corridor
Wage Growth:	3.50 percent
Price Inflation:	2.75 percent, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75 percent to 14.50 percent, including inflation
Investment Rate of Return:	7.50 percent
Retirement Age:	Experienced-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality:

RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes

There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation.

School District U-46

**Schedule of Changes in the Net OPEB Liability and Related Ratios
District OPEB Plan**

Fiscal Year Ended	2018
Total OPEB Liability	
Service cost	\$ 1,003,974
Interest cost	806,590
Change of benefit terms	(2,003,354)
Differences between expected and actual experience	-
Changes of assumptions	210,570
Benefit payments, including refunds of employee contributions	(2,157,596)
Net change in total pension liability	(2,139,816)
Total pension liability - beginning	27,839,526
Total pension liability - ending	<u>\$ 25,699,710</u>
Plan fiduciary net position	
Contributions - employer	\$ 2,157,596
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(2,157,596)
Other (net transfer)	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	<u>\$ -</u>
Net OPEB liability	<u>\$ 25,699,710</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	\$ 219,201,030
Net OPEB liability as a percentage of covered employee payroll	11.72%
Contributions as a percentage of covered employee payroll	0.00%

Notes to Schedule:

There is no Actuarial Determined Contribution (ADC) or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liability. However, the District did make contributions from other District resources in the current year in the amount of \$2,157,596.

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

School District U-46

**Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability
Teachers' Health Insurance Security Fund**

Fiscal Year Ended*	2018
Employer's proportion of the collective net OPEB liability	0.9185%
Employer's proportionate share of the collective net OPEB liability	\$ 238,342,838
The State's proportionate share of the collective net OPEB liability associated with the employer	313,003,345
Total	<u>\$ 551,346,183</u>
Employee covered payroll	\$ 211,077,112
Collective net OPEB liability as a percentage of the employee covered payroll	112.9174%
Plan fiduciary net position as a percentage of the total OPEB liability	0.0000%

Notes to schedule

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

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

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School District U-46

Schedule of Employer Contributions
Teachers' Health Insurance Security Fund

Fiscal Year Ended	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually-required contribution	\$ 1,897,737	\$ 1,773,048	\$ 1,633,955	\$ 1,506,765	\$ 1,356,828	\$ 1,292,919	\$ 1,203,438	\$ 1,172,886	\$ 1,238,893	\$ 1,236,710
Contributions in relation to the contractually-required contribution	1,951,741	1,773,048	1,633,955	1,506,765	1,356,828	1,292,919	1,203,438	1,172,886	1,238,893	1,236,710
Contribution (excess) deficiency	\$ (54,004)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 215,651,921	\$ 211,077,112	\$ 204,244,433	\$ 198,258,595	\$ 188,448,392	\$ 187,379,565	\$ 182,339,091	\$ 177,710,000	\$ 196,649,683	\$ 196,303,175
Contributions as a percentage of covered-employee payroll	0.91%	0.84%	0.80%	0.76%	0.72%	0.69%	0.66%	0.66%	0.63%	0.63%

GENERAL FUND

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

MAJOR SPECIAL REVENUE FUNDS

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

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

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Budgetary Basis
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 234,501,414	\$ 232,514,965	\$ (1,986,449)
Replacement taxes and payments in lieu of taxes	51,000	173,822	122,822
Charges for services	9,390,801	9,174,884	(215,917)
Earnings on investments	1,207,200	4,400,229	3,193,029
Rentals	600,000	757,135	157,135
Local grants	30,000	39,637	9,637
Other local sources	954,609	1,075,633	121,024
State grants-in-aid	138,430,187	177,306,448	38,876,261
Federal grants-in-aid	38,240,793	40,295,443	2,054,650
Total revenues	423,406,004	465,738,196	42,332,192
Expenditures:			
Current:			
Instruction:			
Regular programs	151,349,030	142,756,376	8,592,654
Special programs	41,742,880	42,964,544	(1,221,664)
Other instructional programs	55,918,591	62,404,493	(6,485,902)
Support services:			
Pupils	30,101,465	31,825,291	(1,723,826)
Instructional staff	14,853,483	13,596,857	1,256,626
General administration	13,769,348	13,693,408	75,940
School administration	24,215,311	23,701,164	514,147
Business	3,879,427	3,762,359	117,068
Operations and maintenance	25,518,988	27,372,733	(1,853,745)
Transportation	2,114,062	1,770,461	343,601
Facilities acquisition and construction	1,417,250	783,914	633,336
Food service	14,211,269	14,211,637	(368)
Central	11,248,626	11,046,636	201,990
Other support	1,845,489	1,833,580	11,909
Community services	3,563,091	3,152,434	410,657
Intergovernmental:			
Payments to other governments	8,969,262	9,820,359	(851,097)
Capital outlay	23,915,308	24,434,432	(519,124)
Contingency	2,500,000	-	2,500,000
Total expenditures	431,132,880	429,130,678	2,002,202
Excess (deficiency) of revenues over (under) expenditures	(7,726,876)	36,607,518	44,334,394
Other financing uses:			
Transfer out	(5,742,891)	(7,543,037)	(1,800,146)
Total other financing uses	(5,742,891)	(7,543,037)	(1,800,146)
Net change in fund balance	\$ (13,469,767)	29,064,481	\$ 42,534,248
Fund balance:			
Beginning of year		223,552,167	
End of year		<u>\$ 252,616,648</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual
Transportation Fund
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 16,765,303	\$ 16,784,823	\$ 19,520
Charges for services	1,400,000	1,240,389	(159,611)
Earnings on investments	200	2,666	2,466
Other local sources	-	282	282
State grants-in-aid	11,303,010	16,148,001	4,844,991
Total revenues	<u>29,468,513</u>	<u>34,176,161</u>	<u>4,707,648</u>
Expenditures:			
Current:			
Support services:			
Transportation	23,749,483	23,624,233	125,250
Debt service			
Principal	2,745,758	2,745,758	-
Interest and fees	77,308	77,308	-
Total expenditures	<u>26,572,549</u>	<u>26,447,299</u>	<u>125,250</u>
Excess of revenues over expenditures	2,895,964	7,728,862	4,832,898
Other financing sources:			
Transfer in	1,200,000	3,000,000	1,800,000
Net change in fund balance (deficit)	<u>\$ 4,095,964</u>	10,728,862	<u>\$ 6,632,898</u>
Fund balance (deficit):			
Beginning of year		(182,861)	
End of year		<u>\$ 10,546,001</u>	

School District U-46

Notes to Required Supplementary Information (RSI)

Note 1. Budgets and Budgetary Accounting

The annual budgets are adopted on the modified accrual basis of accounting at the fund level. All budgets lapse at fiscal year-end. The District maintains a system to measure the uncommitted budget amount available for expenditures at any time during the year. For budgetary purposes, appropriations lapse at June 30, 2018 and outstanding encumbrances are canceled at that date.

On or before July 1 of each year, the Chief Executive Officer is to submit for review by the Board of Education a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than September 30. The 2017-18 budget was adopted September 25, 2017.

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

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

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

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

Revenues - budgetary basis	\$ 465,738,196
Unbudgeted retirement/OPEB contributions made by the State	86,890,974
Revenues - GAAP basis	<u>\$ 552,629,170</u>
Expenditures - budgetary basis	\$ 429,130,678
Unbudgeted retirement/OPEB contributions made by the State	86,890,974
Expenditures - GAAP basis	<u>\$ 516,021,652</u>

School District U-46

Notes to Required Supplementary Information (RSI)

Note 2. Notes to Schedule of Contributions - Teachers' Health Insurance Security Fund

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Fiscal Year End	June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry Age Normal, used to measure the Total OPEB Liability

Contribution Policy Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2017, contribution rates are 1.12% of pay for active members, 0.84% of pay for school districts and 1.12% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.

Asset Valuation Method Market value

Investment Rate of Return 0%, net of OPEB plan investment expense, including inflation

Inflation 2.75%

Salary Increases Depends on service and ranges from 9.25% at less than 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.

Mortality Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.

Healthcare Cost Trend Rates Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare cost on and after 2020 to account for the Excise tax.

Aging Factors Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"

Expenses Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

OTHER SUPPLEMENTARY INFORMATION

DRAFT

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

School District U-46

**Combining Balance Sheet
General Fund, by Account
June 30, 2018**

	Educational Account	Tort Immunity Account	Operations and Maintenance Account	Working Cash Account	Total
Assets					
Cash and investments	\$ 175,215,144	\$ 216,930	\$ 6,842,873	\$ 110,663,340	\$ 292,938,287
Accrued Interest	-	-	-	1,553,750	1,553,750
Property taxes receivable, net of allowance	93,725,478	3,802,810	16,399,707	-	113,927,995
Grants receivable	11,469,726	-	-	-	11,469,726
Accounts receivable	1,257,403	-	44,288	-	1,301,691
Inventories	32,479	-	-	-	32,479
Prepays	3,052,636	-	-	-	3,052,636
Total assets	\$ 284,752,866	\$ 4,019,740	\$ 23,286,868	\$ 112,217,090	\$ 424,276,564
Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)					
Liabilities					
Accounts payable	\$ 10,922,467	\$ 102,417	\$ 3,896,610	\$ -	\$ 14,921,494
Accrued payroll	27,798,863	8,000	289,999	-	28,096,862
Payroll deductions	252,880	-	-	-	252,880
Construction retainage payable	58,397	-	622,354	-	680,751
Insurance claims payable	1,666,534	50,329	-	-	1,716,863
Unearned grant revenue	28,508	-	-	-	28,508
Unearned other revenue	1,705,722	-	-	-	1,705,722
Unclaimed property	195,753	-	-	-	195,753
Total liabilities	42,629,124	160,746	4,808,963	-	47,598,833
Deferred inflows of resources					
Deferred grant revenue	6,725,612	-	-	-	6,725,612
Deferred property taxes	96,528,717	3,916,548	16,890,206	-	117,335,471
Total deferred inflows of resources	103,254,329	3,916,548	16,890,206	-	124,061,083
Fund balance (deficit)					
Nonspendable	3,085,115	-	-	-	3,085,115
Restricted	-	-	-	-	-
Unassigned	135,784,298	(57,554)	1,587,699	112,217,090	249,531,533
Total fund balance (deficit)	138,869,413	(57,554)	1,587,699	112,217,090	252,616,648
Total liabilities, deferred inflows of resources and fund balance	\$ 284,752,866	\$ 4,019,740	\$ 23,286,868	\$ 112,217,090	\$ 424,276,564

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

School District U-46

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
General Fund, by Account
Year Ended June 30, 2018**

	Educational Account	Tort Immunity Account	Operations and Maintenance Account	Working Cash Account	Total
Revenues:					
Property taxes	\$ 191,716,485	\$ 8,668,542	\$ 32,129,938	\$ -	\$ 232,514,965
Replacement taxes and payments in lieu of tax	173,822	-	-	-	173,822
Charges for services	9,174,884	-	-	-	9,174,884
Earnings on investments	30,518	1,303	5,215	4,363,193	4,400,229
Rentals	-	-	757,135	-	757,135
Local grants	39,637	-	-	-	39,637
Other local sources	285,212	-	790,421	-	1,075,633
State grants-in-aid	177,268,851	-	37,597	-	177,306,448
Federal grants-in-aid	40,295,443	-	-	-	40,295,443
State on-behalf contributions - TRS and THIS	86,890,974	-	-	-	86,890,974
Total revenues	505,875,826	8,669,845	33,720,306	4,363,193	552,629,170
Expenditures:					
Current:					
Instruction:					
Regular programs	142,756,376	-	-	-	142,756,376
Special programs	42,964,544	-	-	-	42,964,544
Other instructional programs	62,404,493	-	-	-	62,404,493
Support services:					
Pupils	31,825,291	-	-	-	31,825,291
Instructional staff	13,596,857	-	-	-	13,596,857
General administration	8,622,621	5,070,787	-	-	13,693,408
School administration	23,701,164	-	-	-	23,701,164
Business	3,762,359	-	-	-	3,762,359
Operations and maintenance	678,592	-	26,694,141	-	27,372,733
Transportation	1,770,361	-	100	-	1,770,461
Facilities acquisition and construction	46	-	783,868	-	783,914
Food service	14,211,637	-	-	-	14,211,637
Central	11,046,636	-	-	-	11,046,636
Other support services	1,833,580	-	-	-	1,833,580
Community services	3,152,434	-	-	-	3,152,434
State on-behalf contributions - TRS and THIS	86,890,974	-	-	-	86,890,974
Intergovernmental:					
Payments to other governments	9,820,359	-	-	-	9,820,359
Capital outlay	13,707,040	-	10,727,392	-	24,434,432
Total expenditures	472,745,364	5,070,787	38,205,501	-	516,021,652
Excess (deficiency) of revenues resources and fund balance	33,130,462	3,599,058	(4,485,195)	4,363,193	36,607,518
Other financing uses:					
Transfer out	(3,902,326)	-	(640,711)	(3,000,000)	(7,543,037)
Total other financing sources (uses)	(3,902,326)	-	(640,711)	(3,000,000)	(7,543,037)
Net change in fund balance (deficit)	29,228,136	3,599,058	(5,125,906)	1,363,193	29,064,481
Fund balance (deficit):					
Beginning of year	109,641,277	(3,656,612)	6,713,605	110,853,897	223,552,167
End of year	\$ 138,869,413	\$ (57,554)	\$ 1,587,699	\$ 112,217,090	\$ 252,616,648

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Educational Account - Budgetary Basis
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 195,167,789	\$ 191,716,485	\$ (3,451,304)
Replacement taxes and payments in lieu of taxes	51,000	173,822	122,822
Charges for services	9,390,801	9,174,884	(215,917)
Earnings on investments	6,000	30,518	24,518
Local grants	30,000	39,637	9,637
Other local sources	204,609	285,212	80,603
State grants-in-aid	138,430,187	177,268,851	38,838,664
Federal grants-in-aid	38,240,793	40,295,443	2,054,650
Total revenues	381,521,179	418,984,852	37,463,673
Expenditures:			
Current:			
Instruction:			
Regular programs	151,349,030	142,756,376	8,592,654
Special programs	41,742,880	42,964,544	(1,221,664)
Other instructional programs	55,918,591	62,404,493	(6,485,902)
Support services:			
Pupils	30,101,465	31,825,291	(1,723,826)
Instructional staff	14,853,483	13,596,857	1,256,626
General administration	7,624,226	8,622,621	(998,395)
School administration	24,215,311	23,701,164	514,147
Business	3,879,427	3,762,359	117,068
Operations and maintenance	843,399	678,592	164,807
Transportation	2,114,062	1,770,361	343,701
Facilities acquisition and construction	-	46	(46)
Food service	14,211,269	14,211,637	(368)
Central	11,248,626	11,046,636	201,990
Other support	1,845,489	1,833,580	11,909
Community services	3,563,091	3,152,434	410,657
Intergovernmental:			
Payments to other governments	8,969,262	9,820,359	(851,097)
Capital outlay	10,751,885	13,707,040	(2,955,155)
Contingency	2,500,000	-	2,500,000
Total expenditures	385,731,496	385,854,390	(122,894)
Excess (deficiency) of revenues over (under) expenditures	(4,210,317)	33,130,462	37,340,779
Other financing uses: resources and fund balance	(3,902,326)	(3,902,326)	-
Total other financing uses	(3,902,326)	(3,902,326)	-
Net change in fund balance	\$ (8,112,643)	29,228,136	\$ 37,340,779
Fund balance:			
Beginning of year		109,641,277	
End of year		<u>\$ 138,869,413</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, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 8,465,819	\$ 8,668,542	\$ 202,723
Earnings on investments	200	1,303	1,103
Total revenues	<u>8,466,019</u>	<u>8,669,845</u>	<u>203,826</u>
Expenditures:			
Current:			
Support services:			
General administration	6,145,122	5,070,787	1,074,335
Total expenditures	<u>6,145,122</u>	<u>5,070,787</u>	<u>1,074,335</u>
Net change in fund balance (deficit)	<u>\$ 2,320,897</u>	<u>3,599,058</u>	<u>\$ 1,278,161</u>
Fund balance (deficit):			
Beginning of year		(3,656,612)	
End of year		<u>\$ (57,554)</u>	

Schedule of Tort Expenditures by Object

Workers' compensation or workers' occupation disease acts payments	\$ 2,756,623
Insurance payments (regular or self-insurance)	449,011
Educational, inspectional, supervisory services related to loss prevention or reduction	1,477,938
Legal service	<u>387,215</u>
Total tort expenditures	<u>\$ 5,070,787</u>

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

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Operations and Maintenance Account
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 30,867,806	\$ 32,129,938	\$ 1,262,132
Earnings on investments	1,000	5,215	4,215
Rentals	600,000	757,135	157,135
Other local sources	750,000	790,421	40,421
State grants-in-aid	-	37,597	37,597
Total revenues	<u>32,218,806</u>	<u>33,720,306</u>	<u>1,501,500</u>
Expenditures:			
Current:			
Support services:			
Operations and maintenance	24,675,589	26,694,141	(2,018,552)
Transportation	-	100	(100)
Facilities acquisition and construction	1,417,250	783,868	633,382
Capital outlay	13,163,423	10,727,392	2,436,031
Total expenditures	<u>39,256,262</u>	<u>38,205,501</u>	<u>1,050,761</u>
Deficiency of revenues under expenditures	<u>(7,037,456)</u>	<u>(4,485,195)</u>	<u>2,552,261</u>
Other financing sources (uses):			
Transfer in	12,000,000	-	(12,000,000)
Transfer out	(640,565)	(640,711)	(146)
Total other financing sources (uses)	<u>11,359,435</u>	<u>(640,711)</u>	<u>(12,000,146)</u>
Net change in fund balance	<u>\$ 4,321,979</u>	<u>(5,125,906)</u>	<u>\$ (9,447,885)</u>
Fund balance:			
Beginning of year		<u>6,713,605</u>	
End of year		<u>\$ 1,587,699</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund - Working Cash Account
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Earnings on investments	\$ 1,200,000	\$ 4,363,193	\$ 3,163,193
Other financing uses:			
Transfer out	(13,200,000)	(3,000,000)	10,200,000
Net change in fund balance	<u><u>\$ (12,000,000)</u></u>	1,363,193	<u><u>\$ 13,363,193</u></u>
Fund balance:			
Beginning of year		<u>110,853,897</u>	
End of year		<u><u>\$ 112,217,090</u></u>	

DEBT SERVICE FUND

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

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

School District U-46

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Debt Service Fund
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 38,124,569	\$ 38,758,711	\$ 634,142
Earnings on investments	1,600	6,081	4,481
Total revenues	<u>38,126,169</u>	<u>38,764,792</u>	<u>638,623</u>
Expenditures:			
Debt service			
Principal	21,308,474	21,308,474	-
Interest and fees	21,317,121	21,317,267	(146)
Total expenditures	<u>42,625,595</u>	<u>42,625,741</u>	<u>(146)</u>
Deficiency of revenues under expenditures	(4,499,426)	(3,860,949)	638,477
Other financing sources:			
Transfer in	4,542,891	4,543,037	146
Net change in fund balance	<u>\$ 43,465</u>	682,088	<u>\$ 638,623</u>
Fund balance:			
Beginning of year		<u>27,934,843</u>	
End of year		<u>\$ 28,616,931</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

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

CAPITAL PROJECTS FUNDS

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

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

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

School District U-46

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	
Assets				
Cash	\$ 1,764,056	\$ 3,504,879	\$ 2,119,295	\$ 7,388,230
Property taxes receivable, net of allowance	5,951,094	-	1,921,659	7,872,753
Replacement taxes receivable	572,592	-	-	572,592
Accounts receivable	-	37,954	-	37,954
Total assets	\$ 8,287,742	\$ 3,542,833	\$ 4,040,954	\$ 15,871,529
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 156,861	\$ 1,563,144	\$ 1,720,005
Payroll deductions	1,518,063	-	-	1,518,063
Construction retainage payable	-	153,814	45,112	198,926
Unclaimed property	-	90,754	-	90,754
Total liabilities	1,518,063	401,429	1,608,256	3,527,748
Deferred inflows of resources				
Deferred property taxes	6,129,085	-	1,979,133	8,108,218
Fund balances				
Restricted	640,594	3,141,404	453,565	4,235,563
Total fund balances	640,594	3,141,404	453,565	4,235,563
Total liabilities, deferred inflows of resources and fund balances	\$ 8,287,742	\$ 3,542,833	\$ 4,040,954	\$ 15,871,529

School District U-46

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	
Revenues:				
Property taxes	\$ 11,967,474	\$ -	\$ 2,952,564	\$ 14,920,038
Replacement taxes	3,595,621	-	-	3,595,621
Earnings on investments	1,912	-	547	2,459
Other local sources	-	977,224	-	977,224
Total revenues	15,565,007	977,224	2,953,111	19,495,342
Expenditures:				
Current:				
Instruction:				
Regular programs	1,959,568	-	-	1,959,568
Special programs	2,197,516	-	-	2,197,516
Other instructional programs	931,029	-	-	931,029
Support services:				
Pupils	1,343,253	-	-	1,343,253
Instructional staff	433,431	-	-	433,431
General administration	475,815	-	-	475,815
School administration	1,225,481	-	-	1,225,481
Business	441,075	-	-	441,075
Operations and maintenance	1,907,188	-	-	1,907,188
Transportation	3,330,505	-	-	3,330,505
Facilities acquisition and construction	-	58,831	282,163	340,994
Central	922,376	-	-	922,376
Other support services	60,969	-	-	60,969
Community services	151,045	-	-	151,045
Capital outlay	-	1,447,695	1,741,733	3,189,428
Total expenditures	15,379,251	1,506,526	2,023,896	18,909,673
Excess (deficiency) of revenues over (under) expenditures	185,756	(529,302)	929,215	585,669
Other financing sources:				
Proceeds from debt issuance	-	466,270	-	466,270
Net change in fund balances (deficits)	185,756	(63,032)	929,215	1,051,939
Fund balances (deficits):				
Beginning of year	454,838	3,204,436	(475,650)	3,183,624
End of year	<u>\$ 640,594</u>	<u>\$ 3,141,404</u>	<u>\$ 453,565</u>	<u>\$ 4,235,563</u>

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, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 12,040,414	\$ 11,967,474	\$ (72,940)
Replacement taxes	3,750,000	3,595,621	(154,379)
Earnings on investments	-	1,912	1,912
Total revenues	15,790,414	15,565,007	(225,407)
Expenditures:			
Current:			
Instruction:			
Regular programs	2,645,713	1,959,568	686,145
Special programs	1,717,016	2,197,516	(480,500)
Other instructional programs	844,053	931,029	(86,976)
Support services:			
Pupils	1,362,217	1,343,253	18,964
Instructional staff	461,530	433,431	28,099
General administration	479,790	475,815	3,975
School administration	1,265,999	1,225,481	40,518
Business	588,810	441,075	147,735
Operations and maintenance	1,912,345	1,907,188	5,157
Transportation	3,321,805	3,330,505	(8,700)
Food service	61,560	-	61,560
Central	857,757	922,376	(64,619)
Other support	76,573	60,969	15,604
Community services	192,779	151,045	41,734
Total expenditures	15,787,947	15,379,251	408,696
Net change in fund balance	\$ 2,467	185,756	\$ 183,289
Fund balance:			
Beginning of year		<u>454,838</u>	
End of year		<u>\$ 640,594</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Capital Projects Fund
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Other local sources	\$ 300,000	\$ 977,224	\$ 677,224
Total revenues	<u>300,000</u>	<u>977,224</u>	<u>677,224</u>
Expenditures:			
Current:			
Support services:			
Facilities acquisition and construction	-	58,831	(58,831)
Capital outlay	300,000	1,447,695	(1,147,695)
Total expenditures	<u>300,000</u>	<u>1,506,526</u>	<u>(1,206,526)</u>
Deficiency of revenues under expenditures	-	(529,302)	(529,302)
Other financing sources:			
Proceeds from debt issuance	-	466,270	466,270
Net change in fund balance	<u>\$ -</u>	<u>(63,032)</u>	<u>\$ (63,032)</u>
Fund balance:			
Beginning of year		<u>3,204,436</u>	
End of year		<u>\$ 3,141,404</u>	

School District U-46

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual
Fire Prevention and Safety Fund
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 1,960,477	\$ 2,952,564	\$ 992,087
Earnings on investments	1,000	547	(453)
Total revenues	<u>1,961,477</u>	<u>2,953,111</u>	<u>991,634</u>
Expenditures:			
Current:			
Support services:			
Facilities acquisition and construction	128,500	282,163	(153,663)
Capital outlay	1,368,500	1,741,733	(373,233)
Total expenditures	<u>1,497,000</u>	<u>2,023,896</u>	<u>(526,896)</u>
Net change in fund balance (deficit)	<u>\$ 464,477</u>	929,215	<u>\$ 464,738</u>
Fund balance (deficit):			
Beginning of year		<u>(475,650)</u>	
End of year		<u>\$ 453,565</u>	

FIDUCIARY FUNDS

AGENCY FUNDS

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

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School District U-46

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds - Student Activity Funds
June 30, 2018**

	Assets/ Liabilities Balance at July 1, 2017	Additions	Deletions	Assets/ Liabilities Balance at June 30, 2018
High Schools				
Bartlett	\$ 474,337	\$ 1,331,725	\$ 1,342,000	\$ 464,062
Dream Academy	5,151	2,290	1,271	6,170
Elgin	637,771	950,115	842,440	745,446
Larkin	548,573	1,035,399	892,279	691,693
South Elgin	518,777	1,399,880	1,411,057	507,600
Streamwood	427,666	908,375	711,512	624,529
Total High Schools	2,612,275	5,627,784	5,200,559	3,039,500
Middle Schools				
Abbott	43,127	88,866	82,832	49,161
Canton	40,503	66,259	79,200	27,562
Eastview	117,394	142,899	140,100	120,193
Ellis	17,497	73,108	74,714	15,891
Kenyon Woods	90,566	169,379	157,719	102,226
Kimball	26,830	70,031	68,325	28,536
Larsen	53,988	82,795	82,444	54,339
Tefft	32,465	74,595	54,450	52,610
Total Middle Schools	422,370	767,932	739,784	450,518
Elementary Schools				
Bartlett	9,290	20,236	21,101	8,425
Centennial	11,709	28,141	23,575	16,275
Century Oaks	18,289	20,330	22,322	16,297
Channing	11,050	16,025	17,662	9,413
Clinton	5,905	38,304	32,680	11,529
Coleman	15,853	47,016	54,233	8,636
Creekside	10,997	64,968	53,555	22,410
Fox Meadow	22,783	40,705	47,837	15,651
Garfield	6,650	10,992	11,583	6,059
Glenbrook	8,361	34,152	33,581	8,932
Hanover Countryside	8,573	27,992	29,113	7,452
Harriet Gifford	29,253	44,469	39,359	34,363
Hawk Hollow	9,190	24,485	25,838	7,837
Heritage	4,225	15,531	14,326	5,430
Highland	8,448	25,342	24,309	9,481
Hillcrest	7,251	24,773	25,787	6,237
Hilltop	40,149	59,805	47,620	52,334

(Continued)

School District U-46

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds - Student Activity Funds (Continued)
June 30, 2018**

	Assets/ Liabilities Balance at July 1, 2017	Additions	Deletions	Assets/ Liabilities Balance at June 30, 2018
Elementary Schools (Continued)				
Horizon	\$ 25,233	\$ 84,131	\$ 78,711	\$ 30,653
Huff	15,052	34,553	34,715	14,890
Illinois Park	1,050	5,664	5,918	796
Independence	479	1,523	1,613	389
Laurel Hill	14,355	32,935	35,295	11,995
Liberty	3,272	56,809	55,081	5,000
Lincoln	7,281	12,552	13,109	6,724
Lords Park	15,113	59,477	59,137	15,453
Lowrie	3,646	12,588	11,355	4,879
McKinley	19,701	16,040	15,638	20,103
Nature Ridge	2,079	31,711	31,372	2,418
Oakhill	6,125	35,064	36,920	4,269
Ontarioville	13,062	36,410	36,103	13,369
Otter Creek	13,129	35,798	35,428	13,499
Parkwood	7,792	29,774	28,659	8,907
Prairieview	22,107	44,184	45,930	20,361
Ridge Circle	8,641	33,255	33,990	7,906
Ronald D. O'Neal	13,940	13,179	16,154	10,965
Spring Trail	6,839	29,043	28,218	7,664
Sunnydale	8,537	24,262	24,902	7,897
Sycamore Trails	57,985	96,905	87,015	67,875
Timber Trails	7,803	17,122	15,797	9,128
Washington	19,297	23,287	24,141	18,443
Wayne	16,476	24,316	27,261	13,531
Willard	5,927	28,129	20,236	13,820
Total Elementary Schools	542,897	1,361,977	1,327,179	577,695
Other				
SWEP	20,512	45,006	41,771	23,747
Central School Programs	1,411	947	1,259	1,099
Total Other	21,923	45,953	43,030	24,846
Total All Agency Funds	\$ 3,599,465	\$ 7,803,646	\$ 7,310,552	\$ 4,092,559

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.

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

School District U-46

**Schedule of Bonded Debt and Annual Interest Requirements
Year Ended June 30, 2018**

	Total	2019	2020	2021	2022	2023	Thereafter
February 1999 Issue							
Principal	\$ 7,000,000	\$ 7,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	360,499	360,499	-	-	-	-	-
	<u>7,360,499</u>	<u>7,360,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 2002 Issue							
Principal	14,257,178	5,513,533	7,678,182	1,065,463	-	-	-
Interest	21,768,154	7,911,621	12,036,993	1,819,540	-	-	-
	<u>36,025,332</u>	<u>13,425,154</u>	<u>19,715,175</u>	<u>2,885,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 2003B Issue							
Principal	32,606,588	962,750	960,659	10,060,790	10,591,479	10,030,910	-
Interest	54,718,413	1,252,250	1,369,341	15,664,210	17,958,521	18,474,091	-
	<u>87,325,001</u>	<u>2,215,000</u>	<u>2,330,000</u>	<u>25,725,000</u>	<u>28,550,000</u>	<u>28,505,001</u>	<u>-</u>
September 2009 Issue							
Principal	6,940,000	1,290,000	1,350,000	1,415,000	1,405,000	1,480,000	-
Interest	1,025,750	339,600	275,100	207,600	136,850	66,600	-
	<u>7,965,750</u>	<u>1,629,600</u>	<u>1,625,100</u>	<u>1,622,600</u>	<u>1,541,850</u>	<u>1,546,600</u>	<u>-</u>
March 2011A Issue							
Principal	10,340,000	2,795,000	2,945,000	3,085,000	1,515,000	-	-
Interest	1,374,172	578,692	434,750	269,830	90,900	-	-
	<u>11,714,172</u>	<u>3,373,692</u>	<u>3,379,750</u>	<u>3,354,830</u>	<u>1,605,900</u>	<u>-</u>	<u>-</u>
March 2011B Issue							
Principal	630,000	200,000	200,000	230,000	-	-	-
Interest	8,385	4,095	2,795	1,495	-	-	-
	<u>638,385</u>	<u>204,095</u>	<u>202,795</u>	<u>231,495</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 2012B Issue							
Principal	20,770,000	-	-	-	2,065,000	3,745,000	14,960,000
Interest	5,810,500	924,325	924,325	924,325	924,325	841,725	1,271,475
	<u>26,580,500</u>	<u>924,325</u>	<u>924,325</u>	<u>924,325</u>	<u>2,989,325</u>	<u>4,586,725</u>	<u>16,231,475</u>
February 2015A Issue							
Principal	44,310,000	-	-	-	-	-	44,310,000
Interest	28,818,250	2,215,500	2,215,500	2,215,500	2,215,500	2,215,500	17,740,750
	<u>73,128,250</u>	<u>2,215,500</u>	<u>2,215,500</u>	<u>2,215,500</u>	<u>2,215,500</u>	<u>2,215,500</u>	<u>62,050,750</u>
February 2015B Issue							
Principal	10,780,000	-	-	-	-	-	10,780,000
Interest	3,713,876	411,063	411,063	411,063	411,063	411,063	1,658,561
	<u>14,493,876</u>	<u>411,063</u>	<u>411,063</u>	<u>411,063</u>	<u>411,063</u>	<u>411,063</u>	<u>12,438,561</u>
February 2015C Issue							
Principal	10,995,000	4,900,000	6,095,000	-	-	-	-
Interest	854,500	549,750	304,750	-	-	-	-
	<u>11,849,500</u>	<u>5,449,750</u>	<u>6,399,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
February 2015D Issue							
Principal	101,575,000	-	-	-	-	-	101,575,000
Interest	60,650,900	4,969,150	4,969,150	4,969,150	4,969,150	4,969,150	35,805,150
	<u>162,225,900</u>	<u>4,969,150</u>	<u>4,969,150</u>	<u>4,969,150</u>	<u>4,969,150</u>	<u>4,969,150</u>	<u>137,380,150</u>
Total All Issues:							
Principal	260,203,766	22,661,283	19,228,841	15,856,253	15,576,479	15,255,910	171,625,000
Interest	179,103,399	19,516,545	22,943,767	26,482,713	26,706,309	26,978,129	56,475,936
	<u>\$ 439,307,165</u>	<u>\$ 42,177,828</u>	<u>\$ 42,172,608</u>	<u>\$ 42,338,966</u>	<u>\$ 42,282,788</u>	<u>\$ 42,234,039</u>	<u>\$ 228,100,936</u>

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources:

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

School District U-46

Net Position (Deficit) by Component
Last Ten Fiscal Years

	2009	2010	2011	2012	2013**	2014***	2015	2016	2017****	2018
Governmental Activities										
Net investment in capital assets	\$ 85,142,936	\$ 92,321,821	\$ 101,691,947	\$ 115,440,308	\$ 141,336,967	\$ 158,733,858	\$ 119,555,624	\$ 143,066,834	\$ 162,058,302	\$ 188,622,845
Restricted	16,184,054	2,863,666	83,078,457	81,367,132	21,712,904	26,376,025	3,403,730	1,582,926	3,415,400	9,900,299
Unrestricted	(52,913,595)	(67,581,131)	(103,290,222)	(83,366,008)	(29,804,469)	(88,630,189)	(16,236,147)	13,982,977	(226,048,083)	(218,599,011)
Total Government Activities										
Net Position (Deficit)	\$ 48,413,395	\$ 27,604,356	\$ 81,480,182	\$ 113,441,432	\$ 133,245,402	\$ 96,479,694	\$ 106,723,207	\$ 158,632,737	\$ (60,574,381)	\$ (20,075,867)

Source: Annual Financial Statements 2008-2018.

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

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

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

**** Effective July 1, 2017, the District adopted provisions of Governmental Accounting Standards Board Statements No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Pursuant to GASB 75 the District recognized their long-term obligations for other post employment benefits and retrospectively restated the Net Position of the Governmental Activities for the year 2017. For the year 2016 and prior, the Net Position has not been restated for purposes related to GASB 75 and is shown as originally reported or restated as a result of a past GASB implementation.

School District U-46

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

	2009	2010	2011	2012
Expenses				
Instruction:				
Regular programs	\$ 137,125,857	\$ 137,890,395	\$ 144,380,708	\$ 152,872,982
Special programs	41,208,041	41,712,599	46,118,818	44,739,728
Other instructional programs	44,374,036	48,183,615	46,960,015	50,529,484
Support services:				
Pupils	31,056,604	28,016,638	31,664,589	33,039,723
Instructional staff	15,277,003	14,617,298	15,267,864	14,662,297
General administration	15,766,957	19,269,678	19,982,097	21,364,385
School administration	25,573,421	22,622,794	25,801,537	26,796,191
Business	32,327,285	28,657,512	30,761,571	30,533,039
Operations and maintenance	-	-	-	-
Transportation	26,720,118	29,013,273	28,651,615	30,391,920
Facilities acquisition and construction	2,127,637	817,683	788,055	1,068,238
Food service	15,564,304	13,421,176	17,147,240	19,112,487
Central	12,354,945	10,080,473	9,985,364	13,012,548
Other support services	279,403	1,314,514	1,999,655	1,551,123
Community services	2,748,556	4,046,637	5,232,372	3,848,600
Payments to other governments	7,953,269	7,550,943	-	-
State on-behalf payments	34,630,042	46,868,682	-	-
Debt service-interest and fees	22,434,615	22,460,154	21,642,152	21,160,999
Total Expenses	467,522,093	476,544,064	446,383,652	464,683,744
Program Revenues				
Charges for services:				
Instruction:				
Regular programs	3,835,651	3,731,249	4,189,130	3,975,846
Special programs	133,984	62,124	34,484	61,891
Other instructional programs	840,330	608,591	1,111,162	992,260
Support services:				
Business	599,605	665,891	986,932	1,250,793
Transportation	568,588	381,504	968,503	1,337,334
Food service	6,187,525	5,097,756	4,693,018	4,503,273
Operating grants and contributions	121,403,854	127,700,014	141,292,679	122,517,107
Capital grants and contributions	720,545	820,523	964,778	181,534
Total Program Revenues	134,290,082	139,067,652	154,240,686	134,820,038
Net (Expense) Revenue	\$ (333,232,011)	\$ (337,476,412)	\$ (292,142,966)	\$ (329,863,706)

See related notes on page 83.

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

2013	2014	2015	2016	2017	2018
\$ 159,832,952	\$ 166,693,993	\$ 179,329,755	\$ 203,137,860	\$ 228,013,812	\$ 164,139,239
45,013,457	47,004,205	51,357,285	57,737,468	65,998,471	52,159,551
53,371,025	56,641,884	64,182,882	87,016,438	104,755,592	72,641,845
34,560,394	32,493,352	36,396,881	40,501,388	46,601,131	38,768,141
15,818,248	17,146,414	19,619,071	17,345,435	18,460,720	16,050,602
19,146,851	22,364,803	20,838,375	15,930,930	16,990,192	15,958,730
27,992,117	28,737,936	30,764,990	29,482,482	32,634,709	28,353,074
32,515,833	35,461,199	36,554,226	5,018,491	4,646,020	4,866,686
-	-	-	29,996,953	30,376,085	33,331,248
31,579,650	34,307,231	37,497,103	31,357,962	30,287,605	33,111,957
1,020,435	1,325,382	3,643,244	2,061,193	1,857,521	1,172,201
18,987,979	19,253,272	18,393,024	16,329,585	16,797,450	17,557,209
14,274,661	16,669,932	17,035,282	13,186,379	13,075,487	14,115,899
1,753,291	1,576,585	460,712	787,174	1,440,556	2,206,497
4,166,826	3,992,913	4,303,234	4,407,964	4,624,227	3,784,264
-	-	-	-	-	-
-	-	-	-	-	175,531,224
21,603,612	19,913,329	47,648,191	16,758,074	15,369,249	14,131,444
481,637,331	503,582,430	568,024,255	571,055,776	631,928,827	687,879,811
4,306,692	2,374,713	2,740,137	2,727,584	5,190,125	4,992,240
96	40,129	27,305	40,600	39,106	-
671,584	3,160,349	2,602,409	3,255,960	889,942	610,437
603,076	1,061,033	-	-	-	-
1,894,652	1,654,326	1,455,864	2,355,249	1,439,237	1,240,389
3,853,180	3,828,751	3,278,823	3,734,037	3,528,555	3,572,207
135,611,514	144,377,500	175,270,234	189,171,948	226,471,760	246,855,405
287,448	452,706	820,530	306,943	409,674	977,224
147,228,242	156,949,507	186,195,302	201,592,321	237,968,399	258,247,902
\$ (334,409,089)	\$ (346,632,923)	\$ (381,828,953)	\$ (369,463,455)	\$ (393,960,428)	\$ (429,631,909)

(Continued)

School District U-46

Changes in Net Position (Continued)
Last Ten Fiscal Years

	2009	2010	2011	2012
General Revenues				
Property taxes:				
Levied for general purposes	\$ 221,434,756	\$ 226,224,333	\$ 238,078,583	\$ 248,081,083
Levied for Debt Service	34,386,905	35,039,161	38,974,113	41,611,064
Payments in lieu of taxes	3,854,557	3,134,569	4,040,837	4,654,710
Unrestricted state grants	53,944,813	51,743,683	64,161,401	66,160,166
Interest and investment earnings	1,114,337	103,114	133,167	319,526
Other general revenues	307,682	422,513	630,691	998,407
Total General Revenues	315,043,050	316,667,373	346,018,792	361,824,956
Change in Net Position	\$ (18,188,961)	\$ (20,809,039)	\$ 53,875,826	\$ 31,961,250

Source: Annual Financial Statements 2008-2018.

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

Beginning in fiscal year 2011, payments to other governments and State on-behalf payments were allocated between instruction and support service expenses and shown accordingly. In fiscal year 2018, State on-behalf payments were reported separately again to more clearly present the change in expenses due to outside factors.

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

2013	2014	2015	2016	2017	2018
\$ 246,568,726	\$ 250,205,536	\$ 250,658,393	\$ 259,485,732	\$ 260,999,080	\$ 264,219,826
42,783,761	43,226,909	42,283,872	42,089,518	39,920,250	38,758,711
3,774,777	3,799,318	4,107,409	3,317,225	4,395,273	3,769,443
59,961,675	84,499,884	92,992,560	115,242,487	120,158,178	157,137,958
-	240,423	63,897	426,318	1,628,143	4,411,435
1,079,624	992,931	1,966,335	811,705	3,734,702	1,833,050
354,168,563	382,965,001	392,072,466	421,372,985	430,835,626	470,130,423
\$ 19,759,474	\$ 36,332,078	\$ 10,243,513	\$ 51,909,530	\$ 36,875,198	\$ 40,498,514

School District U-46

Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2009	2010	2011***	2012	2013	2014	2015	2016**	2017	2018
General Fund										
Reserved	\$ 209,973	\$ 4,105,974	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved	(41,915,757)	(37,312,889)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	\$ 1,761,685	\$ 2,378,365	\$ 1,014,489	\$ 790,187	\$ 856,536	\$ 1,068,571	\$ 4,015,786	\$ 3,085,115
Restricted	N/A	N/A	91,707,158	108,539,319	297,756	3,330,253	914,855	601,756	211,138	-
Unassigned	N/A	N/A	8,192,571	34,017,658	145,661,663	159,674,454	203,035,498	212,605,175	219,325,243	249,531,533
Total General Fund	\$ (41,705,784)	\$ (33,206,915)	\$ 101,661,414	\$ 144,935,342	\$ 146,973,908	\$ 163,794,894	\$ 204,806,889	\$ 214,275,502	\$ 223,552,167	\$ 252,616,648
All Other Governmental Funds										
Reserved	\$ 24,458,580	\$ 35,837,628	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue funds	66,977,428	62,132,362	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,128
Assigned	N/A	N/A	-	-	-	-	-	-	-	4,220,543
Restricted	N/A	N/A	33,724,667	29,864,415	29,864,415	28,017,606	29,088,709	28,909,949	31,594,117	39,157,824
Unassigned	N/A	N/A	(18,760,402)	(21,072,002)	(21,072,002)	(16,571,098)	(11,437,340)	(8,025,505)	(658,511)	-
Total all other governmental funds	\$ 91,436,008	\$ 97,969,990	\$ 14,964,265	\$ 8,792,413	\$ 8,792,413	\$ 11,446,508	\$ 17,651,369	\$ 20,884,444	\$ 30,935,606	\$ 43,398,495

Source: Annual Financial Statements 2009-2018.

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

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

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

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School District U-46

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

	2009	2010	2011	2012
Revenues				
Local sources:				
Property taxes	\$ 255,821,661	\$ 261,263,494	\$ 277,052,696	\$ 289,692,147
Replacement taxes and other payments in lieu of taxes	3,773,557	3,053,569	3,959,837	3,642,927
Charges for services	11,384,259	9,772,661	10,880,592	10,805,515
Earnings on investments	1,114,337	103,114	133,167	319,526
Impact fees, rentals and other local sources	2,142,626	2,286,164	2,687,134	3,752,842
Total local sources	274,236,440	276,479,002	294,713,426	308,212,957
State sources:				
State grants-in-aid	94,968,684	85,042,918	109,760,781	108,491,808
State on-behalf payments	34,630,042	46,868,682	41,387,470	45,591,003
Total state sources	129,598,726	131,911,600	151,148,251	154,082,811
Federal sources:				
Federal grants-in-aid	39,563,940	53,206,061	42,256,544	33,912,188
Total revenues	443,399,106	461,596,663	488,118,221	496,207,956
Expenditures				
Current:				
Instruction:				
Regular programs	128,971,936	131,049,168	119,418,719	127,064,616
Special programs	39,218,924	39,539,625	38,124,984	37,183,726
Other instructional programs	45,643,301	45,761,230	39,038,710	42,005,491
Total instruction	213,834,161	216,350,023	196,582,413	206,253,833
Support services:				
Pupils	29,984,096	26,418,768	25,731,889	27,444,523
Instructional staff	14,710,807	13,924,195	12,744,126	12,189,512
General administration	14,447,028	18,379,668	16,791,704	17,767,485
School administration	24,691,749	21,475,686	21,432,466	22,275,360
Business	31,040,810	27,357,981	25,915,150	25,396,979
Operations and maintenance	-	-	-	-
Transportation	23,855,721	23,081,648	23,703,791	25,260,870
Facilities acquisition and construction	1,042,244	752,369	604,006	1,060,755
Food service	14,992,526	12,692,710	14,128,009	15,884,358
Central	11,830,777	9,579,069	8,312,235	10,819,203
Other support	279,403	1,313,172	1,993,812	1,550,758
Total support services	166,875,161	154,975,266	151,357,188	159,649,803
State on-behalf payments	34,630,042	46,868,682	41,387,470	45,591,003
Community services	2,646,368	3,812,527	4,278,777	3,195,043
Intergovernmental:				
Payments to other governments	7,956,101	7,550,943	7,131,341	7,507,509

2013	2014	2015	2016**	2017	2018***
\$ 289,352,487	\$ 293,432,445	\$ 292,942,265	\$ 301,575,250	\$ 300,919,330	\$ 302,978,537
3,733,997	3,754,606	4,107,409	3,317,225	4,395,273	3,769,443
10,612,329	10,956,865	10,104,538	11,448,630	11,086,965	10,415,273
282,805	240,423	63,897	426,318	1,628,143	4,411,435
2,286,686	2,870,732	2,963,771	1,226,220	4,640,718	2,849,911
306,268,304	311,255,071	310,181,880	317,993,643	322,670,429	324,424,599
108,809,995	128,344,057	138,062,156	146,310,918	157,372,473	193,454,449
52,723,457	66,995,465	96,534,999	106,664,731	160,409,310	86,890,974
161,533,452	195,339,522	234,597,155	252,975,649	317,781,783	280,345,423
35,700,980	34,451,084	34,609,687	39,907,563	38,327,985	40,295,443
503,502,736	541,045,677	579,388,722	610,876,855	678,780,197	645,065,465
130,185,958	133,321,829	135,272,777	192,460,178	215,439,710	144,715,944
36,595,148	37,608,482	38,773,455	54,325,156	62,833,028	45,162,060
43,274,655	45,343,690	48,506,061	82,083,110	99,242,743	63,335,522
210,055,761	216,274,001	222,552,293	328,868,444	377,515,481	253,213,526
27,663,747	26,060,806	27,542,911	37,074,509	43,482,144	33,168,544
12,868,897	13,716,670	14,753,713	15,898,218	17,157,921	14,030,288
15,753,783	17,859,279	15,610,556	14,710,890	15,722,242	14,169,223
22,841,782	22,978,049	23,190,864	27,773,483	31,001,031	24,926,645
26,838,096	28,301,788	27,251,136	4,522,083	4,209,903	4,203,434
-	-	-	27,081,486	27,481,745	29,279,921
25,693,690	27,440,574	28,103,698	28,184,168	27,528,950	28,725,199
841,117	1,355,140	3,695,335	1,989,410	1,765,445	1,124,908
15,369,092	15,408,947	13,819,753	14,658,019	15,281,310	14,211,637
11,707,954	13,318,618	12,735,595	11,884,459	11,904,886	11,969,012
1,728,002	1,579,638	465,401	756,799	1,373,466	1,894,549
161,306,160	168,019,509	167,168,962	184,533,524	196,909,043	177,703,360
52,723,457	66,995,465	96,534,999	-	-	86,890,974
3,309,466	3,209,716	3,265,642	3,925,208	4,240,575	3,303,479
8,592,837	8,134,674	8,507,064	8,132,631	8,604,268	9,820,359

School District U-46

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

	2009	2010	2011	2012
Total current	\$ 425,941,833	\$ 429,557,441	\$ 400,737,189	\$ 422,197,191
Debt service:				
Principal	27,544,950	33,602,191	30,572,146	30,763,865
Interest and fees	12,718,067	9,765,565	12,444,322	12,896,130
Capital outlay	17,611,198	4,603,283	9,723,218	14,633,641
Total Expenditures	483,816,048	477,528,480	453,476,875	480,490,827
Excess of revenues over (under) expenditures	(40,416,942)	(15,931,817)	34,641,346	15,717,129
Other financing sources (uses):				
Proceeds from issuance of bonds	-	64,595,000	27,955,000	31,460,000
Premium on bonds sold	-	3,176,086	-	1,522,879
Discount on bonds sold	-	-	(440,725)	(5,801)
Proceeds from sale of equipment	-	-	-	-
Proceeds from issuance of debt certificates	-	-	-	-
Premium on debt certificates sold	-	-	-	-
Proceeds from issuance of purchase contracts	4,195,926	-	-	1,198,870
Transfer to escrow agent	-	(36,806,418)	(10,293,017)	(12,791,001)
Transfers in	4,324,525	4,424,969	2,476,070	2,274,500
Transfers out	(4,324,525)	(4,424,969)	(2,476,070)	(2,274,500)
Total other financing sources (uses)	4,195,926	30,964,668	17,221,258	21,384,947
Net Change in Fund Balances	\$ (36,221,016)	\$ 15,032,851	\$ 51,862,604	\$ 37,102,076
Debt service expenditure as a percentage of noncapital expenditures	8.64%	9.17%	9.69%	9.37%

Source: Annual Financial Statements 2009-2018.

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

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

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

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

*** In 2018, State on-behalf payments were displayed again as a separate line item to clearly present the changes in revenues and expenses that are due to outside factors.

2013	2014	2015	2016	2017	2018
\$ 435,987,681	\$ 462,633,365	\$ 498,028,960	\$ 525,459,807	\$ 587,269,367	\$ 530,931,698
30,005,118	30,465,774	29,288,687	22,564,859	22,680,169	24,054,232
12,850,947	15,549,123	17,940,188	23,310,522	22,785,737	21,394,575
27,588,908	15,782,377	29,175,410	34,158,576	26,717,097	27,623,860
506,432,654	524,430,639	574,433,245	605,493,764	659,452,370	604,004,365
(2,929,918)	16,615,038	4,955,477	5,383,091	19,327,827	41,061,100
-	-	175,900,000	-	-	466,270
-	-	25,200,979	-	-	-
-	-	-	-	-	-
770,800	-	-	664,800	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,057,727	-	-	6,653,797	-	-
-	-	(158,839,600)	-	-	-
1,762,440	1,393,860	1,359,141	3,727,365	5,544,138	7,543,037
(1,762,440)	(1,393,860)	(1,359,141)	(3,727,365)	(5,544,138)	(7,543,037)
7,828,527	-	42,261,379	7,318,597	-	466,270
\$ 4,898,609	\$ 16,615,038	\$ 47,216,856	\$ 12,701,688	\$ 19,327,827	\$ 41,527,370
8.85%	9.80%	9.31%	8.04%	7.12%	7.80%

School District U-46

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

Levy Year	County	Residential Property	Farm Property	Commercial Property
2017	Kane	\$ 1,325,324,126	\$ 4,623,456	\$ 253,703,319
2017	Cook	1,514,094,942	239,335	299,217,235
2017	DuPage	1,051,192,472	483,525	36,988,640
2017	All	3,890,611,540	5,346,316	589,909,194
2016	Kane	1,228,489,115	4,300,745	250,638,601
2016	Cook	1,522,843,405	266,444	287,410,378
2016	DuPage	1,005,299,675	478,237	35,238,540
2016	All	3,756,632,195	5,045,426	573,287,519
2015	Kane	1,119,472,730	3,894,961	238,469,133
2015	Cook	1,288,877,948	288,813	270,499,844
2015	DuPage	948,804,496	473,062	33,359,380
2015	All	3,357,155,174	4,656,836	542,328,357
2014	Kane	1,072,691,800	3,696,245	223,422,439
2014	Cook	1,335,038,197	291,179	276,661,777
2014	DuPage	919,089,436	464,297	33,064,550
2014	All	3,326,819,433	4,451,721	533,148,766
2013	Kane	1,102,287,009	3,400,185	238,161,645
2013	Cook	1,295,154,141	232,770	226,551,718
2013	DuPage	943,539,480	451,120	34,607,230
2013	All	3,340,980,630	4,084,075	499,320,593
2012	Kane	1,230,049,711	2,948,286	252,746,828
2012	Cook	1,569,656,648	228,260	247,244,287
2012	DuPage	1,015,572,450	437,990	37,121,460
2012	All	3,815,278,809	3,614,536	537,112,575
2011	Kane	1,403,073,572	3,084,634	265,234,409
2011	Cook	1,730,661,333	228,889	260,289,640
2011	DuPage	1,111,525,478	568,127	40,020,780
2011	All	4,245,260,383	3,881,650	565,544,829
2010	Kane	1,570,900,929	3,440,317	288,978,316
2010	Cook	1,910,951,304	243,584	272,649,282
2010	DuPage	1,214,186,104	566,546	41,398,280
2010	All	4,696,038,337	4,250,447	603,025,878
2009	Kane	1,683,474,618	3,651,082	311,004,983
2009	Cook	2,100,050,532	547,749	271,654,951
2009	DuPage	1,314,384,807	385,863	44,994,280
2009	All	5,097,909,957	4,584,694	627,654,214
2008	Kane	1,710,125,354	3,553,013	313,628,245
2008	Cook	1,961,274,458	833,008	284,092,650
2008	DuPage	1,324,394,586	382,394	45,240,240
2008	All	4,995,794,398	4,768,415	642,961,135

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

Notes: The 2017 levy year is the current levy year for the District as the property tax levy is on a calendar year in the State of Illinois. DuPage and Kane counties assess property as approximately 33.33 percent of actual value. Cook County assesses property as approximately 10 percent of actual value for residential properties and 25 percent of actual value for commercial and industrial property. Estimated actual taxable value is calculated by dividing taxable value by percentage. Tax rates are per \$100 of assessed value.

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

Industrial Property	Railroad Property	Total Taxable Equalized Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Percentage of Est. Actual Taxable Value
\$ 132,002,713	\$ 1,744,753	\$ 1,717,398,367	6.3696	\$ 5,152,195,101	33.33%
118,476,108	1,686,439	1,933,714,059	6.9318	6,526,203,372	33.33%
1,956,449	1,777,227	1,092,398,313	6.1638	3,277,194,939	33.33%
252,435,270	5,208,419	4,743,510,739		14,955,593,412	
136,507,859	1,663,356	1,621,599,676	6.5487	4,864,799,028	33.33%
113,264,832	2,041,772	1,925,826,831	6.8370	6,822,862,230	33.33%
1,950,749	2,104,638	1,045,071,839	6.3384	3,135,215,517	33.33%
251,723,440	5,809,766	4,592,498,346		14,822,876,775	
124,953,952	1,546,941	1,488,337,717	7.1238	4,465,013,151	33.33%
91,942,586	1,848,249	1,653,457,440	7.9470	4,960,372,320	33.33%
1,944,259	1,844,159	986,425,356	6.8325	2,959,276,068	33.33%
218,840,797	5,239,349	4,128,220,513		12,384,661,539	
104,901,611	1,368,917	1,406,081,012	8.0229	4,218,243,036	33.33%
94,788,944	1,532,574	1,708,312,671	7.6680	5,124,938,013	33.33%
1,554,803	1,600,080	955,773,166	6.4133	2,867,319,498	33.33%
201,245,358	4,501,571	4,070,166,849		12,210,500,547	
96,171,351	1,547,962	1,441,568,152	5.9395	4,324,704,456	33.33%
163,051,097	1,308,781	1,686,298,507	7.5800	5,058,895,521	33.33%
1,557,563	1,309,952	981,465,345	7.8519	2,944,396,035	33.33%
260,780,011	4,166,695	4,109,332,004		12,327,996,012	
104,353,069	1,873,298	1,591,971,192	6.3706	4,775,913,576	33.33%
178,579,242	568,434	1,996,276,871	6.5400	5,988,830,613	33.33%
1,538,858	918,595	1,055,589,353	6.6052	3,166,768,059	33.33%
284,471,169	3,360,327	4,643,837,416		13,931,512,248	
107,924,673	952,421	1,780,269,709	5.5589	5,340,809,127	33.33%
189,744,920	707,052	2,181,631,834	5.5062	6,544,895,502	33.33%
1,444,933	874,204	1,154,433,522	5.6118	3,463,300,566	33.33%
299,114,526	2,533,677	5,116,335,065		15,349,005,195	
119,782,385	909,185	1,984,011,132	5.2661	5,952,033,396	33.33%
236,263,977	774,398	2,420,882,545	5.0254	7,262,647,635	33.33%
1,445,733	937,427	1,258,534,090	4.8392	3,775,602,270	33.33%
357,492,095	2,621,010	5,663,427,767		16,990,283,301	
128,783,758	721,869	2,127,636,310	4.5494	6,382,908,930	33.33%
250,410,456	155,574	2,622,819,262	4.3390	7,868,457,786	33.33%
1,436,844	608,486	1,361,810,280	4.6019	4,085,430,840	33.33%
380,631,058	1,485,929	6,112,265,852		18,336,797,556	
128,567,872	664,303	2,156,538,787	4.2066	6,469,616,361	33.33%
281,117,291	135,843	2,527,453,250	4.4342	7,582,359,750	33.33%
1,473,124	501,443	1,371,991,787	4.2591	4,115,975,361	33.33%
411,158,287	1,301,589	6,055,983,824		18,167,951,472	

School District U-46

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Direct										
School District U-46	6.3696	6.5487	7.1238	8.0229	6.4086	6.3706	5.8307	5.2661	4.5494	4.2066
Overlapping										
Kane County	0.4025	0.4201	0.4479	0.4684	0.4623	0.4336	0.3990	0.3730	0.3361	0.3336
Kane County Forest Preserve District	0.1658	0.2253	0.2944	0.3126	0.3039	0.2710	0.2609	0.2201	0.1997	0.1932
Gail Borden Library District	0.4729	0.4898	0.5294	0.5796	0.5087	0.4791	0.4084	0.3650	0.3380	0.3175
Elgin Township	0.1192	0.1020	0.1102	0.1160	0.1114	0.0997	0.0890	0.0783	0.0706	0.0692
Elgin Township Road Fund	0.0758	0.0785	0.0849	0.0893	0.0858	0.0762	0.0660	0.0581	0.0524	0.0514
City of Elgin	2.1494	2.2396	2.4110	2.3218	2.1668	1.9344	1.9836	1.9210	1.9202	1.9200
Fox River Water Reclamation District	0.0302	0.0315	0.0339	0.0409	0.3697	0.0344	0.0299	0.0273	0.0249	0.0240
Community College District 509	0.4999	0.5296	0.5609	0.6076	0.5707	0.5215	0.4456	0.4407	0.3833	0.3175
Total	10.2853	10.6651	11.5963	12.5591	10.9879	10.2205	9.5130	8.7497	7.8746	7.4330

Source: District Records

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

School District U-46

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

Name	Rank	2017 Equalized Assessed Valuation	Percent of District's Total EAV	Rank	2008 Equalized Assessed Valuation	Percent of District's Total EAV
Property Valuation Service	1	\$10,281,736	0.22%	4	\$9,257,417	0.15%
Target Corporation	2	18,563,594	0.39	1	25,830,229	0.43
Walmart Stores	3	14,166,296	0.30	2	22,294,904	0.37
MHC-Deanza Financing - B&D Equity Property Tax Group	4	9,318,579	0.20	8	6,661,796	0.11
MS Claremont LP	5	8,679,704	0.18		-	-
Hunter Elgin Management	6	7,365,449	0.16		-	-
Relp Streamwood LLC	7	6,412,711	0.14		-	-
In Retail Fundbller LLC	8	6,146,598	0.13		-	-
Sambell Streamwood	9	5,665,023	0.12		-	-
Home Depot	10	5,134,833	0.11		-	-
MDKTSTP Ent Fin Dept		-	-	3	17,810,765	0.29
Willo Arms Associates Limited		-	-	5	8,839,116	0.15
Ball Aerosol & Special		-	-	6	7,829,524	0.13
Bradley Operate Limited		-	-	7	6,841,898	0.11
DGJ Activities LLC		-	-	9	6,429,370	0.11
Henkel Corporation		-	-	10	5,548,602	0.09
		<u>\$91,734,523</u>	<u>1.93%</u>			<u>\$117,343,621</u> <u>1.94%</u>

Note: 2017 tax levy is the current levy in the District's fiscal year 2018.
Source: Cook, Kane and DuPage County Clerk's and Assessor's Offices

School District U-46

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

	2017	2016	2015	2014
Rates Extended				
Educational	3.6224	3.6211	4.1504	3.9493
Tort immunity/liability insurance	0.1765	0.2171	0.3278	0.3135
Special education	0.7285	0.7161	0.8260	0.7898
Operations and maintenance	0.7613	0.6938	0.7743	0.7404
Transportation	0.3834	0.3769	0.4217	0.4034
Municipal retirement - IMRF	0.1518	0.1461	0.1634	0.1599
Social security	0.1243	0.1201	0.1333	0.1437
Bond and interest/supp.	0.6890	0.6950	0.8608	0.8906
Working cash	-	-	-	-
Life safety	0.0892	0.0439	0.0481	0.0459
Life safety limited bonds	-	-	-	-
Limited bonds	0.2054	0.2062	0.2404	0.2310
Total Rates Extended	6.9318	6.8363	7.9462	7.6675
Levies Extended				
Educational	\$ 70,045,692	\$ 69,737,305	\$ 68,624,895	\$ 67,465,304
Tort immunity/liability insurance	3,413,679	4,183,246	5,419,725	5,354,975
Special education	14,084,997	13,790,836	13,655,426	13,493,060
Operations and maintenance	14,721,239	13,360,616	12,802,965	12,649,854
Transportation	7,414,659	7,258,230	6,973,059	6,889,998
Municipal retirement - IMRF	2,936,498	2,811,300	2,700,054	2,732,058
Social security	2,404,258	2,311,690	2,204,271	2,455,683
Bond and interest/supp.	17,295,922	13,384,565	14,232,830	15,214,588
Working cash	-	-	-	-
Life safety	1,725,192	846,561	795,392	785,114
Life safety limited bonds	-	-	-	-
Limited bonds	-	3,970,856	3,974,341	3,946,992
Total Levies Extended	\$ 134,042,136	\$ 131,655,205	\$ 131,382,958	\$ 130,987,626
Current year collections	\$ 69,891,692	\$ 68,927,167	\$ 67,753,981	\$ 65,702,776
Subsequent year collections	-	61,009,329	61,729,996	61,964,879
Total Collections	\$ 69,891,692	\$ 129,936,496	\$ 129,483,977	\$ 127,667,655
Percentage of extensions collected				
Current year collections	52.14%	52.35%	51.57%	50.16%
Total collections	52.14%	98.69%	98.55%	97.47%

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

2013	2012	2011	2010	2009	2008
4.0325	3.8833	3.4078	3.4930	3.0397	3.1247
0.2099	0.1434	0.0847	0.0778	0.0657	0.0538
0.8065	0.5507	0.4180	0.0373	0.0347	0.0361
0.7328	0.5014	0.4323	0.3971	0.3348	0.3090
0.3362	0.2189	0.1438	0.1271	0.1012	0.1053
0.1532	0.1087	0.0899	0.0794	0.0706	0.0900
0.1397	0.1003	0.0830	0.0794	0.0706	0.0900
0.9020	0.8029	0.6783	0.5875	0.4889	0.4771
-	-	-	-	-	-
0.0455	0.0344	-	-	-	0.0121
-	-	-	-	-	0.0549
0.2217	0.1955	0.1684	0.1468	0.1326	0.0812
7.5800	6.5395	5.5062	5.0254	4.3388	4.4342
\$ 68,000,191	\$ 77,521,882	\$ 74,345,887	\$ 84,561,841	\$ 79,727,190	\$ 78,974,704
3,539,198	2,862,907	1,847,319	1,883,010	1,723,705	1,360,208
13,599,343	10,992,581	9,118,407	902,377	912,245	913,505
12,357,671	10,008,905	9,433,590	9,613,134	8,783,919	7,810,356
5,670,010	4,371,211	3,136,504	3,076,398	2,654,041	2,661,968
2,584,066	2,168,185	1,961,136	1,922,137	1,852,918	2,274,271
2,356,571	2,002,190	1,810,111	1,922,137	1,852,918	2,274,271
15,210,102	16,028,963	14,798,101	14,223,828	12,823,465	12,059,412
-	-	-	-	-	-
765,842	688,573	-	-	-	307,021
-	-	-	-	-	1,387,752
3,738,151	3,902,150	3,673,366	3,552,765	3,478,715	2,052,967
\$ 127,821,145	\$ 130,547,547	\$ 120,124,421	\$ 121,657,627	\$ 113,809,116	\$ 112,076,435
\$ 66,860,960	\$ 62,462,919	\$ 62,309,872	\$ 58,289,670	\$ 52,012,181	\$ 48,524,841
57,636,244	64,717,012	54,034,910	61,655,603	59,198,269	60,647,647
\$ 124,497,204	\$ 127,179,931	\$ 116,344,782	\$ 119,945,273	\$ 111,210,450	\$ 109,172,488
52.31%	47.85%	51.87%	47.91%	45.70%	43.30%
97.40%	97.42%	96.85%	98.59%	97.72%	97.41%

School District U-46

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

	2017	2016	2015	2014
Rates Extended				
Educational	3.2369	3.3740	3.5870	3.2785
Tort immunity/liability insurance	0.1578	0.2024	0.2834	0.2778
Special education	0.6509	0.6673	0.7137	0.6664
Operations and maintenance	0.6802	0.6464	0.6692	0.6414
Transportation	0.3426	0.3512	0.3645	0.3529
Municipal retirement - IMRF	0.1358	0.1360	0.1413	0.1389
Social security	0.1113	0.1119	0.1153	0.1253
Bond and interest/supp.	0.5928	0.6231	0.7163	0.7072
Bond and interest - limited	0.1758	0.1850	0.2001	0.1850
Working cash	-	-	-	-
Life safety	0.0797	0.0411	0.0417	0.0399
Total Rates Extended	6.1638	6.3384	6.8325	6.4133
Levies Extended				
Educational	\$ 35,359,841	\$ 35,260,724	\$ 35,383,078	\$ 31,335,023
Tort immunity/liability insurance	1,723,805	2,115,225	2,795,529	2,655,138
Special education	7,110,421	6,973,764	7,040,118	6,369,272
Operations and maintenance	7,430,493	6,755,344	6,601,158	6,130,329
Transportation	3,742,557	3,670,292	3,595,520	3,372,924
Municipal retirement - IMRF	1,483,477	1,421,298	1,393,819	1,327,569
Social security	1,215,839	1,169,435	1,137,348	1,197,584
Bond and interest/supp.	8,396,173	6,511,843	7,065,765	6,759,228
Bond and interest limited	-	1,933,383	1,973,837	1,768,180
Working cash	-	-	-	-
Life safety	870,641	429,525	411,339	381,353
Total Levies Extended	\$ 67,333,247	\$ 66,240,833	\$ 67,397,511	\$ 61,296,600
Current year collections	\$ 35,016,881	\$ 33,249,188	\$ 33,404,036	\$ 29,852,672
Subsequent year collections	-	32,932,240	33,885,194	31,125,026
Total Collections	\$ 35,016,881	\$ 66,181,428	\$ 67,289,230	\$ 60,977,698
Percentage of extensions collected				
Current year collections	52.01%	50.19%	49.56%	48.70%
Total collections	52.01%	99.91%	99.84%	99.48%

2013	2012	2011	2010	2009	2008
4.2826	4.0429	3.5530	3.3878	3.2406	2.9813
0.2083	0.1414	0.0854	0.0723	0.0703	0.0746
0.8370	0.5467	0.4226	0.0349	0.0370	0.0343
0.7251	0.4687	0.4355	0.3690	0.3569	0.3200
0.3337	0.2303	0.1448	0.1404	0.1079	0.0995
0.1517	0.0988	0.0907	0.0738	0.0757	0.0852
0.1376	0.0778	0.0837	0.0738	0.0757	0.0852
0.9078	0.7818	0.6377	0.5501	0.5015	0.4412
0.2231	0.1905	0.1584	0.1371	0.1363	0.1258
-	-	-	-	-	-
0.0450	0.0263	-	-	-	0.0120
7.8519	6.6052	5.6118	4.8392	4.6019	4.2591

\$ 42,032,235	\$ 42,676,422	\$ 41,017,023	\$ 42,636,618	\$ 44,130,824	\$ 40,903,191
2,044,392	1,492,603	985,886	909,920	957,353	1,023,506
8,214,865	5,770,907	4,878,636	439,228	503,870	470,593
7,116,605	4,947,547	5,027,558	4,643,991	4,860,301	4,390,374
3,275,150	2,431,022	1,671,620	1,766,982	1,469,393	1,365,132
1,488,883	1,042,922	1,047,071	928,798	1,030,890	1,168,937
1,350,496	821,249	966,261	928,798	1,030,890	1,168,937
8,909,743	8,252,598	7,361,823	6,923,196	6,829,470	6,053,228
2,189,649	2,010,898	1,828,623	1,725,450	1,856,147	1,725,966
-	-	-	-	-	-
441,659	277,620	-	-	-	164,639
\$ 77,063,677	\$ 69,723,788	\$ 64,784,500	\$ 60,902,982	\$ 62,669,138	\$ 58,434,503

\$ 37,119,808	\$ 33,209,714	\$ 31,108,515	\$ 30,363,549	\$ 30,004,777	\$ 27,377,411
39,827,829	36,441,218	33,516,034	30,498,793	32,603,756	31,001,864
\$ 76,947,637	\$ 69,650,932	\$ 64,624,549	\$ 60,862,342	\$ 62,608,533	\$ 58,379,275

48.17%	47.63%	48.02%	49.86%	47.88%	46.85%
99.85%	99.90%	99.75%	99.93%	99.90%	99.91%

School District U-46

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

	2017	2016	2015	2014
Rates Extended				
Educational	3.3443	3.4863	3.8188	3.9615
Tort immunity/liability insurance	0.1629	0.2091	0.3016	0.3085
Special education	0.6725	0.6894	0.7599	0.7860
Operations and maintenance	0.7029	0.6679	0.7124	0.7286
Transportation	0.3539	0.3628	0.3880	0.3969
Municipal retirement - IMRF	0.1402	0.1406	0.1503	0.1573
Social security	0.1148	0.1156	0.1227	0.1414
Bond and interest/supp.	0.7944	0.8347	0.9596	1.0423
Working cash	-	-	-	-
Working cash bonds	-	-	-	-
Life safety	0.0824	0.0423	0.0442	0.0452
Fire safety bonds	-	-	-	-
Prior year adjustment	0.0013	-	0.1071	0.3000
Levies Extended	6.3696	6.5487	7.3646	7.8677
Levies Extended				
Educational	\$ 57,435,637	\$ 56,533,961	\$ 54,836,681	\$ 52,470,474
Tort immunity/liability insurance	2,798,226	3,390,761	4,330,910	4,085,778
Special education	11,549,908	11,180,092	10,912,435	10,411,350
Operations and maintenance	12,071,205	10,830,991	10,230,276	9,650,033
Transportation	6,078,812	5,883,473	5,572,272	5,257,196
Municipal retirement - IMRF	2,407,366	2,280,376	2,157,751	2,083,776
Social security	1,971,316	1,874,467	1,761,778	1,873,095
Bond and interest/supp.	13,642,436	13,534,845	13,994,649	14,233,892
Working cash	-	-	-	-
Working cash bonds	-	-	-	-
Life safety	1,414,288	686,106	635,186	598,959
Prior year adjustment	21,788	(908)	1,593,496	12,143,717
Total Levies Extended	\$ 109,390,982	\$ 106,194,164	\$ 106,025,434	\$ 112,808,270
Current year collections	\$ 52,908,367	\$ 52,182,995	\$ 51,819,201	\$ 56,658,282
Subsequent year collections	-	53,570,607	53,741,374	55,941,528
Total Collections	\$ 52,908,367	\$ 105,753,602	\$ 105,560,575	\$ 112,599,810
Percentage of extensions collected				
Current year collections	48.37%	49.14%	48.87%	50.23%
Total collections	48.37%	99.59%	99.56%	99.82%
All Three Counties Combined				
Total levies extended	\$ 310,766,365	\$ 304,090,202	\$ 304,805,903	\$ 305,092,496
Current year collections	\$ 157,816,940	\$ 301,871,526	\$ 152,977,218	\$ 152,213,730
Subsequent year collections	-	-	149,356,564	149,031,433
Total collections	\$ 157,816,940	\$ 301,871,526	\$ 302,333,782	\$ 301,245,163
Percentage of extensions collected				
Current year collections	50.78%	99.27%	50.19%	49.89%
Total collections	50.78%	99.27%	99.19%	98.74%

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

**PRELIMINARY DRAFT
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2013	2012	2011	2010	2009	2008
3.8031	3.9022	3.8426	3.7483	3.1850	3.0879
0.1879	0.1379	0.0922	0.0795	0.0688	0.0774
0.7571	0.5296	0.4551	0.0381	0.0364	0.0354
0.6563	0.4822	0.4707	0.4057	0.3509	0.3313
0.3010	0.2105	0.1566	0.1298	0.1060	0.1031
0.1372	0.1045	0.0979	0.0811	0.0740	0.0881
0.1251	0.0965	0.0904	0.0811	0.0740	0.0881
0.9663	0.8066	0.6922	0.6133	0.5332	0.4998
-	-	-	-	-	-
-	0.0841	0.0756	0.0929	0.0821	0.0763
0.0408	-	-	-	-	0.0119
-	-	-	-	-	-
(0.5662)	(0.0769)	(0.1425)	(0.0037)	0.0390	(0.1927)
6.4086	6.2771	5.8307	5.2661	4.5494	4.2066
\$ 50,845,761	\$ 62,297,953	\$ 64,322,072	\$ 74,365,813	\$ 67,765,315	\$ 66,591,910
2,512,489	2,200,917	1,543,760	1,577,458	1,464,219	1,668,808
10,122,444	8,454,302	7,617,338	756,543	774,122	763,076
8,773,890	7,697,564	7,878,911	8,048,261	7,465,272	7,145,642
4,024,671	3,361,286	2,620,542	2,575,447	2,255,567	2,223,643
1,834,269	1,668,327	1,638,626	1,609,644	1,573,986	1,899,782
1,672,599	1,539,831	1,512,582	1,609,644	1,573,986	1,899,782
13,452,011	13,486,795	12,951,697	12,167,590	11,345,247	10,779,074
-	-	-	-	-	-
-	1,405,806	1,414,548	1,842,955	1,747,089	1,645,622
544,792	528,948	-	-	-	256,466
(8,161,715)	(1,224,095)	(2,536,414)	(73,448)	830,738	(4,156,375)
\$ 85,621,211	\$ 101,417,634	\$ 98,963,662	\$ 104,479,907	\$ 96,795,541	\$ 90,717,430
\$ 43,224,911	\$ 50,178,087	\$ 48,496,568	\$ 50,460,307	\$ 48,399,771	\$ 41,642,782
42,024,315	50,939,324	50,131,935	53,806,269	48,250,917	48,754,604
\$ 85,249,226	\$ 101,117,411	\$ 98,628,503	\$ 104,266,576	\$ 96,650,688	\$ 90,397,386
50.48%	49.48%	49.00%	48.30%	50.00%	45.90%
99.57%	99.70%	99.66%	99.80%	99.85%	99.65%
\$ 290,506,033	\$ 301,688,969	\$ 283,872,583	\$ 287,040,516	\$ 273,273,795	\$ 261,228,368
\$ 147,205,680	\$ 145,850,720	\$ 141,914,955	\$ 139,113,526	\$ 130,416,729	\$ 117,545,034
139,488,388	152,097,554	137,682,879	145,960,665	140,052,942	140,404,115
\$ 286,694,068	\$ 297,948,274	\$ 279,597,834	\$ 285,074,191	\$ 270,469,672	\$ 257,949,149
50.67%	48.34%	49.99%	48.46%	47.72%	45.00%
98.69%	98.76%	98.49%	99.31%	98.97%	98.74%

School District U-46

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

Fiscal Year	General Oblig. Bonds Net of Related Premiums and Discounts	Accreted Interest on Long-Term Debt	Debt Certificates	Installment Notes	Purchase Contracts	Less: Amount Available in Debt Service Fund
2018	\$ 280,575,922	\$ 60,008,791	\$ 2,600,303	\$ -	\$ 2,687,098	\$ 28,616,931
2017	303,217,738	64,392,849	2,552,611	-	5,432,856	27,934,843
2016	324,525,540	69,018,018	2,968,433	-	8,141,320	26,112,980
2015	345,263,357	74,017,139	3,381,622	-	4,653,296	23,941,233
2014	262,778,810	119,803,876	3,792,143	-	6,400,590	24,156,123
2013	291,156,285	115,418,498	4,200,013	-	8,903,276	23,737,065
2012	320,366,552	107,400,154	4,605,167	-	3,057,503	21,867,241
2011	325,824,472	98,852,301	5,150,170	40,880	5,281,183	19,252,458
2010	328,600,879	89,607,053	11,232,573	90,617	9,346,736	17,992,384
2009	318,639,024	81,289,450	12,392,393	152,087	14,272,637	18,241,011

Source: All Years: outstanding debt and debt service fund - District records
2015-2018: population and income data - U.S. Census Bureau: ACS 2009-2013,
2010-2014, and 2011-2015, respectively
2008-2014: district records and U.S. Census Bureau 2010 Census
ACS - American Community Study

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

**PRELIMINARY DRAFT
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Net Total Outstanding Debt	Estimated Actual Taxable Property Value	Percentage Estimated Actual Taxable Property Value	Estimated Population	Net Total Outstanding Debt Per Capita	Estimated Personal Income	Percentage of Net Total Outstanding Debt to Est. Personal Income
\$ 317,255,183	\$ 14,955,593,412	2.12%	233,865	\$ 1,357	\$ 6,711,457,770	4.73%
347,661,211	14,955,593,412	2.32%	234,612	1,482	6,732,895,176	5.16
378,540,331	12,384,661,539	3.06	233,909	1,618	6,657,985,776	5.69
403,374,181	12,210,500,547	3.30	231,224	1,745	6,568,842,616	6.14
368,619,296	12,327,996,012	2.99	240,000	1,536	6,818,160,000	5.41
395,941,007	13,931,512,248	2.84	240,000	1,650	6,830,160,000	5.80
413,562,135	15,349,005,195	2.69	240,000	1,723	6,744,480,000	6.13
415,896,548	16,990,283,301	2.45	240,000	1,733	6,537,360,000	6.36
420,885,474	18,336,797,556	2.30	240,000	1,754	6,437,760,000	6.54
408,504,580	17,725,722,858	2.30	240,000	1,702	6,480,240,000	6.30

School District U-46

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

Fiscal Year	General Obligation Bonds Net of Related Premiums and Discounts	Accreted Interest on Long-Term Debt	Less: Amount Available in Debt Service Fund	Net General Bonded Debt	Estimated Actual Taxable Property Value
2018	280,575,922	60,008,791	28,616,931	311,967,782	14,955,593,412
2017	303,217,738	64,392,849	27,934,843	339,675,744	14,822,876,775
2016	324,525,540	69,018,018	26,112,980	367,430,578	12,384,661,539
2015	345,263,357	74,017,139	23,941,233	395,339,263	12,210,500,547
2014	262,778,810	119,803,876	24,156,123	358,426,563	12,327,996,012
2013	291,156,285	115,418,498	23,737,065	382,837,718	13,931,512,248
2012	320,366,552	107,400,154	21,867,241	405,899,465	15,349,005,195
2011	325,824,472	98,852,301	19,252,458	405,424,315	16,990,283,301
2010	328,600,879	89,607,053	17,992,384	400,215,548	18,336,797,556
2009	318,639,024	81,289,450	18,241,011	381,687,463	17,725,722,858

Source: All Years: general bonded debt and debt service fund - District records
2015-2018: population and income data - U.S. Census Bureau: ACS 2009-2013,
2010-2014, and 2011-2015, respectively
2008-2014: district records and U.S. Census Bureau 2010 Census
ACS - American Community Study

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

Percentage of Net General Bonded Debt to Estimated Actual Valuation	Estimated Population	Net General Bonded Debt Per Capita	Estimated Personal Income	Percentage of Net General Bonded Debt to Est. Personal Income
2.09	233,865	1,334	\$ 6,711,457,770	4.65%
2.29	234,612	1,448	6,732,895,176	5.05
2.97	233,909	1,571	6,657,985,776	5.52
3.24	231,224	1,710	6,568,842,616	6.02
2.91	240,000	1,493	6,818,160,000	5.26
2.75	240,000	1,595	6,830,160,000	5.61
2.64	240,000	1,691	6,744,480,000	6.02
2.39	240,000	1,689	6,537,360,000	6.20
2.18	240,000	1,668	6,437,760,000	6.22
2.15	240,000	1,590	6,480,240,000	5.89

School District U-46

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

	2018	2017	2016	2015
Debt limit	\$ 654,604,482	\$ 633,764,772	\$ 569,694,431	\$ 561,683,025
Total net debt applicable to limit	236,874,236	261,144,286	285,646,318	303,729,127
Legal debt margin	<u>\$ 417,730,246</u>	<u>\$ 372,620,486</u>	<u>\$ 284,048,113</u>	<u>\$ 257,953,898</u>
Total net debt applicable to the limit as a percentage of debt limit	36%	41%	50%	54%

Note: Legal debt limit from 2009-2018 was 13.8% of the EAV.

Legal Debt Margin Calculation for Fiscal 2018

Assessed Value	\$ 4,743,510,739
Debt limit (13.8%) of assessed value	<u>654,604,482</u>
Debt outstanding applicable to the limit:	
General obligation bonds	260,203,766
General obligation debt certificates	2,600,303
Purchase contracts	<u>2,687,098</u>
Total debt outstanding applicable to the limit	265,491,167
Less: Amount set aside for repayment of debt	<u>28,616,931</u>
Total net debt applicable to the limit	<u>236,874,236</u>
Total legal debt margin	<u><u>\$ 417,730,246</u></u>

Source: District Records

2014	2013	2012	2011	2010	2009
\$ 567,087,817	\$ 640,849,563	\$ 706,054,239	\$ 781,553,032	\$ 835,725,768	\$ 815,383,251
245,987,387	276,872,219	301,689,434	313,364,212	326,376,432	325,037,097
\$ 321,100,430	\$ 363,977,344	\$ 404,364,805	\$ 468,188,820	\$ 509,349,336	\$ 490,346,154

43%

43%

43%

40%

39%

40%

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**PRELIMINARY DRAFT
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School District U-46

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

Governmental Unit	Outstanding Debt	Overlapping Percentage	Direct and Overlapping Debt
Cook County	\$ 3,085,186,750 (1)	1.282%	\$ 39,552,094
Cook County Forest Preserve District	150,960,000	1.282%	1,935,307
DuPage County	31,845,000 (1)(3)	2.856%	909,493
DuPage County Forest Preserve District	111,711,749 (2)	2.856%	3,190,488
Kane County	- (1)	12.578%	-
Kane County Forest Preserve District	149,300,000 (1)	12.578%	18,778,954
Metropolitan Water Reclamation District	2,480,560,091 (4)	1.279%	31,726,364
<u>Municipalities:</u>			
Bartlett	36,945,000	100.000%	36,945,000
Elgin	22,250,000 (5)	71.209%	15,844,003
Hanover Park	166,655,000	38.855%	64,753,800
Hoffman Estates	103,330,000	9.937%	10,267,902
Schaumburg	304,630,000 (6)	1.941%	5,912,868
South Elgin	- (1)(4)	51.353%	-
Streamwood	3,465,000	96.696%	3,350,516
West Chicago	- (1)	1.403%	-
<u>Library Districts:</u>			
Gail Borden	9,715,000	81.985%	7,964,843
Poplar Creek	15,700,000	79.176%	12,430,632
<u>Park Districts:</u>			
Bartlett Park	23,025,000	99.994%	23,023,619
Carol Stream Park	48,535,190 (2)	7.250%	3,518,801
Dundee Township Park	1,925,585 (1)	0.600%	11,554
Hanover Park Park	1,292,960 (1)	42.116%	544,543
Hoffman Estates Park	14,798,000 (1)(3)	10.127%	1,498,593
Schaumburg Park	17,960,000 (1)	1.874%	336,570
St. Charles Park	22,110,000 (1)	2.597%	574,197
Streamwood Park	5,005,000 (1)	100.000%	5,005,000
West Chicago	16,050,000 (1)	1.834%	294,357
<u>Miscellaneous:</u>			
Bartlett SSA #1 - Bluff City	5,550,000	100.000%	5,550,000
Wayne SSA #5	590,000	13.372%	78,895
West Chicago Fire District	- (1)	6.544%	-
<u>School Districts:</u>			
Community College District #509	173,388,754 (2)	40.232%	69,757,764
Total Overlapping General Obligation Bonded Debt			363,756,156
Direct Debt:			
Community Unit School District #46	260,203,766 (2)	100.000%	260,203,766
Total Direct and Overlapping General Obligation Bonded Debt			<u>\$ 623,959,922</u>

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

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

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

School District U-46

Principal Employers

Current Fiscal Year and Nine Fiscal Years Ago

Employer	Industry	2018			2009		
		Number of Employees	Rank	Percentage of Total District Population	Number of Employees	Rank	Percentage of Total District Population
Sears Holdings Corp.	Retail	4,300	1	1.8%	6,000	1	2.5%
School District U-46	Education	4,170	2	1.8	4,800	3	2.0
Northwest Community Healthcare	Medical	4,000	3	1.7	-	-	-
Peacock Foods, LLC	Retail	3,000	4	1.3	-	-	-
Chase	Banking	2,500	5	1.1	-	-	-
Zurich North America Commercial	Insurance	2,500	6	1.1	2,690	6	
Advocate Sherman Hospital	Medical	2,200	7	0.9	2,200	7	0.9
St. Alexius Medical Center	Medical	2,045	8	0.9	2,045	8	0.9
Rush-Copley Medical Center	Medical	2,000	9	0.9	-	-	-
Caterpillar, Inc.	Construction	1,300	10	0.6	3,000	5	
AT&T, Inc.	Communications	-	-	-	5,000	2	2.1
Motorola Networks	Communications	-	-	-	3,000	4	1.3
Level 3 Communications, Inc.	Communications	-	-	-	2,000	9	0.8
Northrop Grumman Corp	Technology	-	-	-	2,000	10	0.8
Total employment of district principal employers		<u>28,015</u>			<u>32,735</u>		
Total district population		<u>233,865</u>			<u>240,000</u>		

Source: District Records, City of Elgin 2017 CAFR, Kane County 2017 CAFR, Village of Hoffman Estates 2017 CAFR

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

School District U-46

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

Staff	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Teachers	2,521	2,484	2,399	2,421	2,362	2,311	2,243	2,203	2,516	2,582
Building substitutes	-	-	-	5	5	-	-	-	-	23
Noon hour supervisors (part-time)	84	90	78	80	76	89	91	93	102	119
Educational assistants/paraprofessionals	533	488	440	452	422	460	414	338	398	446
Secretary/clerical	218	232	222	229	222	211	205	212	268	304
Transportation	434	391	414	403	400	416	418	402	448	474
Custodial/maintenance	144	136	136	139	126	121	107	118	131	122
Technical/other	236	215	197	194	207	151	116	165	149	164
Food service	148	144	150	153	155	177	164	154	169	155
School administration	108	101	98	99	102	93	94	92	97	102
Supervisors/directors/coordinators	27	41	42	40	34	31	32	28	43	34
Central administration	42	34	31	29	33	39	35	33	25	33
Divisionals	15	17	17	17	16	16	15	16	20	25
Superintendent/executive staff	10	10	10	10	9	8	9	7	9	10
Total staff	4,520	4,383	4,234	4,271	4,169	4,122	3,942	3,861	4,375	4,593

Source: District Records

School District U-46

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

School District U-46				
Fiscal Year	(a) Estimated District Population	(b) Estimated Per Capita Income	(a) x (b) Estimated Personal Income	Unemployment Rate
2018	233,865	30,606	7,157,672,190	4.5%
2017	234,612	28,698	6,732,895,176	4.8
2016	233,909	28,409	6,645,120,781	5.2
2015	231,224	28,409	6,568,842,616	5.5
2014	240,000	28,409	6,818,160,000	6.5
2013	240,000	28,459	6,830,160,000	8.8
2012	240,000	28,102	6,744,480,000	8.9
2011	240,000	27,239	6,537,360,000	9.8
2010	240,000	26,824	6,437,760,000	10.7
2009	240,000	27,001	6,480,240,000	11.5

Source: 2015-2018: population and income data - U.S. Census Bureau: ACS 2009-2013
through 2011-2015
2007-2014: district records and U.S. Census Bureau 2010 Census
ACS - American Community Study
2009-2018: Unemployment Rate - U.S. Dept. of Labor: Local Area Unemployment Statistics
Map by County June 2008 - June 2017 for Kane County, Illinois.

School District U-46

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

Function	2018	2017	2016	2015
Instruction				
Student enrollment:				
Elementary	20,827	21,393	21,676	22,354
Middle school	6,009	5,995	5,719	5,822
High school	11,975	12,185	12,257	12,047
Total student enrollment	38,811	39,573	39,652	40,223
Support services - pupil				
% of students with disabilities	13.3%	13.0%	13.1%	12.8%
Support services - pupil				
Information technology services				
work orders completed	37,404	39,555	35,521	31,738
School administration				
Student attendance rate	93.0%	94.0%	94.3%	94.7%
Business				
Fiscal				
Purchase orders processed	9,033	8,792	9,596	8,742
Nonpayroll checks issued	6,852	7,000	7,335	7,343
Maintenance				
Maintenance work orders completed	32,095	23,341	29,057	27,035
District square footage maintained by				
custodians and maintenance staff	5,706,771	5,611,259	5,535,666	5,492,057
District acreage maintained by				
grounds staff	821	811	805	805
Transportation				
Average number of students				
Transported daily				
Regular, public schools	23,229	26,698	26,982	24,772
Non-public	-	-	8	7
Special education	2,359	2,380	2,088	2,064
Total number of students transported	25,588	29,078	29,078	26,843
Student transportation miles traveled				
Regular education	2,087,233	1,957,058	2,520,791	2,512,688
Special education	2,252,820	2,025,432	1,699,136	1,083,595
Non-reimbursable	233,664	150,027	154,797	297,215
Total student transportation				
miles traveled	4,573,717	4,132,517	4,374,724	3,893,498

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

N/A: Not Available

2014	2013	2012	2011	2010	2009
22,285	22,375	22,348	22,853	22,863	22,734
6,034	6,012	6,006	5,972	6,107	6,102
12,068	11,960	12,048	12,327	11,998	11,976
40,387	40,347	40,402	41,152	40,968	40,812
12.5%	12.9%	13.2%	13.0%	14.3%	13.2%
38,866	46,646	43,176	33,519	45,661	40,270
94.0%	94.2%	94.2%	94.0%	94.1%	94.3%
7,912	9,440	10,051	9,579	9,013	11,507
7,491	7,977	8,352	7,967	7,779	9,627
17,575	27,201	23,276	25,709	26,669	30,690
5,492,057	5,492,057	5,492,057	5,492,057	5,492,057	5,492,057
805	805	805	805	805	805
25,160	24,891	24,447	24,375	24,028	23,477
16	14	18	25	10	6
1,720	1,743	2,132	2,133	2,125	2,333
26,896	26,648	26,597	26,533	26,163	25,816
2,516,457	2,623,820	2,406,833	2,066,821	2,598,143	3,214,182
1,519,958	1,663,595	2,427,205	2,290,604	2,379,919	2,721,107
269,997	357,238	316,234	226,244	349,651	490,778
4,306,412	4,644,653	5,150,272	4,583,669	5,327,713	6,426,067

**PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED**

School District U-46

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

School	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Bartlett	543	566	557	556	581	604	599	620	619	619
Centennial	494	520	484	458	480	477	484	521	551	527
Century Oaks	519	563	560	548	581	537	532	527	502	490
Channing	463	484	630	625	594	622	655	667	626	619
Clinton	461	481	452	439	458	495	446	425	417	436
Coleman	724	695	555	567	550	572	565	589	574	586
Creekside	581	639	698	655	662	668	572	522	610	543
Fox Meadow	592	616	701	734	764	741	788	823	774	773
Garfield	326	366	419	425	410	432	451	470	437	432
Harriet Gifford	437	473	529	541	510	518	511	457	487	485
Glenbrook	506	554	536	541	520	513	514	454	491	426
Hanover Countryside	383	423	429	448	461	483	439	418	448	433
Hawk Hollow	373	373	359	391	409	454	469	517	504	503
Heritage	463	481	473	498	503	510	535	480	507	507
Highland	636	617	489	515	493	517	532	546	526	524
Hillcrest	495	534	584	648	621	618	606	655	656	656
Hilltop	622	625	665	667	712	719	690	681	675	633
Horizon	621	606	603	531	525	518	531	552	551	551
Huff	636	692	643	660	677	680	659	669	629	627
Illinois Park	476	402	397	463	467	386	413	456	481	479
Independence	280	215	260	290	281	245	344	244	276	279
Laurel Hill	521	566	523	526	501	494	481	518	490	490
Liberty	637	656	682	733	687	516	643	594	547	546
Lincoln	382	426	627	646	649	656	699	691	664	664
Lords Park	741	773	694	761	733	688	724	743	783	782
Lowrie	401	391	385	400	407	401	404	423	445	445
Mckinley	395	397	386	404	414	436	435	407	432	432
Nature Ridge	641	652	686	706	695	706	732	775	755	772
Oakhill	431	441	478	480	477	526	551	590	550	649
Ontarioville	536	569	587	638	625	621	638	590	550	550
Otter Creek	697	698	730	806	731	671	668	627	620	605
Parkwood	364	414	421	435	427	471	410	459	437	437
Prairieview	335	353	383	407	400	389	397	450	479	479
Ridge Circle	526	543	506	518	513	521	495	514	555	530
Sheridan/Ronald O'Neal	549	534	557	566	528	515	497	487	494	495
Spring Trail	362	358	368	364	385	433	445	459	500	498
Sunnydale	395	394	404	393	381	348	385	423	456	431
Sycamore Trail	656	634	604	591	583	548	532	531	525	525
Timber Trails	484	493	511	556	586	596	580	533	482	506
Washington	404	405	411	438	481	436	437	467	436	436
Wayne	334	363	375	416	447	451	473	566	570	581
Willard	323	335	335	370	376	374	387	383	395	395
One HOPE United	82	73	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Woodland Hghts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	330	357	358
More at 4	93	82	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Abbott	684	612	489	498	539	474	487	548	523	523
Canton	537	597	638	658	646	634	736	732	780	780
Eastview	842	835	838	922	923	912	971	1,009	1,016	1,016
Ellis	691	705	627	600	634	661	645	596	549	546
Kenyon Woods	1,041	1,074	1,002	959	1,039	1,072	1,009	1,056	1,064	1,064
Kimball	570	592	621	642	682	675	671	623	679	679
Larsen	680	709	684	709	718	693	666	647	696	695
Tefft	964	871	820	831	853	815	821	761	800	799
Bartlett High School	2,426	2,495	2,548	2,590	2,610	2,653	2,664	2,671	2,728	2,725
Central School Programs	101	167	107	109	132	341	95	144	105	89
Elgin High School	2,593	2,581	2,550	2,478	2,453	2,443	2,378	2,373	2,191	2,188
Dream Academy/Gifford HS	131	124	157	150	140	179	153	152	132	160
Larkin High School	2,084	2,090	2,109	1,950	1,962	1,942	1,995	2,148	2,178	2,169
South Elgin High School	2,682	2,738	2,770	2,791	2,745	2,675	2,682	2,569	2,383	2,372
Streamwood High School	1,958	1,990	2,016	1,982	2,026	2,072	2,081	2,270	2,281	2,273
Total Enrollment	38,904	39,655	39,652	40,223	40,387	40,347	40,402	41,152	40,968	40,812

Source: District records

Notes:

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

N/A: Not Applicable

School District U-46

**District Facility Information
June 30, 2018**

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

(Continued)

School District U-46

District Facility Information (Continued)
June 30, 2018

Building	Year Built	Year of Most Recent Addition	Square Footage
<i>Schools (Continued):</i>			
Elgin High School	1972	2003	365,242
Sheridan/Ronald O'Neal	1973	1999	46,832
Heritage	1976	1999	47,185
Independence	1976	1998	32,150
Canton	1976		126,942
Herizon	1977	2002	63,828
Lords Park	1977	1998	61,823
Streamwood High School	1978	2002	311,063
Centennial	1991	2001	75,404
Prairieview	1992	2001	74,101
Sycamore Trails	1992	2001	74,295
Fox Meadow	1996	2001	69,390
Spring Trail	1996		59,778
Bartlett High School	1997	2001	397,787
Creekside	1998		58,732
Illinois Park	1999		50,385
Nature Ridge	1999	2003	57,678
Hawk Hollow	2002		53,125
Liberty	2002		61,630
Otter Creek	2002		62,612
Hilltop	2003		63,656
Lincoln	2003		53,178
Timber Trails	2003		56,454
Kenyon Woods	2003		153,563
South Elgin High School	2004		384,365
<i>Other Buildings:</i>			
4 South Gifford	N/A		5,676
Center House	1955		1,490
1150 Bowes Rd	1997		40,000
Observatory	1910		3,590
Transportation	N/A		31,130
Plant operation	2001		30,000
1019 E Chicago Street	1965	2002	95,512
Warehouse	2002		29,500
Total			<u>5,706,771</u>

Source: District records

School District U-46

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

Year Ended June 30,	Expenditures*	Deductions**	Operating Expenditures	Average Daily Attendance	Operating Expenditures Per Pupil
2018	\$ 513,582,969	\$ 79,703,598	\$ 433,879,371	34,963	\$ 12,410
2017	498,153,015	70,293,040	427,859,975	35,816	11,946
2016	493,979,652	73,577,129	420,402,523	34,759	12,095
2015	474,895,225	75,458,737	399,436,488	35,026	11,404
2014	454,035,207	75,412,143	378,623,064	35,779	10,582
2013	449,100,191	85,496,629	363,603,562	35,995	10,102
2012	429,938,191	82,315,321	347,622,870	35,983	9,661
2011	453,476,875	101,996,241	351,480,634	36,668	9,247
2010	426,098,295	66,647,497	359,450,798	36,456	9,860
2009	436,222,997	48,149,501	388,073,496	36,289	10,694

Source: Annual Financial Report to State Board of Education

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

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

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