



ARLINGTON HEIGHTS SCHOOL DISTRICT 25

Arlington Heights, Illinois

Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2011

Arlington Heights School District 25
Arlington Heights, Illinois

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

Official Issuing Report

Stacey Mallek

Assistant Superintendent
for Business

Department Issuing Report

Business Office

Arlington Heights School District 25
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

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INTRODUCTORY SECTION



Arlington Heights School District 25

Administration Building • 1200 S. Dunton, Arlington Heights, IL 60005 • (847) 758-4880 • FAX (847) 758-4908

Stacey Mallek, Assistant Superintendent for Business

January 31, 2012

President and Members of the Board of Education and
Citizens of Arlington Heights School District 25
Arlington Heights, Illinois 60005

Dear Members of the Board of Education and Citizens,

The Comprehensive Annual Financial Report of Arlington Heights School District 25, Arlington Heights, Illinois, for the fiscal year ended June 30, 2011, is submitted herewith. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects: that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial status have been incorporated within this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter for transmittal and should be read in conjunction with it.

The District is required to undergo an annual single audit as required by the Single Audit Act. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and independent auditor's report on the internal control structure and compliance with applicable laws and regulations are, included in a separate report.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials and the ASBO's Certificate of Excellence. The financial section includes the basic financial statements, individual fund, and account group financial statements and schedules, as well as the independent auditors' report on the basic financial statements. The statistical section includes a number of tables of unaudited data depicting the financial history of the District for multiple years, demographics and other information.

This report includes all funds of the District. For all of the governmental fund types, the District reports on a modified accrual basis of accounting that is applied to the District's budget and accounting records. The notes to the financial statements expand upon the modified accrual basis, as well as the District's accounting policies and procedures. All District funds are included in this report and have been audited by Miller Cooper & Co., Ltd, Certified Public Accountants.

The Reporting Entity and Its Services

The District is a consolidated elementary (K – 8) school district in Wheeling Township, Illinois, which operates as a single district. The governing body consists of a seven member Board of Education elected from within the District's boundaries. The District's boundaries consist of approximately 65% of Wheeling Township. Based on the legislative authority codified in *The Illinois School Code*, the Board of Education:

- a. has the corporate power to sue and be sued in all courts,
- b. has the power to levy and collect taxes and to issue bonds,
- c. can contract for appointed administrators, teachers, and other personnel as well as for goods and services,
- d. holds title to all District property, and
- e. appoints the Treasurer who serves as legal custodian of all the District's funds.

The Board of Education entered into an Intergovernmental Agreement with Township High School District 214 on April 11, 1996 to provide the same services previously provided by the Wheeling Township School Trustees and School Treasurer. This agreement is ongoing unless the Board of Education of Arlington Heights School District 25 should elect to withdraw from the agreement.

The primary purpose of the Board of Education is to provide a superior education for a lifetime of learning. The District believes the following:

- all children can learn.
- learning is a lifelong process.
- effective teaching promotes the desire to learn.
- students learn in different ways and at different rates.
- learning is enhanced in a nurturing and collaborative environment.
- that respect for the worth and dignity of each individual is essential.
- the mastery of basic skills and the integration of higher-order thinking skills are essential elements of education.
- education is a responsibility shared among students, teachers, parents, families, support staff, and community members.
- that essential to a quality education is a well-trained, student-centered staff.
- parental involvement is important to student success.
- all students deserve a challenging and comprehensive curriculum that includes fine and applied arts and physical education.
- high expectations influence performance.
- students and all school personnel are expected to demonstrate trustworthiness, respect, individual responsibility, fairness, caring, citizenship, and ethical behavior.
- in a consistent district-wide curriculum delivered in a way that meets the individual needs of students.
- in a safe and secure school environment.
- in continuous improvement through planning processes that involve the students, teachers, parents, support staff, and community members.
- participatory long-term planning promotes the best use of the district's resources.

- effective communication is essential as part of the educational process.
- in providing timely and accurate information to all members of the community.
- the success of the district requires accountability on the part of students, teachers, parents, support staff, administration, and Board of Education.
- intellectual risk-taking results in learning for students and staff.
- promoting a student's positive self-esteem, attitude, and emotional well-being enhances learning.
- technology is an instructional tool that significantly impacts the educational process.
- rapidly changing technologies will challenge the current structure and process of education.
- diversity enriches our schools, community and society.

Economic Conditions

With approximately 76,000 residents, Arlington Heights is one of the largest communities in Chicago's northwest suburban corridor, located only 25 miles from Chicago's business and entertainment resources. An upper middle class community with a median family income of \$69,002, Arlington Heights attracts both middle and upper management executives. The average resident is 40 years old. Over two-fifths of the residents age 25 or older have completed four or more years of college and another 16% have a graduate or professional degree. This data is based on the most recent data available (2009).

The average single-family home sells for \$366,000. Helping to ensure these high property values are strict building and zoning ordinances as well as a frequently updated comprehensive plan that guides all land development in the Village.

What draws people to Arlington Heights in addition to opportunities for employment, are the excellent services provided by its schools, park district, and library. Many of the District's schools have received the Blue Ribbon Award for Excellence.

The community and all of its resources are committed to careful planning and thoughtful renewal. Economic conditions are quite stable.

Local District Economy

Within the Village of Arlington Heights are six industrial areas and six large shopping centers. The industrial area has more than 300 firms. The shopping centers, in addition to many smaller strip-shopping areas, provide the District residents with ample opportunities to supply their needs.

Redevelopment plans for the Village have led to demolition of some older buildings to make room for new shopping areas and multifamily residential areas. The most current assessed valuation shows approximately 72% of the District's valuation to be residential, 23% commercial and, 5% industrial with minimal farmland and railroad valuations.

For The Future

Since 1989, the District has renovated eight schools and has built a middle school. These renovations were made possible through a referendum, Health Life Safety Bonds, Alternate Revenue Bonds, the sale of two unused school properties and a long-term lease. Even with these renovations, the District has faced facilities that were close to capacity as the enrollments continued to increase slightly. To accommodate this increase the District added additional classrooms to Windsor Elementary School during the 1999-2000 fiscal year and an addition at Patton Elementary School for the 2005-06 fiscal year. The District added two additional classrooms at Olive Mary-Stitt Elementary School and 6 classrooms at Dryden Elementary School for the 2007-2008 school year. Future student enrollments will continue to be monitored carefully.

The District is making a concerted effort to communicate with the residents of Arlington Heights concerning its financial picture. In April of 2005, the community approved a Debt Service Extension Base referendum. This allowed the District to add additional space for educational programs, maintain its facilities and refinance outstanding debt that was being paid from operating funds. The District is grateful for the continued support from the community.

Strategic Vision

As a result of a strategic planning process involving representatives of the community and District personnel, the Board of Education adopted the following “Strategic Vision 20/20”:

Mission

The mission of Arlington Heights School District 25 is to provide a superior education for a lifetime of learning.

Vision

Within a framework of learning for the 21st century, Arlington Heights School District 25 creates a nurturing environment and provides a world class education for all.

Strategic Vision 20/20

Core Subjects and Content

- Arlington Heights School District 25 provides a comprehensive, cohesive, and student-centered education that optimizes the capabilities of the whole child. Excellence defines the core subject areas-literacy, mathematics, the sciences, foreign language, social studies, health and wellness, and the arts-needed to live and contribute in a global community. Core subjects include emerging content areas critical to the future success of our students in the work place and in the world. Core subjects emphasize...
 - An engaging, rigorous, and meaningful curriculum
 - effective use of technologies
 - high level thinking skills and creativity
 - global understanding
 - geographical
 - cultural
 - second language acquisition

- personalized learning to address all learners
 - access to high quality curriculum and instruction
 - instruction that matches capability and learning style
 - academic, behavioral, social, and emotional support
 - enrichment and accelerated learning
- application of learning to real life
- relevance and timeliness
- financial, economic, business, and entrepreneurial literacy
- civic literacy and service learning
- awareness of the world of work

21st Century Learning

- Arlington Heights School District 25 students are prepared to learn throughout their lives by making effective and innovative use of what they know. Students learn to generate questions, pose problems, and come to well-reasoned conclusions. Lifetime learning requires reasoning skills, such as...
 - applying past knowledge to new situations
 - solving problems through analysis and evaluation
 - striving for accuracy, clarity, and precision in thinking
 - finding humor and expressing wonderment
 - gathering and assessing relevant data
 - flexibility in thinking
 - self-reflection about learning
 - creating, imagining, and innovating
 - remaining open to continuous learning
 - using information and communication technologies to solve problems

Life Skills

- Arlington Heights School District 25 provides students with the skills to be productive citizens in a global society in partnership with families and community. Life skills include...
 - persistence and perseverance
 - communication skills
 - interdependence and collaboration
 - social and diplomacy skills
 - personal responsibility
 - understanding diversity
 - the ability to adapt to change
 - demonstrating leadership
 - taking responsible risks
 - ethical decision making
 - conflict resolution
 - healthy living choices
 - character education

21st Century Assessment

- Arlington Heights School District 25 utilizes purposeful assessments which are the building blocks for continuous improvement and serve as essential components of a 21st century education. These assessments include national, state, district, school, classroom, program, and individual assessments that provide information about student learning to teachers, students, parents, and community. Purposeful assessments emphasize...
 - mastery of content and evidence of successful learning
 - self-assessment, self-reflection, and self-monitoring (metacognitive strategies)
 - reporting student progress
 - timely access for parents to monitor grades and assignments
 - meaningful communication of results toward standards
 - academic and non-academic areas

Structural Foundations

- Arlington Heights School District 25 provides the community with a school district that has structurally sound foundations through fiscal planning; hiring and retaining quality staff; providing safe, up-to-date facilities; and the involvement of community as constituents who support learning. These foundations include...
 - responsible resource allocation
 - varied means of communicating information
 - multiple opportunities for community involvement
 - data-informed decision making
- System-wide evaluations assure attention to the continuous improvement process and include...
 - screening to guarantee the hiring of high quality staff
 - performance evaluations for all employees
 - organizational health surveys
 - audits (i.e., finance, staffing, energy, space, enrollment, board policies and procedures)

This Strategic Vision 20/20 was approved by the Board of Education on April 12, 2007.

Financial Overview

As resources become scarcer and more segments of the community vie for their use, planning and sound fiscal policies become even more critical in providing the financial support needed for the District to fulfill its mission. Accordingly, five-year financial projections, Board budget sessions, and quarterly budget updates have been implemented to provide the Board with accurate financial information and the community the opportunity to participate in the discussion process. In addition to the property taxes of the suburban community, District 25 also seeks out other revenue sources. Grants are actively sought, a District foundation has been created, and facilities not projected to be needed have been rented.

Prudent use of resources, sound fiscal practices, and a plan for programs and expenditures are essential components of the financial policies.

Internal Accounting and Budgetary Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that: (1) the cost of a control should not exceed the benefits likely to be derived; (2) the valuation costs and benefits require estimates and judgements by management.

Single Audit. As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgeting Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Projected financial plans are adopted for capital outlay funds.

Budgetary control is maintained at line item levels and built up into program and/or cost centers before being combined to form totals by fund. All actual activity compared to budget is reported to the District's management on a regular basis. This report compares each line item account balance to the annual budget with accumulation to the cost center, fund and total District levels. For example, the District maintains an encumbered accounting system as one technique in accomplishing budgetary control. Encumbered amounts lapse at year-end, and carry over amounts are included in the subsequent year budget.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management.

General Governmental Functions

The following schedule presents a summary of the General Fund, special revenue funds, Debt Service Fund and Capital Projects Fund revenues for the fiscal year ended June 30, 2011 and the amount and percentage of increase and decrease in relation to prior year revenues:

Revenue Sources	Fiscal 2011 Revenues		Increase (Decrease) from Fiscal 2010	
	Amount	Percent of Total	Dollars	Percentage
Local Property Taxes 10.5%	\$53,788,328	72.1%	(\$ 8,252,484)	(13.3%)
Personal Property Replacement Tax	1,009,510	1.3	231,059	29.7
Earnings on Investments	302,390	0.4	(622,700)	(67.3)
State Sources	13,264,411	17.8	499,559	3.9
Federal Sources	2,798,442	3.8	(32,618)	(1.2)
Other Sources	<u>3,462,020</u>	<u>4.6</u>	<u>44,747</u>	<u>1.3</u>
Total	<u>\$74,625,101</u>	<u>100.0%</u>	<u>(\$ 8,132,437)</u>	<u>(9.8%)</u>

Revenues for general Districts functions totaled \$74,625,101 in 2010-11, a decrease of 9.8% over 2009-10. Taxes produced 72.1% of general revenues compared to 75.0% last year. Local property taxes accounted for \$53,788,328 of general revenues. They decreased 13.3% over the prior year due to the legislative decision to distribute an extra 5% in the spring collection of 2009-10 plus the 4.1% CPI on the 2008 levy and new property, causing 2009-10 tax receipts to be greater than normal. Earnings on investments decreased as a result of the current market conditions, decreasing investment yields and late property taxes and State revenues. State revenue increased due to an increase in funding for the TRS on-behalf payment, which represents the District's share of the state's contribution to the teacher pension system, as well as an additional quarterly payment received in the fiscal year for the State mandated categorical grants. The federal sources remained relatively stable.

Property taxes are the most significant revenue source of the District. The three factors that affect property tax revenues are equalized assessed valuation (EAV); levy extension and property tax rates.

The EAV results from a state multiplier, which is applied to base assessments in an attempt to equalize assessment practices of the county assessors. The District's 2010 EAV of \$2,063,398,732 represents a 8% decrease over the 2009 EAV amount. The EAV decrease was a result of 2010 being a triennial reassessment year for Cook County, so the downturn in the housing market and economy was reflected in the equalized assessed values of all properties.

The Board of Education approves a levy in dollars to meet the District's operating needs for the fiscal year following the levy year. This levy is subject to the Property Tax Extension Limitation Act. This Act limits the increase in the levy extension to the Consumer Price Index or 5%, whichever is less.

Tax rates are determined by dividing the total EAV by the extended levy and are usually expressed as dollars and cents per \$100 of EAV. Extended levies are reduced, if necessary, to stay within the maximum rates established by law or by referendum and/or the limits allowed under the Property Tax Extension Limitation Act.

Real Estate tax bills in Cook County, Illinois are payable in two installments, with the second payments falling due and payable after the close of the fiscal year. The first was due in April of 2011 and was fifty-five percent of the 2009 tax bill. The second installment is due in November 2011 after the close of the fiscal year and is the difference between the actual 2010 tax amount and the amount paid in the spring. The fall collections have historically been late. Tax collections are expected to exceed 98% of the extended levy. The collection percentage used to exceed 99%, but due to the increase in the number of tax refunds for commercial and industrial property, the percentage has declined in recent years. Below is a tax rate comparison for 2010 and the proceeding two fiscal years.

<u>Fund Type</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General	2.2555	1.9525	2.0511
Special Revenue	.2797	.3022	.3119
Debt Service	.2666	.2451	.4339
Capital Projects	.0105	.0095	.0099
Total Tax Rate	2.8123	2.5093	2.8068

The following schedule presents a summary of General Fund, special revenue funds, Debt Service Fund and Capital Project Fund expenditures for the fiscal year ended June 30, 2011 and the percentage of increase and decrease in relation to prior year amounts.

<u>Function</u>	<u>Fiscal 2011 Expenditures</u>		<u>Increase (Decrease) from Fiscal 2010</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Dollars</u>	<u>Percentage</u>
Instruction	\$39,687,100	54.8%	(\$ 401,776)	(1.0%)
Instructional Support	9,273,064	12.8	187,734	2.1
Support Services	8,013,918	11.0	(219,538)	(2.7)
Transportation	1,517,949	2.1	(519,386)	(25.5)
Operations and Maintenance	5,042,663	7.0	207,797	4.3
Nonprogrammed Charges	1,455,516	2.0	203,766	16.3
Capital Outlay	1,789,648	2.5	(2,161,510)	(54.7)
Debt Service	<u>5,654,635</u>	<u>7.8</u>	<u>(3,566,419)</u>	<u>(38.7)</u>
Total	<u>\$72,434,493</u>	<u>100.0%</u>	<u>(\$6,269,332)</u>	<u>(8.0%)</u>

Expenditures for general District functions totaled \$72,434,493 a decrease of 8.0% over 2010. The decrease in instruction is mainly due to minimal salary increases based on the collective bargaining agreement offset by turnovers in staff and expenditures eliminated as a result of the Federal Stimulus (ARRA) going away, which had allowed the District to add some instructional support in the prior year. The increase in operations and maintenance is because fiscal year 2010-11 begins the roof replacement cycle, where a larger budget was anticipated for roof expenditures. The transportation fund saw a decrease in the number of buses required for student transportation as well as a decrease in gas costs. The decrease in capital outlay is due to a delay in the completion of the Phase I and Phase II air conditioning project, where the final payouts did not occur by June 30th.

Overall financial results for fiscal 2011 exceeded District expectations. Unreserved fund balances in the major operating funds remained adequate. Historical financial performance measures are reflected in the statistical section of the report.

The General Fund had total revenue of \$60,678,028 and total expenditures of \$57,927,665, providing a surplus of \$2,750,363. The closing unassigned fund balance was \$51,799,408. A more detailed analysis of the District’s financial performance can be found in the Financial Section Management Discussion & Analysis (MD&A) starting on page 3.

Debt Administration

All of the District’s existing long-term debt will be retired by the year 2013. The ratio of bonded debt to equalized assessed valuation and the amount of bonded debt per capita are useful indicators of the District’s debt position to District management, citizens and investors. This data for the District at the end of the 2010-11 fiscal year was as follows:

	<u>Amount</u>	<u>Ratio of Debt to Equalized Assessed Valuation</u>
General Obligation Debt	\$15,190,000	0.7%

The School Code of Illinois Section 22, Paragraph 19-1 authorizes the maximum indebtedness for an elementary school district not to exceed 6.9% of the current total equalized assessed valuation (EAV) of the District.

The District’s current bond rating by Moody is Aa1. During the 2005-06 year, the District received a double upgrade in its bond rating, which was confirmed again in 2007-08.

Risk Management

The District continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force at June 30, 2010 is included in the Supplemental Section of this report.

Cash Management

As of July 1, 1997, the District became one of six Districts that belong to a Cooperative (Township High School District 214 is the District's Treasurer) for cash management and investing. The Cooperative will invest up to 100% of available cash, timing investment maturities to actual cash needs. In addition, all checking accounts are of interest-bearing type. Investments are maintained in certificates of deposit, bank repurchase agreements, U.S. Treasury obligations, and commercial paper. When deemed appropriate, certificates of deposit are collateralized beyond FDIC insurance limits. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution of the funds. Investments in prime commercial paper are made well within the restrictions allowed by the Illinois School Code. While allowed, the Cooperative currently has no investments in commercial paper due to market conditions. The Cooperative maintains investment relationships with several major local and Chicago based banks and commercial paper dealers. Investment strategies are structured to obtain the best yield for all invested funds, which may require rapid turnover of investments among several depositories. The Cooperative will not bid out its banking needs on an annual basis, but will secure investment bids on a daily basis.

Capital Projects Fund

The District's Capital Project Fund accounts for capital projects funded through bond proceeds. The limited expenditures for 2010-11 relate to the air conditioning project.

Capital Assets

The capital assets of the District are those assets used in the performance of general governmental functions. As of June 30, 2011, the capital assets of the District amounted to \$124,535,874 (\$82,725,270 net of accumulated depreciation). This amount represents the original cost of the assets and is considerably less than their present replacement value. The District with the implementation of GASB#34 purchased a module for the financial software that will report capital asset additions, deletions and depreciation. The District maintains outside third-party insurance coverage to protect the District from fire, theft, and severe financial losses.

Independent Audit

The School Code of Illinois and the District's adopted policy require an annual audit of the financial records of all funds of the District. The audit is done by independent certified public accountants that are selected by the District's Board of Education. This requirement has been complied with and the independent auditors' report has been included in this report.

Certificates of Excellence and Achievement

The District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010 has received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting, for the tenth consecutive year.

In order to be awarded the ASBO Certificate of Excellence in Financial Reporting, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Excellence in Financial Reporting is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the program requirements of the ASBO Certificate of Excellence. We are submitting it to ASBO and for consideration of the award.

Closing Statement

It is our intention that this Comprehensive Annual Financial Report will provide the District's management, outside investors, and interested local citizens with a most 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, 2011.

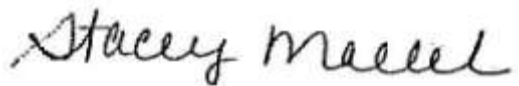
The preparation of this report on a basis could not be accomplished without the efficient and dedicated services of all the members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

We would also like to extend our appreciation to the members of the Board of Education for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,



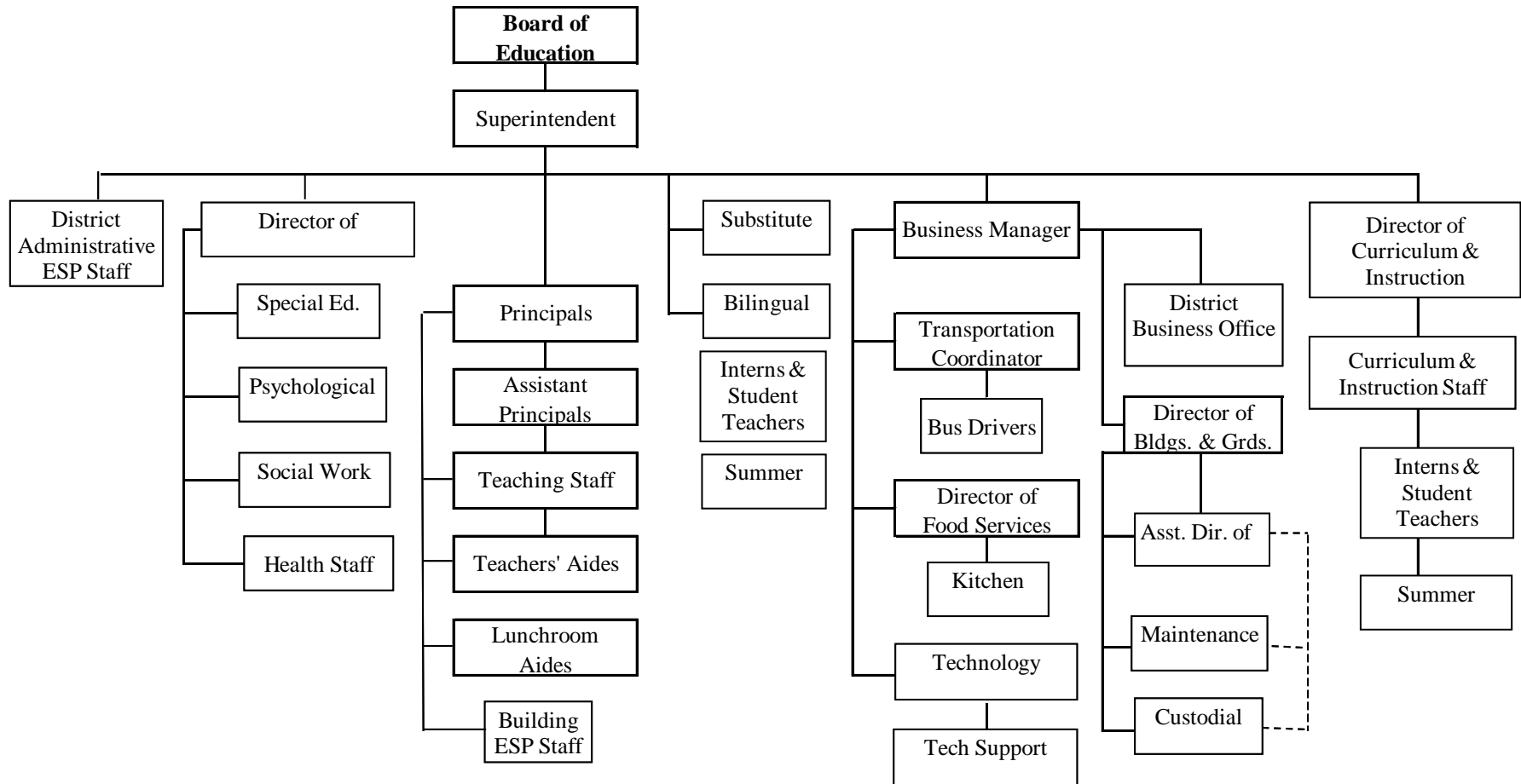
Dr. Sarah Jerome
Superintendent of Schools



Stacey Mallek
Assistant Superintendent for Business

DISTRICT ORGANIZATION CHART

The Board employs a professional staff to deliver the educational program to the children. A schematic has been drawn that identifies all employees of the District. The term ESP on the schematic refers to the educational support staff.



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
Arlington Heights School District 25
Arlington Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Arlington Heights School District 25, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Arlington Heights School District 25's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's June 30, 2010 financial statements and, in our report dated February 24, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Arlington Heights School District 25 as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

In accordance with *Government Auditing Standards*, we have issued our report dated January 31, 2012, on our consideration of Arlington Heights School District 25's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11, the Illinois Municipal Retirement Fund and Other Postemployment Benefits historical data on pages 50 through 51, and the budgetary comparison information and notes to the required supplementary information on pages 52 through 73 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Arlington Heights School District 25's basic financial statements. The other schedules, listed in the table of contents as other supplementary financial information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
January 31, 2012

Arlington Heights School District 25

Management's Discussion and Analysis

For the Year Ended June 30, 2011

The discussion and analysis of Arlington Heights School District 25's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2011. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The District's financial status remains strong despite the crisis the state is in and the property tax cap. The District continues to operate within a cost neutral mindset where new expenditures are offset by the reallocation of funds from other areas to the extent possible.
- General revenues accounted for \$57.7 million in revenue, or 77 percent of all fiscal year 2011 revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$16.9 million, or 23 percent of total revenues of \$74.6 million.
- The District had \$69.0 million in expenses related to governmental activities, of which \$16.9 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$57.7 million were adequate to provide for the remaining costs of these programs.
- Interest income decreased by 67% over the prior year due to poor economic conditions, a decline in interest rates, and reduced funds for investing due to late taxes and state revenues. While a significant decline was projected in the budget, actual interest revenues were still \$252,335 less than budget.
- The District paid down \$4.8 million of its outstanding debt, leaving a balance of \$15.2 million.
- Among the major funds, the General Fund had \$60.7 million in revenue for fiscal 2011, which primarily consist of property taxes and state aid and \$57.9 million in expenditures. The Operations and Maintenance Fund had \$5.6 million in revenue for fiscal year 2011, compared to \$5.7 million in expenditures. The Transportation Fund had \$1.2 million in revenue for fiscal year 2011, compared to \$1.5 million in expenditures. The excess of revenues over expenditures in these funds is attributed primarily to the receipt of five quarterly payments for state mandated categorical grants rather than four quarters. Three payments were received from the prior fiscal year, and two payments for the current fiscal year. In addition, funds are being held on an outstanding construction project that had been planned expenditures in the budget.
- During the year, the Board of Education authorized interest transfers of \$30,722 from the Working Cash Fund, \$13,090 from the Debt Service Fund and \$44,482 from the Operations and Maintenance Fund to the Education Fund. The transfers were authorized by proper resolution as planned in the budget.

Arlington Heights School District 25 Management's Discussion and Analysis For the Year Ended June 30, 2011

Overview of the Financial Statements

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

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

This report also contains other supplementary information and a statistical section in addition to the basic financial statements.

Government-wide financial statements

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

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

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

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services.

Fund financial statements

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

Arlington Heights School District 25

Management's Discussion and Analysis

For the Year Ended June 30, 2011

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

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

The District maintains nine individual governmental funds including the Educational Fund, Operations and Maintenance Fund, Tort Immunity and Judgment Fund, Debt Service Fund, Transportation Fund, Municipal Retirement and Social Security Fund, Capital Projects Fund, Working Cash Fund, and Fire Prevention and Safety Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for all funds.

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

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

Notes to the financial statements

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

Other information

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

Arlington Heights School District 25

Management's Discussion and Analysis

For the Year Ended June 30, 2011

Government-Wide Financial Analysis

Net assets: The District's combined net assets were significantly higher on June 30, 2011, than they were the year before, increasing 4.4% to \$134.3 million (See Table 1)

Table 1		
Condensed Statement of Net Assets		
<i>(in millions of dollars)</i>		
	<u>2011</u>	<u>2010</u>
Current and other assets	\$104.4	\$99.9
Capital assets	<u>82.7</u>	<u>83.8</u>
Total assets	<u>\$187.1</u>	<u>\$183.7</u>
Long-term debt outstanding	16.0	20.5
Other liabilities	<u>37.0</u>	<u>34.6</u>
Total liabilities	<u>\$53.0</u>	<u>\$55.1</u>
Net assets:		
Invested in capital assets, net of related debt	67.2	63.5
Restricted	5.8	6.4
Unrestricted	<u>61.1</u>	<u>58.7</u>
Total net assets	<u>\$134.1</u>	<u>\$128.6</u>

The District's financial position remains strong due to several factors. Foremost, the District understands the structural deficit with school funding, and therefore, controls costs in the present knowing that fund balances will be used to fund future expenditures. The District and Arlington Teachers' Association reached agreement on a contract that ties total salary increases to the Consumer Price Index (CPI) used to determine the tax levy. Tying the largest expenditure to the largest revenue source has enabled the District to minimize the structural deficit and balance the budget. Reallocation of dollars from non-instructional areas to instructional areas has allowed the District to maintain a superior education within the limits of property tax caps. The debt service extension base referendum allowed the District to reallocate dollars to the instructional areas, while lowering the interest cost on outstanding debt.

Arlington Heights School District 25

Management's Discussion and Analysis

For the Year Ended June 30, 2011

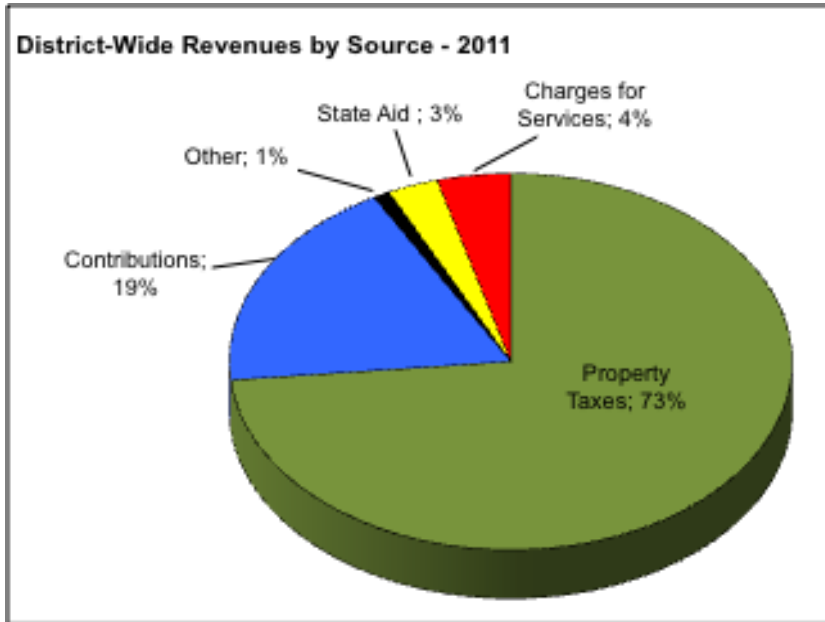
Table 2			
Changes in Net Assets			
<i>(in millions of dollars)</i>			
	<u>2011</u>	<u>2010</u>	<u>Percentage Of Total</u>
Revenues:			
Program revenues:			
Charges for services	\$3.2	\$3.2	4.3%
Operating grants and contributions	13.7	10.3	18.4%
General revenues:			
Property taxes	54.8	62.8	73.5%
General state aid	2.2	2.1	2.9%
Other	<u>0.7</u>	<u>1.2</u>	<u>0.9%</u>
Total revenues	<u>\$74.6</u>	<u>\$79.6</u>	<u>100.0%</u>
Expenses:			
Instruction	\$43.5	\$43.7	62.9%
Pupil and instructional services			
	9.3	9.3	13.5%
Administration and business	5.9	6.5	8.6%
Transportation	1.5	2.0	2.2%
Operations and maintenance	5.8	4.9	8.4%
Other	<u>3.0</u>	<u>3.4</u>	<u>4.4%</u>
Total expenses	<u>69.0</u>	<u>69.8</u>	<u>100.0%</u>
Increase(decrease) in net assets	\$5.6	\$9.7	

The total cost of all programs and services was \$68.8 million. The District's expenses primarily related to instruction, instructional support and transporting students (78.6%) (See Table 2). The District also incurred expenses for maintaining its capital assets in operations and maintenance (8.4%) and for administration and other expenses (13.0%).

Total revenues exceeded expenses, increasing net assets by \$5.6 million over last year.

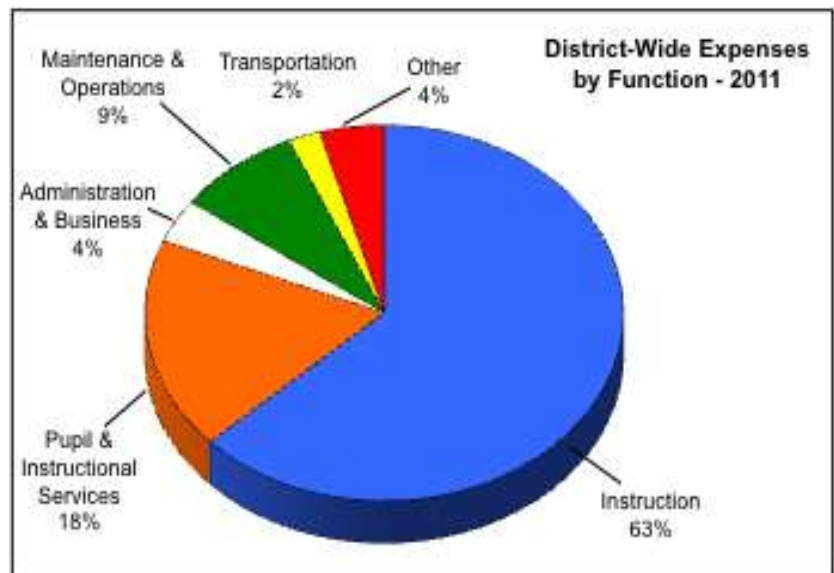
Arlington Heights School District 25 Management's Discussion and Analysis For the Year Ended June 30, 2011

Financial Analysis of the District's Funds



The strong financial performance of the District is also reflected in its governmental funds. The District's governmental funds reported a combined fund balance of \$67.4 million. This is an increase from last year's ending fund balance of \$65.2 million and it is attributed mainly to the additional quarter of state mandated categorical payments received in fiscal year 2011. Projections show that the current fund balances will offset future deficit budgets.

The District's General Fund, Illinois Municipal Retirement/Social Security Fund, and Fire Prevention and Safety fund had more revenues than expenditures in 2011, and contributed to the stability in total fund balance. These surpluses were mainly due to unanticipated State revenues, lower employer pension contributions than planned for 2011, and planned life safety projects that were not started until after the fiscal year end. The Operations/Maintenance Fund, Transportation Fund, Debt Service Fund and Capital Projects Fund experienced deficits of \$130,866, \$305,724, \$449,534 and \$12,868, respectively (excluding other financing sources and uses). Deficits in these funds were planned except for the Transportation Fund deficit, which is due to the reduction in State Transportation reimbursement.



Arlington Heights School District 25

Management's Discussion and Analysis

For the Year Ended June 30, 2011

General Fund Budgetary Highlights

The 2010-11 budget was adopted by the Board of Education in September 2010. For 2010-11, the largest category of revenue is local property taxes, which resulted in about a \$533,000 under-budget condition. This represents less than one percent of the budget amount of \$54.3 million. The under-budget condition was due primarily to slightly reduced collections in property taxes as a result of the current economy.

The District's adopted budget for the General Fund anticipated a deficit of about \$668,000, while the actual report for the year shows a surplus of \$2.8 million, or an additional \$3.4 million more than projected.

- Actual revenues were \$1.8 million more than budgeted mainly due to State revenues. The budget reflected a reduction in General State Aid of 33%, however, the State funded General State Aid at 100% causing an over-budget condition of almost \$800,000. In addition, the District received grant payments owed by the State for the prior year plus two quarterly payments for the current year plus the Hold Harmless payment from the State for the Special Education-Funds for Children. These revenues accounts came in about \$465,000 over budget. The State TRS On-behalf payment was also about \$494,000 over budget.
- The actual expenditures were nearly \$1.6 million less than the budget. This is mainly due to salary and retirement contingency amounts included in the budget that were not spent, \$250,000 for the industrial technology curriculum update that was again rolled over to next year, and almost \$300,000 in the food service program that was unspent due to reduced sales and cost reduction efforts.

Capital Asset and Debt Administration

Capital assets

At the end of 2011, the District had invested \$124.5 million (\$82.7 million net of accumulated depreciation) in a broad range of capital assets including buildings, computers, furniture and other equipment. Total depreciation expense for the year exceeded \$2.9 million.

Arlington Heights School District 25 student enrollment has risen slightly in the past several years in grades kindergarten through eight. The District enrollment for 2010-11 including pre-kindergarten students was 5,202. The District monitors its enrollment carefully as the District's schools are over 95% utilized. The District recently expanded Dryden and Olive Schools to accommodate enrollment needs based on the redistricting plan approved by the Board during 2005-06. Additionally, internal space was renovated in Westgate School, including an old boiler room and woodshop, into more classroom space to accommodate enrollment growth in that school. Beyond that, there are no additional near-term plans to expand facilities.

Arlington Heights School District 25
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Table 3			
Capital Assets (net of depreciation)			
<i>(in millions of dollars)</i>			
	<u>2011</u>	<u>2010</u>	<i>Percentage Change</i>
Land and Construction in Progress	\$11.4	\$11.8	(3.4%)
Buildings	67.1	68.0	(1.3%)
Equipment and furniture	4.2	4.1	2.4%
Total	<u>\$82.7</u>	<u>\$83.9</u>	

For additional information on capital assets, see Note E in the notes to the financial statements.

Long-term debt

At year-end, the District had \$15.8 million in general obligation bonds and other long-term debt outstanding.

Table 4			
Outstanding Long-Term Debt			
<i>(in millions of dollars)</i>			
	<u>2011</u>	<u>2010</u>	<i>Percentage Change</i>
General obligation bonds	\$15.2	\$19.9	(23.6%)
Capital Leases	0.0	0.1	0.0%
Other	0.8	0.5	60.0%
Total	<u>\$16.0</u>	<u>\$20.5</u>	

The District continued to pay down its debt, retiring \$4.78 million of outstanding general obligation bonds. About \$10,000 was paid on capital lease obligations for copy machines, leaving a balance of about \$12,000. For additional information on the long-term debt, see Note F in the notes to the financial statements.

Arlington Heights School District 25 Management's Discussion and Analysis For the Year Ended June 30, 2011

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that would significantly affect its financial health in the future. Collective bargaining agreements with teachers and custodial/maintenance groups are in place through June 30, 2013. The District continues to be concerned about the funding of education in the State of Illinois and the costs of unfunded mandates. Additionally, the State's financial crisis and extraordinary budget causes the District to question whether the State will continue to meet its financial obligations.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office: Arlington Heights School District 25, 1200 S. Dunton Arlington Heights, Illinois 60005.

BASIC FINANCIAL STATEMENTS

Arlington Heights School District 25
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
June 30, 2011

ASSETS

Cash and investments	\$ 74,331,987
Receivables (net of allowance for uncollectibles):	
Interest	129,284
Property taxes	27,473,929
Replacement taxes	124,256
Intergovernmental	2,041,475
Prepaid items	175,064
Other current assets	270
Deferred charges	98,765
Capital assets:	
Land	1,205,562
Construction in progress	10,203,213
Depreciable buildings, property, and equipment, net	<u>71,316,495</u>
Total assets	<u>187,100,300</u>

LIABILITIES

Accounts payable	1,499,707
Salaries and wages payable	5,997,992
Payroll deductions payable	27,335
Claims payable	947,336
Interest payable	66,358
Unearned revenue	27,065,647
Other current liabilities	1,359,391
Long-term liabilities:	
Due within one year	5,036,141
Due after one year	<u>10,917,977</u>
Total liabilities	<u>52,917,884</u>

NET ASSETS

Invested in capital assets, net of related debt	67,179,282
Restricted For:	
Debt service	2,323,533
Student transportation	1,707,217
Retirement benefits	1,609,145
Capital projects	224,011
Unrestricted	<u>61,139,228</u>
Total net assets	<u>\$ 134,182,416</u>

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2011

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 22,325,897	\$ 381,264	\$ 262,120	\$ (21,682,513)
Special programs	8,404,462	243,266	4,537,766	(3,623,430)
Other instructional programs	4,842,590	114,565	221,087	(4,506,938)
State retirement contributions	7,934,736	-	7,934,736	-
Support services:				
Pupils	4,048,759	-	-	(4,048,759)
Instructional staff	5,224,305	-	173,517	(5,050,788)
General administration	1,347,151	-	-	(1,347,151)
School administration	3,283,749	-	-	(3,283,749)
Business	1,276,302	1,406,574	242,303	372,575
Transportation	1,517,949	96,829	385,678	(1,035,442)
Operations and maintenance	5,795,017	918,924	-	(4,876,093)
Central	1,525,746	-	-	(1,525,746)
Other supporting services	96,115	-	-	(96,115)
Community services	244,144	-	-	(244,144)
Nonprogrammed charges - excluding special education	207,621	-	-	(207,621)
Interest and fees	906,552	-	-	(906,552)
 Total governmental activities	 <u>\$ 68,981,095</u>	 <u>\$ 3,161,422</u>	 <u>\$ 13,757,207</u>	 <u>(52,062,466)</u>
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				42,757,403
Real estate taxes, levied for specific purposes				5,845,346
Real estate taxes, levied for debt service				5,185,579
Personal property replacement taxes				1,009,510
State aid-formula grants				2,171,697
Investment earnings				302,390
Miscellaneous				434,547
Total general revenues				<u>57,706,472</u>
Change in net assets				5,644,006
Net assets, beginning of year				<u>128,538,410</u>
Net assets, end of year				<u>\$ 134,182,416</u>

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25

Governmental Funds

BALANCE SHEET

June 30, 2011

With Comparative Totals for June 30, 2010

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 57,276,986	\$ 11,235,056	\$ 1,759,089	\$ 1,589,993
Receivables (net of allowance for uncollectibles):				
Interest	90,154	22,471	3,295	3,326
Property taxes	22,143,681	1,422,447	387,852	813,805
Replacement taxes	-	124,256	-	-
Intergovernmental	1,842,467	-	199,008	-
Prepaid Items	135,418	39,646	-	-
Other current assets	-	-	-	270
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 81,488,706</u>	<u>\$ 12,843,876</u>	<u>\$ 2,349,244</u>	<u>\$ 2,407,394</u>
LIABILITIES AND FUND BALANCES				
Cash deficit	\$ -	\$ -	\$ -	\$ -
Accounts payable	715,794	517,922	259,946	-
Salaries and wages payable	5,997,992	-	-	-
Payroll deductions payable	27,335	-	-	-
Claims payable	947,336	-	-	-
Deferred revenue	21,814,726	1,401,281	382,081	801,696
Other current liabilities	-	1,362,838	-	(3,447)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>29,503,183</u>	<u>3,282,041</u>	<u>642,027</u>	<u>798,249</u>
Fund balances:				
Nonspendable	135,418	39,646	-	-
Restricted	50,697	9,522,189	1,707,217	1,609,145
Unassigned	51,799,408	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>51,985,523</u>	<u>9,561,835</u>	<u>1,707,217</u>	<u>1,609,145</u>
Total liabilities and fund balance	<u>\$ 81,488,706</u>	<u>\$ 12,843,876</u>	<u>\$ 2,349,244</u>	<u>\$ 2,407,394</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total	
			2011	2010
\$ 2,249,085	\$ -	\$ 259,675	\$ 74,369,884	\$ 72,481,955
9,331	-	707	129,284	129,647
2,603,564	-	102,580	27,473,929	24,461,665
-	-	-	124,256	116,535
-	-	-	2,041,475	2,496,436
-	-	-	175,064	87,968
-	-	-	270	-
<u>\$ 4,861,980</u>	<u>\$ -</u>	<u>\$ 362,962</u>	<u>\$ 104,314,162</u>	<u>\$ 99,774,206</u>
\$ -	\$ 37,897	\$ -	\$ 37,897	\$ 25,029
6,045	-	-	1,499,707	2,120,165
-	-	-	5,997,992	5,970,847
-	-	-	27,335	27,353
-	-	-	947,336	997,094
2,564,809	-	101,054	27,065,647	24,185,675
-	-	-	1,359,391	1,259,794
<u>2,570,854</u>	<u>37,897</u>	<u>101,054</u>	<u>36,935,305</u>	<u>34,585,957</u>
-	-	-	175,064	87,968
2,291,126	-	-	15,180,374	15,977,385
-	(37,897)	261,908	52,023,419	49,122,896
<u>2,291,126</u>	<u>(37,897)</u>	<u>261,908</u>	<u>67,378,857</u>	<u>65,188,249</u>
<u>\$ 4,861,980</u>	<u>\$ -</u>	<u>\$ 362,962</u>	<u>\$ 104,314,162</u>	<u>\$ 99,774,206</u>

Arlington Heights School District 25
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2011

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

Total fund balances - governmental funds.	\$ 67,378,857
Net capital assets used in governmental activities and included in the statement of net assets do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	82,725,270
Long-term liabilities included in the statement of net assets are not due and payable in the current period and, accordingly, are not included in the governmental funds balance sheet.	(15,954,118)
Deferred charges included in the statement of net assets are not available to pay for current period expenditures and, accordingly, are not included in the governmental funds balance sheet.	98,765
Interest on long-term liabilities (interest payable) accrued in the statement of net assets will not be paid with current financial resources and, therefore, is not recognized in the governmental funds balance sheet.	<u>(66,358)</u>
Net assets - governmental activities	<u><u>\$ 134,182,416</u></u>

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)

For the Year Ended June 30, 2011

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

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 42,768,738	\$ 3,212,864	\$ 699,456	\$ 1,719,386
Replacement taxes	-	989,510	-	20,000
State aid	12,828,562	50,171	385,678	-
Federal aid	2,727,880	66,999	3,563	-
Interest	213,784	51,898	9,239	6,995
Other	2,139,064	1,222,032	99,265	1,258
Total revenues	<u>60,678,028</u>	<u>5,593,474</u>	<u>1,197,201</u>	<u>1,747,639</u>
Expenditures				
Current:				
Instruction:				
Regular programs	19,528,563	-	-	224,644
Special programs	6,774,785	-	-	381,163
Other instructional programs	4,750,177	-	-	93,032
State retirement contributions	7,934,736	-	-	-
Support services:				
Pupils	3,737,877	258,825	-	52,057
Instructional staff	5,046,872	-	-	177,433
General administration	1,310,867	-	-	36,284
School administration	3,152,227	-	-	131,522
Business	1,908,021	-	-	118,684
Transportation	-	-	1,502,925	15,024
Operations and maintenance	-	4,713,161	-	329,502
Central	1,072,243	-	-	39,871
Other supporting services	-	-	-	-
Community services	231,355	-	-	12,789
Nonprogrammed charges	1,455,516	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	1,024,426	752,354	-	-
Total expenditures	<u>57,927,665</u>	<u>5,724,340</u>	<u>1,502,925</u>	<u>1,612,005</u>
Excess (deficiency) of revenues over expenditures	<u>2,750,363</u>	<u>(130,866)</u>	<u>(305,724)</u>	<u>135,634</u>
Other financing sources (uses)				
Transfers in	88,294	-	-	-
Transfers (out)	(30,722)	(44,482)	-	-
Total other financing sources (uses)	<u>57,572</u>	<u>(44,482)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>2,807,935</u>	<u>(175,348)</u>	<u>(305,724)</u>	<u>135,634</u>
Fund balance, beginning of year (as restated - see Note P)	<u>49,177,588</u>	<u>9,737,183</u>	<u>2,012,941</u>	<u>1,473,511</u>
Fund balance, end of year	<u>\$ 51,985,523</u>	<u>\$ 9,561,835</u>	<u>\$ 1,707,217</u>	<u>\$ 1,609,145</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Fire Prevention and Safety	Total 2011	Total 2010
\$ 5,185,579	\$ -	\$ 202,305	\$ 53,788,328	\$ 62,040,812
-	-	-	1,009,510	778,451
-	-	-	13,264,411	12,764,852
-	-	-	2,798,442	2,831,060
19,523	-	951	302,390	925,090
(1)	-	402	3,462,020	3,417,273
<u>5,205,101</u>	<u>-</u>	<u>203,658</u>	<u>74,625,101</u>	<u>82,757,538</u>
-	-	-	19,753,207	21,450,621
-	-	-	7,155,948	7,533,065
-	-	-	4,843,209	3,083,056
-	-	-	7,934,736	8,022,134
-	-	-	4,048,759	3,633,769
-	-	-	5,224,305	5,451,561
-	-	-	1,347,151	1,350,947
-	-	-	3,283,749	3,190,837
-	-	55	2,026,760	1,974,980
-	-	-	1,517,949	2,037,335
-	-	-	5,042,663	4,834,866
-	-	-	1,112,114	1,153,820
-	-	-	-	343,273
-	-	-	244,144	219,599
-	-	-	1,455,516	1,251,750
4,790,488	-	-	4,790,488	8,043,675
864,147	-	-	864,147	1,177,379
-	12,868	-	1,789,648	3,951,158
<u>5,654,635</u>	<u>12,868</u>	<u>55</u>	<u>72,434,493</u>	<u>78,703,825</u>
<u>(449,534)</u>	<u>(12,868)</u>	<u>203,603</u>	<u>2,190,608</u>	<u>4,053,713</u>
-	-	-	88,294	606,901
(13,090)	-	-	(88,294)	(606,901)
<u>(13,090)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(462,624)	(12,868)	203,603	2,190,608	4,053,713
<u>2,753,750</u>	<u>(25,029)</u>	<u>58,305</u>	<u>65,188,249</u>	<u>61,134,536</u>
<u>\$ 2,291,126</u>	<u>\$ (37,897)</u>	<u>\$ 261,908</u>	<u>\$ 67,378,857</u>	<u>\$ 65,188,249</u>

Arlington Heights School District 25
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$	2,190,608
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.		(1,114,002)
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		28,749
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		4,609,805
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is issued. However, these amounts are deferred and amortized in the statement of activities. This is the amount of the current year net effect of these differences.		<u>(71,154)</u>
Change in net assets - governmental activities	\$	<u><u>5,644,006</u></u>

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25
Agency Fund - Student Activity Fund and Flexible Spending Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2011

	Agency Funds
<hr/>	
ASSETS	
Cash	\$ <u>254,804</u>
LIABILITIES	
Due to student groups	\$ 175,629
Flexible spending fund	<u>79,175</u>
	\$ <u>254,804</u>

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Arlington Heights School District 25 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. Reporting Entity

The District is located in Cook County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgetary, taxing, and debt matters.

The District includes all funds of its operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying basic financial statements include only those funds of the District, as there are no organizations for which it has financial accountability.

The District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

2. Fund Accounting

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

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the school district not accounted for in some other fund.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

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

3. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

a. General Fund

The *General Fund* includes the Educational Fund Account, the Working Cash Fund Account, and the Tort Immunity and Judgment Fund Account. The Educational Fund Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Fund Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Fund Account to other funds must be repaid within one year. As allowed by the School Code of Illinois, this Fund may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Fund Account of at least .05% of the District's current equalized assessed valuation. The Tort Immunity and Judgment Fund is used to account for revenues derived from a sepcific property levy and state reimbursement grants and expenditures of these monies is for risk management activities.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

b. Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources (other than those accounted for in the Debt Service, Capital Projects, or fiduciary funds) that are legally restricted to expenditures for specified purposes.

Each of the District's special revenue funds has been established as a separate fund in accordance with the fund structure required by the state of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's special revenue funds is as follows:

Operations and Maintenance Fund - is used for expenditures made for operations, repair, and maintenance of the District's building and land. Revenue consists primarily of local property taxes.

Transportation Fund - accounts for all revenue and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for noncertified employees. Revenue to finance contributions is derived primarily from local property taxes and personal property replacement taxes.

c. Debt Service Fund

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

d. Capital Projects Fund

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

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

e. Fiduciary Fund

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

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

4. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund statements. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The District considers most revenues susceptible to accrual if they are collected within 60 days of the end of the current fiscal period. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered by year-end. However, debt service expenditures are recorded only when payment is due.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

5. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

6. Deposits and Investments

State statutes require the District to use the investment services of the Township High School District 214 Treasurer and authorize the District's treasurer to invest in obligations on the U.S. Treasury, certain highly rated commercial paper, corporate bonds, repurchase agreements, and money market mutual funds registered under the Investment Company Act of 1940, with certain restrictions. Investments are stated at fair value. Changes in the fair value of investments are recorded as investment income.

7. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance allocated at the discretion of the District.

8. Capital Assets

Capital assets, which include land, construction in progress, buildings, building improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair value at the date of donation.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20-50
Vehicles	8
Machinery	5-20
Equipment	5-20

9. Accumulated Unpaid Vacation and Sick Pay

Employees who work a twelve-month year are entitled to be compensated for vacation time. Vacations are usually taken within the fiscal year. A limit of 10 days may be carried over into the next year. Maintenance employees are awarded vacation time on July 1 in the year following the year in which they earned the vacation time.

All certified employees receive a specified number of sick days per year depending on the years of service, in accordance with the agreement between the Board of Education and the Arlington Teachers' Association. Unused sick leave days accumulate to a maximum of 340 days. Employees are not compensated for accumulated sick days upon retirement.

Educational support personnel receive 15 sick days per year, which accumulate to a maximum of 255 days. The District does not reimburse employees for unused sick days remaining upon termination of employment.

10. Long-Term Obligations

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-Term Obligations (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Restricted Net Assets

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation.

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

12. Use of Estimates

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

13. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which was adopted by the District as of the fiscal year ended June 30, 2011. In the fund financial statements, governmental funds now report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balance (Continued)

- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds.
- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Education or the individual the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education delegated this authority to the Superintendent or the Assistant Superintendent for Business.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the general fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally they act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Government Funds Balance Sheet and the Government-wide Statements of Net Assets

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities included in the statement of net assets are not due and payable in the current period and, accordingly, are not included in the governmental funds balance sheet." The details of this difference are as follows:

General obligation bonds	\$ (15,190,000)
Capital leases	(12,099)
Compensated absences	(224,198)
Other postemployment benefits	(4,638)
Net pension obligation	(179,294)
Unamortized premiums/charges	<u>(343,889)</u>
Net adjustment to reduce fund-balance total governmental funds to arrive at net assets - governmental activities	<u>\$ (15,954,118)</u>

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net assets - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay (net)	\$ 1,789,648
Depreciation expense	<u>(2,903,650)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities	<u>\$ (1,114,002)</u>

Arlington Heights School District 25
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (Continued)

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Principal repayments	
General obligation bonds	\$ 4,780,000
Capital leases	10,488
Compensated absences	(6)
Other postemployment benefits	(1,383)
Net pension obligation	<u>(179,294)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets -governmental activities	<u>\$ 4,609,805</u>

NOTE C - DEPOSITS AND INVESTMENTS

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

As explained in Note A-6, the Illinois Compiled Statutes require the District to utilize the cash and investment services of the Township High School District 214 Treasurer (the Treasurer). As such, the Treasurer is the lawful custodian of these school funds. The Treasurer is appointed by the districts to serve the school districts in the township. The investment policies are established by the Treasurer, as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is the direct recipient of property taxes, replacement taxes, and most state and federal aid, and disburses school funds upon lawful order to the School Board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township.

District cash and investments (other than the student activity and petty cash funds) are part of a common pool for all the school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Income from investments is distributed based upon the District's percentage participation in the pool. Cash for all funds, including cash applicable to the Debt Service Fund and the Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

The Treasurer's office operates as a nonrated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's office.

The weighted-average maturity of all pooled marketable investments held by the Treasurer was 89.31 days at June 30, 2011. The Treasurer also holds money market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all investments held by the Treasurer's office was \$227,458,343, and the fair value of the District's proportionate share of the pool was \$74,369,884.

Interest Rate Risk

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

2. Cash and Investments in the Custody of the District

At June 30, 2011, the carrying value of the District's student activity funds and flexible spending fund was \$254,804, all of which was deposited with a financial institution and fully insured.

Custodial Credit Risk -With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2011, the District had no uninsured cash balances.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board of Education on December 16, 2010. The District's property tax is levied each year on all taxable real property located in the District, and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

The Cook County Assessor is responsible for the assessment of all taxable property within Cook County except for certain railroad property, which is assessed directly by the state. The property in the county is reassessed every three years by the Assessor.

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

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2010 tax levy was \$2,063,398,732.

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

The portion of the 2010 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 2%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days are reflected as unearned revenue.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE E - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,205,562	\$ -	\$ -	\$ 1,205,562
Construction in progress	10,551,040	194,831	542,658	10,203,213
Total capital assets, not being depreciated	<u>11,756,602</u>	<u>194,831</u>	<u>542,658</u>	<u>11,408,775</u>
Capital assets, being depreciated				
Buildings	97,206,140	-	-	97,206,140
Building improvements	5,145,762	1,119,137		6,264,899
Vehicles	479,704	72,755	139,057	413,402
Machinery and equipment	8,437,469	945,583	140,394	9,242,658
Total capital assets, being depreciated	<u>111,269,075</u>	<u>2,137,475</u>	<u>279,451</u>	<u>113,127,099</u>
Less accumulated depreciation for:				
Buildings	34,015,876	2,013,252	-	36,029,128
Building improvements	355,736	16,937	-	372,673
Vehicles	452,484	12,443	139,057	325,870
Machinery and equipment	4,362,309	861,018	140,394	5,082,933
Total accumulated depreciation	<u>39,186,405</u>	<u>2,903,650</u>	<u>279,451</u>	<u>41,810,604</u>
Total capital assets, being depreciated, net	<u>72,082,670</u>	<u>(766,175)</u>	<u>-</u>	<u>71,316,495</u>
Governmental activities capital assets, net	<u>\$ 83,839,272</u>	<u>\$ (571,344)</u>	<u>\$ 542,658</u>	<u>\$ 82,725,270</u>

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE E - CAPITAL ASSETS (Continued)

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

Governmental activities		
General government		
Regular programs	\$	2,392,007
Operations and maintenance		1,896
Central		413,632
Other supporting services		<u>96,115</u>
	\$	<u><u>2,903,650</u></u>

NOTE F - LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bonds payable:				
General obligation	\$ 19,970,000	\$ -	\$ 4,780,000	\$ 15,190,000
Less deferred charges				
Deferred charge on refunding	(551,149)	-	(286,823)	(264,326)
Add unamortized premium	864,843	-	256,628	608,215
Capital leases	22,587	-	10,488	12,099
Compensated absences	224,192	224,198	224,192	224,198
Other postemployment benefits	3,255	1,383	-	4,638
Net pension obligation	<u>-</u>	<u>179,294</u>	<u>-</u>	<u>179,294</u>
Total long-term liabilities - governmental activities	<u>\$ 20,533,728</u>	<u>\$ 404,875</u>	<u>\$ 4,984,485</u>	<u>\$ 15,954,118</u>

The General Fund is used to liquidate the liability for compensated absences.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE F - LONG-TERM LIABILITIES (Continued)

Amounts due within one year are as follows:

	Amount
General obligation bonds payable	\$ 5,025,000
Capital leases	11,141
Total	\$ 5,036,141

1. Bonds Payable

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

	Bonds Payable July 1, 2010	Debt Issued	Debt Retired	Bonds Payable June 30, 2011
\$5,000,000 Life Safety Issue Bonds, Series 1992, due December 1, 2010, interest at 5.70% to 7.70%.	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
\$22,695,000 GO Limited Tax School Bonds, Series 2005, due December 1, 2012, interest at 5.00%.	13,200,000	-	3,780,000	9,420,000
\$5,770,000 GO Limited Tax School Bonds, Series 2008, due December 1, 2013, interest at 4.00%.	5,770,000	-	-	5,770,000
Total	\$ 19,970,000	\$ -	\$ 4,780,000	\$ 15,190,000

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE F - LONG-TERM LIABILITIES (Continued)

1. Bonds Payable (Continued)

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 5,025,000	\$ 576,175	\$ 5,601,175
2013	5,045,000	327,675	5,372,675
2014	<u>5,120,000</u>	<u>102,400</u>	<u>5,222,400</u>
Total	<u>\$ 15,190,000</u>	<u>\$ 1,006,250</u>	<u>\$ 16,196,250</u>

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$2,291,126 in the Debt Service Fund to service the outstanding bonds payable. As of June 30, 2011, the District was in compliance with all significant bond covenants.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.90% of the most recent available equalized assessed valuation of the District. As of June 30, 2011, the statutory debt limit for the District was \$142,374,513, of which \$127,172,414 is fully available.

2. Capital Lease

The District leases copiers from a third party. The lease terms require monthly payments through January 2013.

Future minimum lease payments are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 11,141	\$ 427	\$ 11,568
2013	<u>958</u>	<u>5</u>	<u>963</u>
Total	<u>\$ 12,099</u>	<u>\$ 432</u>	<u>\$ 12,531</u>

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE G - RESERVED FUND BALANCES AND SPECIAL TAX LEVIES

Special Education Tax Levy

Revenues from the special education tax levy and the related expenditures have been included in the operations of the Educational Fund. Because cumulative expenditures exceeded cumulative revenues, there is no fund balance restriction.

NOTE H - INTERFUND TRANSFERS

The District transferred \$13,090 from the Debt Service Fund to the General Fund. The amount transferred represents interest earned on investments.

The District transferred \$44,482 from the Operations and Maintenance Fund to the General Fund. The amount transferred represents interest earned on investments.

The District transferred \$30,722 from the Working Cash Fund to the General Fund. The amount transferred represents interest earned on investments.

NOTE I - RETIREMENT FUND COMMITMENTS

1. Teachers' Retirement System of the State of Illinois

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

On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2011, state of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$7,643,553 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$7,743,910) and 17.08 percent (\$5,344,277), respectively.

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$191,916. Contributions for the years ended June 30, 2010 and June 30, 2009, were \$192,107 and \$181,480, respectively.

Federal and Special Trust Fund Contributions

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

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent, respectively, of salaries paid from federal and special trust funds. For the year ended June 30, 2011, salaries totaling \$357,384 were paid from federal and special trust funds that required employer contributions of \$82,556. For the years ended June 30, 2010 and June 30, 2009, required District contributions were \$32,059 and \$13,350, respectively.

Early Retirement Option (ERO)

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

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

For the year ended June 30, 2011, the District paid \$55,167 to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the District paid \$0 in employer ERO contributions.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

Salary Increases Over 6 Percent and Excess Sick Leave

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

For the year ended June 30, 2011, the District paid \$5,445 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2010 and June 30, 2009, the District paid \$0 and \$0, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

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

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

Further Information on TRS

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

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

THIS Fund Employer Contributions

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

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

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

On-behalf Contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members, which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$291,183, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2010 and June 30, 2009 were 0.84 percent of pay. State contributions on behalf of District employees were \$278,224 and \$262,833, respectively.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

THIS Fund Employer Contributions (Continued)

Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011 and 0.63 percent during the years ended June 30, 2010 and June 30, 2009. For the year ended June 30, 2011, the District paid \$218,387 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the District paid \$208,668 and \$197,125, respectively, to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

2. Illinois Municipal Retirement Fund

Plan Description

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

Funding Policy

As set by state statute, the District's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District contribution rate for calendar year 2010 used by the District was 9.35 percent of annual covered payroll. The District annual required contribution rate for calendar year 2010 was 12.08 percent. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost

For the fiscal year ended December 31, 2010, the District's annual contributions for pension costs for the regular plan were \$607,483. The District's required contributions for calendar year 2011 were \$834,331.

Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10 \$	784,855	77%	\$ 177,372 *
12/31/09	549,824	100%	-
12/31/08	513,071	100%	-

* Information above represents the net pension obligation at December 31, 2010, the plan's year end. As of June 30, 2011, the District's net pension obligation was \$179,294.

	June 30, 2011
Annual required contribution	\$ 721,400
Interest on net pension obligation	6,841
Adjustment to annual required contribution	(4,890)
Annual net pension obligation	723,351
Contributions made	(635,266)
Increase in net pension obligation	88,085
Net pension obligation, beginning of year	91,209
Net pension obligation, end of year	\$ 179,294

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost (Continued)

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

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 72.64 percent funded. The actuarial accrued liability for benefits was \$17,082,817 and the actuarial value of assets was \$12,408,165, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,674,652. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$6,497,142 and the ratio of the UAAL to the covered payroll was 72 percent.

3. Social Security/Medicare

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE J - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District administers a single-employer defined benefit healthcare plan for active employees. The District does not allow retirees and/or their spouses to access the District's group health insurance plan during retirement, except under two specific laws: the Consolidated Omnibus Budget Reconciliation Act (COBRA) or Public Act 86-1444. In accordance with federal COBRA legislation, the District must allow a covered employee to continue his or her health insurance for a minimum of 18 months after employment ends. Public Act 86-1444 amends the Illinois Insurance Code to require Illinois Municipal Retirement Fund (IMRF) employers who offer health insurance to their active employees to offer the same health insurance to retirees at the same premium rate for active employers. If a retiree elects to leave the health plan, he/she may not return to the plan in a future year. For 2011, a total of 7 former employees or spouses accessed a postemployment benefits through the District.

Funding Policy

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), retirees contribute the same premium amount as active employees plus a 2% COBRA administration fee. Under Public Act 86-1444, retirees are responsible to contribute the full premium toward the cost of their insurance. There is not an additional administrative charge allowed under this act. Retirees may also access dental and life insurance benefits on a "direct pay" basis. Currently, the District contributes 87.9 percent to the postemployment benefits. For fiscal year 2011, the District contributed \$10,056 toward the cost of the postemployment benefits for retirees.

Annual OPEB Cost and Net OPEB Obligation

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

	<u>June 30, 2011</u>
Annual required contribution	\$ 11,385
Interest on net OPEB obligation	163
Adjustment to annual required	<u>(109)</u>
Annual OPEB cost	11,439
Contributions made	<u>(10,056)</u>
Increase in net OPEB obligation	1,383
Net OPEB obligation beginning of	<u>3,255</u>
Net OPEB obligation end of year	<u>\$ 4,638</u>

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

<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11 \$	11,439	87.9% \$	4,638
6/30/10	11,477	87.6%	3,255
6/30/09	11,890	84.6%	1,834

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

As of June 30, 2011, the actuarial accrued liability for benefits was \$116,704, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Contribution rates:	
District	Not Applicable
Plan members	0%
Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry age
Amortization period	Level percentage closed
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases	5.00%
Healthcare inflation rate	8.00% initial 6.00% ultimate
Mortality, Turnover, Disability, Retirement ages	Same rates utilized for IMRF
Percentage of active employees assumed to elect	20%
Employer provided benefit	Explicit: None Implicit (All): 20% of premium to age 65 (50% of \$508/month + 50% of \$1,141/month)

*Includes inflation at 3.00%

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE K - 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; natural disasters; and workers' compensation claims. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage from the prior year.

The District is self-insured for medical coverage that is provided to District personnel. Health Care Service Corporation administers claims for a per-person, per-month fee. Expenditures are recorded as incurred in the form of direct contributions from the District to Health Care Service Corporation for payment of employee health claims and administration fees. The District's liability will not exceed \$100,000 per employee, or 125% of the expected claims in the aggregate, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2011, total unpaid claims, including an estimate for claims that have been incurred but not reported (IBNR) to the administrative agent, amounted to \$947,336. The estimates are developed based on reports prepared by the administrative agent. For the two years ended June 30, 2011 and 2010, changes in the liability reported in the Insurance Fund for unpaid claims are summarized as follows:

		<u>Claims Beginning of Year</u>		<u>Current Year and Changes in Estimate</u>		<u>Claims Paid</u>		<u>Claims End of Year</u>
Fiscal Year 2011	\$	997,094	\$	4,522,005	\$	4,571,763	\$	947,336
Fiscal Year 2010		696,926		5,113,243		4,813,075		997,094

NOTE L - DEFICIT FUND BALANCE

The Capital Projects Fund had a deficit fund balance of \$37,897 at June 30, 2011.

NOTE M - JOINT AGREEMENTS

The District is a member of the Northwest Suburban Special Education Organization (NSSEO), a joint agreement that provides certain special education services to residents of many school districts. The District believes that, because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint governing boards, NSSEO is not included as component units of the District.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE N - CONTINGENCIES

1. Litigation

The District is not involved in any significant litigation that would materially affect the balances reported at June 30, 2011. With regard to other pending matters, the eventual outcome and related liability, if any, is not determinable at this time. No provision has been made in the accompanying financial statements for settlement costs.

2. Grants

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

NOTE O - FUND BALANCE REPORTING

As defined in Note A-13, the District had the following components of fund balance at June 30, 2011:

	Nonspendable- prepaid	Restricted	
General Fund	\$ 135,418	\$ 50,697	
Operations and Maintenance Fund	39,646	9,522,189	
Transportation Fund	-	1,707,217	
Municipal Retirement/Soc. Sec. Fund	-	1,609,145	
Debt Service Fund	-	2,291,126	
	\$ 175,064	\$ 15,180,374	

NOTE P - PRIOR PERIOD ADJUSTMENT

The implementation of GASB 54 (Note A-13) required the restatement of the General fund to include the working cash and tort immunity funds. Prior to GASB 54 these two funds were reported as special revenue funds. As a result of this implementation the beginning fund balance of the General fund was restated by \$ 8,507,821.

NOTE Q - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 31, 2012, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Arlington Heights School District 25
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
June 30, 2011

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
12/31/10	\$ 12,408,165	\$ 17,082,817	72.64 %	\$ 4,674,652	\$ 6,497,142	71.95 %
12/31/09	11,951,479	16,415,235	72.81	4,463,756	6,468,523	69.01
12/31/08	10,646,867	14,765,654	72.11	4,118,787	6,043,241	68.16

On a market value basis, the actuarial value of assets as of December 31, 2010 was \$13,445,717. On a market value basis, the funded ratio would be 78.71%.

Arlington Heights School District 25
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2011

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
6/30/11	\$ -	\$ 116,704	-	% \$ 116,704	\$ -	- %
6/30/10	-	116,704	-	116,704	-	-
6/30/09	-	116,704	-	116,704	-	-

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 42,276,947	\$ 42,539,607	\$ 262,660	\$ 46,809,242
Special education levy	230,950	229,131	(1,819)	256,885
Regular tuition from pupils or parents	9,500	-	(9,500)	-
Regular tuition from other Districts	-	-	-	12,416
Summer school tuition from pupils or parents	90,000	114,565	24,565	106,540
Special Ed tuition from pupils or parents	70,000	109,317	39,317	92,233
Interest on investments	403,996	213,784	(190,212)	764,296
Sales to pupils - lunch	800,000	758,244	(41,756)	779,109
Sales to pupils - breakfast	-	316	316	693
Sales to pupils - other	265,000	225,167	(39,833)	274,953
Sales to adults	6,500	10,056	3,556	6,717
Other food service	337,000	412,791	75,791	372,616
Fees	96,900	56,980	(39,920)	98,726
Rentals - regular textbook	292,000	298,713	6,713	284,467
Other - textbooks	-	300	300	-
Rentals	-	11,304	11,304	-
Contributions and donations from private sources	13,500	-	(13,500)	1,140
Refund of prior years' expenditures	-	10,454	10,454	11,068
Local fees	-	25,571	25,571	34,671
Other	19,000	105,286	86,286	928
Total local sources	44,911,293	45,121,586	210,293	49,906,700

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
State sources				
General State Aid	\$ 1,378,312	\$ 2,171,697	\$ 793,385	\$ 1,680,659
Special Education - Private Facility Tuition	196,478	191,434	(5,044)	174,873
Special Education - Extraordinary	620,874	1,015,677	394,803	633,795
Special Education - Personnel	1,345,687	1,342,968	(2,719)	1,356,516
Special Education - Orphanage - Individual	-	33,313	33,313	1,436
Special Education - Summer School	5,000	6,186	1,186	6,621
CTE - Student Organizations	-	-	-	400
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	45,572	123,574	78,002	89,852
State Free Lunch and Breakfast	3,500	5,331	1,831	4,469
School Breakfast Initiative	-	9	9	-
Reading Improvement Block Grant	-	-	-	164,376
School Safety and Educational Block Grant (Flat Grant)	-	-	-	36,965
Technology - Learning Technology Centers	-	3,637	3,637	-
Other state sources	57,500	-	(57,500)	33,448
On Behalf Payments to TRS from the State	<u>7,440,000</u>	<u>7,934,736</u>	<u>494,736</u>	<u>8,022,134</u>
Total state sources	<u>11,092,923</u>	<u>12,828,562</u>	<u>1,735,639</u>	<u>12,205,544</u>
Federal sources				
Other Federal Grants-in-Aid	120,509	133,949	13,440	81,069
National School Lunch Program	170,000	227,906	57,906	217,427
Special Breakfast Program	-	5,420	5,420	4,207
Title I - Low Income	145,767	194,972	49,205	-
Safe and Drug Free Schools - Form. (Title IV)	-	-	-	10,948
Fed. - Sp. Ed. - Pre-School Flow Through	43,020	43,020	-	45,787
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	1,119,675	1,113,733	(5,942)	925,309
Fed. - Sp. Ed. - I.D.E.A. - Room and Board	-	42,544	42,544	76,178
ARRA General State Aid - Ed. Stabilization	-	-	-	280,798
ARRA IDEA - Part B - Preschool	75,992	67,777	(8,215)	27,026
ARRA IDEA - Part B - Flow-Through	731,409	358,012	(373,397)	870,026
ARRA General State Aid - Other Govt Svcs Stab.	-	-	-	93,377

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			
	Original and Final Budget	Actual	Variance From Final Budget	2010 Actual
Other ARRA Funds - XI	\$ 197,733	\$ 197,733	\$ -	\$ -
Title III - English Language Acquisition	70,500	94,099	23,599	53,907
Title II - Teacher Quality	127,707	123,346	(4,361)	117,470
Medicaid Matching Funds - Administrative Outreach	30,000	125,369	95,369	24,748
Other federal sources	-	-	-	2,783
Total federal sources	<u>2,832,312</u>	<u>2,727,880</u>	<u>(104,432)</u>	<u>2,831,060</u>
Total revenues	<u>58,836,528</u>	<u>60,678,028</u>	<u>1,841,500</u>	<u>64,943,304</u>
Expenditures				
Instruction				
Regular programs				
Salaries	19,582,743	17,721,430	1,861,313	18,406,416
Employee benefits	2,144,960	1,306,157	838,803	1,959,096
On-behalf payments to TRS from the state	7,440,000	7,934,736	(494,736)	8,022,134
Purchased services	332,196	107,827	224,369	241,522
Supplies and materials	774,530	350,307	424,223	584,507
Capital outlay	19,680	13,177	6,503	51,405
Other objects	24,115	26,963	(2,848)	35,920
Termination benefits	25,000	15,879	9,121	-
Total	<u>30,343,224</u>	<u>27,476,476</u>	<u>2,866,748</u>	<u>29,301,000</u>

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Pre-K programs				
Purchased services	\$ 821,410	\$ 1,616,417	\$ (795,007)	\$ 787,437
Supplies and materials	100,000	166,761	(66,761)	92,640
Capital outlay	6,875	236,792	(229,917)	6,160
Other objects	16,300	305,672	(289,372)	11,065
Non-capitalized equipment	10,196	4,946	5,250	-
Total	954,781	2,330,588	(1,375,807)	897,302
Special education programs				
Salaries	5,595,062	5,525,626	69,436	5,658,031
Employee benefits	971,410	945,073	26,337	952,400
Purchased services	17,150	94,539	(77,389)	20,807
Supplies and materials	219,437	134,463	84,974	197,088
Capital outlay	25,700	60,849	(35,149)	31,012
Total	6,828,759	6,760,550	68,209	6,859,338
Special education programs pre-K				
Supplies and materials	-	98	(98)	-
Total	-	98	(98)	-
Remedial and Supplemental programs K-12				
Salaries	145,767	39,909	105,858	-
Employee benefits	-	14,275	(14,275)	-
Supplies and materials	-	20,900	(20,900)	-
Capital outlay	-	45,196	(45,196)	-
Total	145,767	120,280	25,487	-

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Interscholastic programs				
Salaries	\$ 69,080	\$ 71,271	\$ (2,191)	\$ 70,223
Employee benefits	200	822	(622)	815
Purchased services	9,546	12,529	(2,983)	10,445
Supplies and materials	12,500	14,645	(2,145)	4,729
Other objects	4,000	3,230	770	4,295
Total	<u>95,326</u>	<u>102,497</u>	<u>(7,171)</u>	<u>90,507</u>
Summer school programs				
Salaries	232,152	204,078	28,074	195,650
Employee benefits	2,300	2,426	(126)	2,786
Purchased services	5,000	3,753	1,247	4,842
Supplies and materials	11,700	9,989	1,711	8,048
Total	<u>251,152</u>	<u>220,246</u>	<u>30,906</u>	<u>211,326</u>
Gifted programs				
Salaries	557,544	560,219	(2,675)	642,882
Employee benefits	54,800	48,864	5,936	51,034
Purchased services	22,000	21,328	672	2,677
Supplies and materials	4,490	3,472	1,018	7,432
Total	<u>638,834</u>	<u>633,883</u>	<u>4,951</u>	<u>704,025</u>
Bilingual programs				
Salaries	944,594	965,230	(20,636)	921,216
Employee benefits	127,400	141,573	(14,173)	122,549
Purchased services	-	8,321	(8,321)	16,092
Supplies and materials	3,110	27,552	(24,442)	35,974
Capital outlay	-	19,567	(19,567)	12,375
Total	<u>1,075,104</u>	<u>1,162,243</u>	<u>(87,139)</u>	<u>1,108,206</u>

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Truant's alternative and optional programs				
Other objects	\$ -	\$ 325,135	\$ (325,135)	\$ -
 Total	<u>-</u>	<u>325,135</u>	<u>(325,135)</u>	<u>-</u>
 Spec. Ed. Programs K-12 - private tuition				
Other objects	289,000	-	289,000	345,644
 Total instruction	<u>40,621,947</u>	<u>39,131,996</u>	<u>1,489,951</u>	<u>39,517,348</u>
 Support services				
 Pupils				
 Attendance and social work services				
Salaries	1,004,640	1,009,437	(4,797)	1,044,133
Employee benefits	83,900	94,680	(10,780)	90,531
Purchased services	2,800	1,707	1,093	1,730
Supplies and materials	2,300	3,708	(1,408)	1,957
 Total	<u>1,093,640</u>	<u>1,109,532</u>	<u>(15,892)</u>	<u>1,138,351</u>
 Health services				
Salaries	440,700	443,032	(2,332)	427,712
Employee benefits	24,000	24,061	(61)	22,911
Purchased services	2,380	1,786	594	3,970
Supplies and materials	9,000	9,078	(78)	7,665
 Total	<u>476,080</u>	<u>477,957</u>	<u>(1,877)</u>	<u>462,258</u>

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Psychological services				
Salaries	\$ 546,760	\$ 538,699	\$ 8,061	\$ 543,782
Employee benefits	56,600	56,782	(182)	54,180
Purchased services	38,750	31,871	6,879	1,635
Supplies and materials	<u>2,900</u>	<u>2,672</u>	<u>228</u>	<u>2,940</u>
Total	<u>645,010</u>	<u>630,024</u>	<u>14,986</u>	<u>602,537</u>
Speech pathology and audiology services				
Salaries	1,225,208	1,247,553	(22,345)	1,224,171
Employee benefits	119,100	139,401	(20,301)	110,692
Purchased services	13,900	4,043	9,857	4,529
Supplies and materials	<u>10,100</u>	<u>9,273</u>	<u>827</u>	<u>9,305</u>
Total	<u>1,368,308</u>	<u>1,400,270</u>	<u>(31,962)</u>	<u>1,348,697</u>
Other support services - pupils				
Salaries	700	85,123	(84,423)	1,300
Purchased services	-	10,498	(10,498)	1,000
Supplies and materials	<u>32,579</u>	<u>24,473</u>	<u>8,106</u>	<u>28,586</u>
Total	<u>33,279</u>	<u>120,094</u>	<u>(86,815)</u>	<u>30,886</u>
Total pupils	<u>3,616,317</u>	<u>3,737,877</u>	<u>(121,560)</u>	<u>3,582,729</u>

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Instructional staff				
Improvement of instruction services				
Salaries	\$ 1,924,938	\$ 1,966,586	\$ (41,648)	\$ 2,139,239
Employee benefits	228,030	197,284	30,746	221,129
Purchased services	302,679	327,772	(25,093)	295,370
Supplies and materials	168,146	137,402	30,744	150,222
Capital outlay	1,500	-	1,500	-
Other objects	2,500	2,309	191	1,810
Total	<u>2,627,793</u>	<u>2,631,353</u>	<u>(3,560)</u>	<u>2,807,770</u>
Educational media services				
Salaries	1,570,760	1,529,979	40,781	1,516,601
Employee benefits	256,800	255,055	1,745	246,758
Purchased services	305,882	285,929	19,953	245,722
Supplies and materials	399,410	303,678	95,732	364,430
Capital outlay	676,650	839,027	(162,377)	618,985
Total	<u>3,209,502</u>	<u>3,213,668</u>	<u>(4,166)</u>	<u>2,992,496</u>
Assessment and testing				
Salaries	5,040	4,085	955	1,754
Employee benefits	100	46	54	18
Purchased services	2,500	-	2,500	2,649
Supplies and materials	82,480	36,747	45,733	78,903
Total	<u>90,120</u>	<u>40,878</u>	<u>49,242</u>	<u>83,324</u>
Total instructional staff	<u>5,927,415</u>	<u>5,885,899</u>	<u>41,516</u>	<u>5,883,590</u>

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			
	Original and Final Budget	Actual	Variance From Final Budget	2010 Actual
General administration				
Board of education services				
Salaries	\$ 2,000	\$ 90	\$ 1,910	\$ 2,040
Employee benefits	-	-	-	99,399
Purchased services	126,000	165,737	(39,737)	164,124
Supplies and materials	3,000	1,770	1,230	2,813
Other objects	<u>10,500</u>	<u>975</u>	<u>9,525</u>	<u>11,007</u>
Total	<u>141,500</u>	<u>168,572</u>	<u>(27,072)</u>	<u>279,383</u>
Executive administration services				
Salaries	316,510	322,435	(5,925)	316,465
Employee benefits	36,300	38,850	(2,550)	37,435
Purchased services	16,000	12,368	3,632	18,201
Supplies and materials	4,000	2,920	1,080	4,596
Capital outlay	10,000	1,400	8,600	2,396
Other objects	<u>3,300</u>	<u>3,366</u>	<u>(66)</u>	<u>363</u>
Total	<u>386,110</u>	<u>381,339</u>	<u>4,771</u>	<u>379,456</u>
Special area administrative services				
Salaries	352,600	362,607	(10,007)	329,749
Employee benefits	48,100	48,849	(749)	46,883
Purchased services	38,400	30,187	8,213	72,730
Supplies and materials	4,500	3,720	780	4,697
Capital outlay	1,000	1,672	(672)	2,236
Other objects	<u>2,200</u>	<u>2,104</u>	<u>96</u>	<u>1,009</u>
Total	<u>446,800</u>	<u>449,139</u>	<u>(2,339)</u>	<u>457,304</u>

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Tort immunity services				
Purchased services	\$ 250,000	\$ 314,889	\$ (64,889)	\$ 7,648
Capital outlay	-	-	-	197,534
Total	250,000	314,889	(64,889)	205,182
Total general administration	1,224,410	1,313,939	(89,529)	1,321,325
Office of the principal services				
Salaries	2,549,013	2,604,378	(55,365)	2,543,575
Employee benefits	458,900	471,398	(12,498)	438,523
Purchased services	31,150	20,383	10,767	23,718
Supplies and materials	67,085	56,068	11,017	60,616
Capital outlay	-	1,400	(1,400)	9,480
Total	3,106,148	3,153,627	(47,479)	3,075,912
Total school administration	3,106,148	3,153,627	(47,479)	3,075,912

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Business				
Direction of business support services				
Salaries	\$ 246,110	\$ 243,925	\$ 2,185	\$ 241,260
Employee benefits	41,100	40,983	117	39,096
Purchased services	5,750	2,254	3,496	4,627
Other objects	1,900	1,933	(33)	1,900
Total	294,860	289,095	5,765	286,883
Fiscal services				
Salaries	127,080	116,745	10,335	116,729
Employee benefits	13,600	12,985	615	12,838
Purchased services	81,000	81,023	(23)	74,183
Supplies and materials	46,600	46,091	509	49,782
Capital outlay	15,000	17,918	(2,918)	-
Total	283,280	274,762	8,518	253,532
Food services				
Salaries	530,070	533,862	(3,792)	509,220
Employee benefits	52,500	56,041	(3,541)	49,406
Purchased services	29,375	24,121	5,254	21,705
Supplies and materials	886,000	654,283	231,717	628,362
Capital outlay	40,000	19,274	20,726	-
Total	1,537,945	1,287,581	250,364	1,208,693
Internal services				
Purchased services	92,000	93,775	(1,775)	88,286
Total	92,000	93,775	(1,775)	88,286
Total business	2,208,085	1,945,213	262,872	1,837,394

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Central				
Information services				
Salaries	\$ 15,000	\$ 1,150	\$ 13,850	\$ 3,727
Employee benefits	-	14	(14)	-
Purchased services	44,500	48,528	(4,028)	16,000
Supplies and materials	<u>3,500</u>	<u>2,050</u>	<u>1,450</u>	<u>1,208</u>
Total	<u>63,000</u>	<u>51,742</u>	<u>11,258</u>	<u>20,935</u>
Staff services				
Salaries	820,120	908,264	(88,144)	946,989
Employee benefits	54,800	51,310	3,490	48,588
Purchased services	110,757	34,749	76,008	57,723
Supplies and materials	34,500	24,493	10,007	39,093
Capital outlay	1,500	-	1,500	-
Other objects	<u>14,000</u>	<u>1,685</u>	<u>12,315</u>	<u>1,903</u>
Total	<u>1,035,677</u>	<u>1,020,501</u>	<u>15,176</u>	<u>1,094,296</u>
Total central	<u>1,098,677</u>	<u>1,072,243</u>	<u>26,434</u>	<u>1,115,231</u>
Total support services	<u>17,181,052</u>	<u>17,108,798</u>	<u>72,254</u>	<u>16,816,181</u>
Community services				
Salaries	83,162	95,161	(11,999)	89,521
Employee benefits	16,900	16,816	84	15,981
Purchased services	7,000	5,137	1,863	-
Supplies and materials	<u>153,500</u>	<u>114,241</u>	<u>39,259</u>	<u>101,945</u>
Total	<u>260,562</u>	<u>231,355</u>	<u>29,207</u>	<u>207,447</u>

(Continued)

Arlington Heights School District 25

General Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Payments to Other Districts and Gov't Units				
Payments for regular programs				
Other objects	\$ -	\$ 207,621	\$ (207,621)	\$ -
Total	-	207,621	(207,621)	-
Payments for special education programs				
Other objects	158,615	63,446	95,169	138,040
Total	158,615	63,446	95,169	138,040
Payments for Spec. Ed. programs - tuition				
Other objects	1,298,672	1,184,449	114,223	1,113,710
Other objects	-	-	-	-
Total payments to other districts and other Gov'ts	1,457,287	1,455,516	1,771	1,251,750
Provision for contingencies	100,000	-	-	-
Total expenditures	59,620,848	57,927,665	1,593,183	57,792,726
Excess (deficiency) of revenues over expenditures	(784,320)	2,750,363	3,434,683	7,150,578
Other financing sources (uses)				
Permanent transfer from working cash fund - interest	-	-	-	(97,352)
Transfer to Capital Projects Fund	-	-	-	(192,757)
Permanent transfer of interest - in	116,477	57,572	(58,905)	47,092
Trans to Debt Svc Fund for Prin on Cap Leases	-	-	-	(33,675)
Trans to Debt Svc Fund for Int on Cap Leases	-	-	-	(3,123)
Total other financing sources (uses)	116,477	57,572	(58,905)	(279,815)
Net change to fund balance	\$ (667,843)	2,807,935	\$ 3,375,778	6,870,763
Fund balance, beginning of year (as restated)		49,177,588		42,306,825
Fund balance, end of year		\$ 51,985,523		\$ 49,177,588

(Concluded)

Arlington Heights School District 25
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2011
With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 3,774,632	\$ 3,212,864	\$ (561,768)	\$ 4,197,791
Mobile home privilege tax	5,000	6,435	1,435	-
Corporate personal property replacement taxes	669,375	989,510	320,135	758,451
Interest on investments	77,118	51,898	(25,220)	91,173
Rentals	915,300	907,620	(7,680)	957,296
Contributions and donations from private sources	50,000	-	(50,000)	-
Impact fees from municipal or county gov'ts	-	8,056	8,056	3,410
Refund of prior years' expenditures	-	53,115	53,115	129,541
Other	<u>40,000</u>	<u>246,806</u>	<u>206,806</u>	<u>76,427</u>
Total local sources	<u>5,531,425</u>	<u>5,476,304</u>	<u>(55,121)</u>	<u>6,214,089</u>
State sources				
Other state sources	<u>-</u>	<u>50,171</u>	<u>50,171</u>	<u>-</u>
Total state sources	<u>-</u>	<u>50,171</u>	<u>50,171</u>	<u>-</u>
Federal sources				
Other Federal Sources	<u>67,000</u>	<u>66,999</u>	<u>(1)</u>	<u>-</u>
Total federal sources	<u>67,000</u>	<u>66,999</u>	<u>(1)</u>	<u>-</u>
Total revenues	<u>5,598,425</u>	<u>5,593,474</u>	<u>(4,951)</u>	<u>6,214,089</u>

(Continued)

Arlington Heights School District 25
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2011
With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Expenditures				
Support services				
Pupils				
Purchased services	\$ -	\$ 258,825	\$ (258,825)	\$ -
Total	-	258,825	(258,825)	-
Business				
Facilities acquisition and construction services				
Capital outlay	-	-	-	1,524
Total	-	-	-	1,524
Operation and maintenance of plant services				
Salaries	2,272,650	2,130,554	142,096	2,113,542
Employee benefits	278,150	281,303	(3,153)	266,137
Purchased services	1,041,920	725,295	316,625	993,544
Supplies and materials	1,625,140	1,569,098	56,042	1,148,424
Capital outlay	1,339,562	752,354	587,208	2,781,165
Other objects	50,000	-	50,000	-
Termination benefits	-	6,911	(6,911)	-
Total	6,607,422	5,465,515	1,141,907	7,302,812
Total business	6,607,422	5,465,515	1,141,907	7,304,336

(Continued)

Arlington Heights School District 25
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2011
With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Other support services				
Purchased services	\$ 408,815	\$ -	\$ 408,815	\$ 343,273
Total	<u>408,815</u>	<u>-</u>	<u>408,815</u>	<u>343,273</u>
Total support services	<u>7,016,237</u>	<u>5,724,340</u>	<u>1,291,897</u>	<u>7,647,609</u>
Total expenditures	<u>7,016,237</u>	<u>5,724,340</u>	<u>1,291,897</u>	<u>7,647,609</u>
Excess (deficiency) of revenues over expenditures	<u>(1,417,812)</u>	<u>(130,866)</u>	<u>1,286,946</u>	<u>(1,433,520)</u>
Other financing sources (uses)				
Permanent transfer from working Cash fund - interest	-	-	-	97,352
Permanent transfer of interest - in	-	-	-	40,145
Permanent transfer of interest - out	<u>(52,118)</u>	<u>(44,482)</u>	<u>7,636</u>	<u>-</u>
Total other financing sources (uses)	<u>(52,118)</u>	<u>(44,482)</u>	<u>7,636</u>	<u>137,497</u>
Net change in fund balance	<u>\$ (1,469,930)</u>	<u>(175,348)</u>	<u>\$ 1,294,582</u>	<u>(1,296,023)</u>
Fund balance, beginning of year		<u>9,737,183</u>		<u>11,033,206</u>
Fund balance, end of year		<u>\$ 9,561,835</u>		<u>\$ 9,737,183</u>

(Concluded)

Arlington Heights School District 25

Transportation Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 629,021	\$ 699,456	\$ 70,435	\$ 697,711
Regular transportation fees from pupils or parents	40,000	37,328	(2,672)	39,187
Regular transportation fees cocurricular activities	40,000	59,501	19,501	44,382
Interest on investments	24,019	9,239	(14,780)	30,487
Refund of prior years' expenditures	-	-	-	1,738
Other	<u>80,000</u>	<u>2,436</u>	<u>(77,564)</u>	<u>89,015</u>
Total local sources	<u>813,040</u>	<u>807,960</u>	<u>(5,080)</u>	<u>902,520</u>
State sources				
Transportation - Regular/Vocational	283,697	112,975	(170,722)	317,869
Transportation - Special Education	<u>240,478</u>	<u>272,703</u>	<u>32,225</u>	<u>241,439</u>
Total state sources	<u>524,175</u>	<u>385,678</u>	<u>(138,497)</u>	<u>559,308</u>
Federal sources				
Title I - Low Income	-	149	149	-
Title III - English Language Acquisition	<u>-</u>	<u>3,414</u>	<u>3,414</u>	<u>-</u>
Total federal sources	<u>-</u>	<u>3,563</u>	<u>3,563</u>	<u>-</u>
Total revenues	<u>1,337,215</u>	<u>1,197,201</u>	<u>(140,014)</u>	<u>1,461,828</u>

(Continued)

Arlington Heights School District 25

Transportation Fund

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

For the Year Ended June 30, 2011

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

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Expenditures				
Support services				
Business				
Pupil transportation services				
Salaries	\$ 133,670	\$ 40,544	\$ 93,126	\$ 124,915
Employee benefits	900	590	310	6,041
Purchased services	1,589,950	1,386,015	203,935	1,813,785
Supplies and materials	<u>92,500</u>	<u>75,776</u>	<u>16,724</u>	<u>79,459</u>
Total	<u>1,817,020</u>	<u>1,502,925</u>	<u>314,095</u>	<u>2,024,200</u>
Total support services	<u>1,817,020</u>	<u>1,502,925</u>	<u>314,095</u>	<u>2,024,200</u>
Total expenditures	<u>1,817,020</u>	<u>1,502,925</u>	<u>314,095</u>	<u>2,024,200</u>
Excess (deficiency) of revenues over expenditures	<u>(479,805)</u>	<u>(305,724)</u>	<u>174,081</u>	<u>(562,372)</u>
Other financing sources (uses)				
Permanent transfer of interest - out	<u>(24,019)</u>	<u>-</u>	<u>24,019</u>	<u>(40,145)</u>
Total other financing sources (uses)	<u>(24,019)</u>	<u>-</u>	<u>24,019</u>	<u>(40,145)</u>
Net change in fund balance	<u>\$ (503,824)</u>	<u>(305,724)</u>	<u>\$ 198,100</u>	<u>(602,517)</u>
Fund balance, beginning of year		<u>2,012,941</u>		<u>2,615,458</u>
Fund balance, end of year		<u>\$ 1,707,217</u>		<u>\$ 2,012,941</u>

(Concluded)

Arlington Heights School District 25

Municipal Retirement / Social Security Fund

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

For the Year Ended June 30, 2011

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

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 944,249	\$ 854,393	\$ (89,856)	\$ 992,186
Social security/medicare only levy	955,480	864,993	(90,487)	1,051,375
Corporate personal property				
Replacement taxes	20,000	20,000	-	20,000
Interest on investments	9,252	6,995	(2,257)	10,086
Refund of prior years' expenditures	-	265	265	-
Other	-	993	993	-
	<u>1,928,981</u>	<u>1,747,639</u>	<u>(181,342)</u>	<u>2,073,647</u>
Total local sources	<u>1,928,981</u>	<u>1,747,639</u>	<u>(181,342)</u>	<u>2,073,647</u>
Total revenues	<u>1,928,981</u>	<u>1,747,639</u>	<u>(181,342)</u>	<u>2,073,647</u>
Expenditures				
Instruction				
Regular programs	230,400	224,644	5,756	223,160
Pre-K programs	53,200	55,001	(1,801)	9,987
Special education programs	375,710	381,163	(5,453)	359,095
Special education programs pre-K	-	521	(521)	41,794
Interscholastic programs	1,100	1,502	(402)	1,064
Summer school programs	5,900	9,684	(3,784)	8,863
Gifted programs	8,300	6,852	1,448	7,847
Bilingual programs	16,100	19,472	(3,372)	14,510
	<u>690,710</u>	<u>698,839</u>	<u>(8,129)</u>	<u>666,320</u>
Total instruction	<u>690,710</u>	<u>698,839</u>	<u>(8,129)</u>	<u>666,320</u>

(Continued)

Arlington Heights School District 25

Municipal Retirement / Social Security Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services	\$ 15,500	\$ 12,713	\$ 2,787	\$ 13,916
Guidance services	-	18,505	(18,505)	-
Health services	20,300	-	20,300	17,103
Psychological services	8,300	6,648	1,652	6,765
Speech pathology and audiology services	14,200	14,057	143	13,111
Other support services -pupils	<u>400</u>	<u>134</u>	<u>266</u>	<u>145</u>
Total pupils	<u>58,700</u>	<u>52,057</u>	<u>6,643</u>	<u>51,040</u>
Instructional staff				
Improvement of instruction services	77,270	49,523	27,747	69,529
Educational media services	136,300	127,856	8,444	117,388
Assessment and testing	<u>5,500</u>	<u>54</u>	<u>5,446</u>	<u>39</u>
Total instructional staff	<u>219,070</u>	<u>177,433</u>	<u>41,637</u>	<u>186,956</u>
General administration				
Board of education services	-	15	(15)	-
Executive administration services	13,500	16,279	(2,779)	15,750
Special area administrative services	<u>23,200</u>	<u>19,990</u>	<u>3,210</u>	<u>18,504</u>
Total general administration	<u>36,700</u>	<u>36,284</u>	<u>416</u>	<u>34,254</u>
School administration				
Office of the principal services	<u>146,900</u>	<u>131,522</u>	<u>15,378</u>	<u>124,405</u>
Total school administration	<u>146,900</u>	<u>131,522</u>	<u>15,378</u>	<u>124,405</u>

(Continued)

Arlington Heights School District 25
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2011
With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Business				
Direction of business support services	\$ 21,000	\$ 17,716	\$ 3,284	\$ 16,695
Fiscal services	23,800	18,621	5,179	18,688
Operation and maintenance of plant services	395,600	329,502	66,098	313,219
Pupil transportation services	16,200	15,024	1,176	13,135
Food services	90,300	82,347	7,953	74,340
Total business	<u>546,900</u>	<u>463,210</u>	<u>83,690</u>	<u>436,077</u>
Central				
Information services	-	15	(15)	-
Staff services	47,500	39,856	7,644	38,589
Total central	<u>47,500</u>	<u>39,871</u>	<u>7,629</u>	<u>38,589</u>
Total support services	<u>1,055,770</u>	<u>900,377</u>	<u>155,393</u>	<u>871,321</u>
Community services	<u>13,400</u>	<u>12,789</u>	<u>611</u>	<u>12,152</u>
Provision for contingencies	<u>28,000</u>	<u>-</u>	<u>28,000</u>	<u>-</u>
Total expenditures	<u>1,787,880</u>	<u>1,612,005</u>	<u>175,875</u>	<u>1,549,793</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 141,101</u>	135,634	<u>\$ (5,467)</u>	523,854
Fund balance, beginning of year		<u>1,473,511</u>		<u>949,657</u>
Fund balance, end of year		<u>\$ 1,609,145</u>		<u>\$ 1,473,511</u>

(Concluded)

Arlington Heights School District 25

Notes to the Required Supplementary Information

June 30, 2011

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after a public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 23, 2010. There were no budget amendments.
- g) All budget appropriations lapse at the end of the fiscal year.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

Arlington Heights School District 25

General Fund

COMBINING BALANCE SHEET

June 30, 2011

	<u>Educational</u>	<u>Tort Immunity and Judgment</u>	<u>Working Cash</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 48,780,175	\$ 48,985	\$ 8,447,826	\$ 57,276,986
Receivables (net of allowance for uncollectibles):				
Interest	79,405	98	10,651	90,154
Property taxes	22,035,239	108,442	-	22,143,681
Intergovernmental	1,842,467	-	-	1,842,467
Prepaid Items	<u>135,418</u>	<u>-</u>	<u>-</u>	<u>135,418</u>
 Total assets	<u>\$ 72,872,704</u>	<u>\$ 157,525</u>	<u>\$ 8,458,477</u>	<u>\$ 81,488,706</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 715,794	\$ -	\$ -	\$ 715,794
Salaries and wages payable	5,997,992	-	-	5,997,992
Payroll deductions payable	27,335	-	-	27,335
Other current liabilities	947,336	-	-	947,336
Deferred revenue	<u>21,707,898</u>	<u>106,828</u>	<u>-</u>	<u>21,814,726</u>
 Total liabilities	<u>29,396,355</u>	<u>106,828</u>	<u>-</u>	<u>29,503,183</u>
Fund balances:				
Restricted	-	50,697	8,458,477	8,509,174
Unassigned	<u>43,476,349</u>	<u>-</u>	<u>-</u>	<u>43,476,349</u>
 Total fund balance	<u>43,476,349</u>	<u>50,697</u>	<u>8,458,477</u>	<u>51,985,523</u>
 Total liabilities and fund balance	<u>\$ 72,872,704</u>	<u>\$ 157,525</u>	<u>\$ 8,458,477</u>	<u>\$ 81,488,706</u>

Arlington Heights School District 25

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2011

	General	Tort Immunity and Judgment	Working Cash	Total
Revenues				
Property taxes	\$ 42,555,098	\$ 213,640	\$ -	\$ 42,768,738
State aid	12,828,562	-	-	12,828,562
Federal aid	2,727,880	-	-	2,727,880
Interest	185,349	6	28,429	213,784
Other	2,139,064	-	-	2,139,064
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	60,435,953	213,646	28,429	60,678,028
Expenditures				
Current:				
Instruction:				
Regular programs	19,528,563	-	-	19,528,563
Special programs	6,774,785	-	-	6,774,785
Other instructional programs	4,750,177	-	-	4,750,177
State retirement contributions	7,934,736	-	-	7,934,736
Support services:				
Pupils	3,737,877	-	-	3,737,877
Instructional staff	5,046,872	-	-	5,046,872
General administration	1,100,867	210,000	-	1,310,867
School administration	3,152,227	-	-	3,152,227
Business	1,908,021	-	-	1,908,021
Central	1,072,243	-	-	1,072,243
Community services	231,355	-	-	231,355
Nonprogrammed charges	1,455,516	-	-	1,455,516
Capital outlay	1,024,426	-	-	1,024,426
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	57,717,665	210,000	-	57,927,665
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	2,718,288	3,646	28,429	2,750,363
Other financing sources (uses)				
Transfers in	88,294	-	-	88,294
Transfers (out)	-	-	(30,722)	(30,722)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	88,294	-	(30,722)	57,572
Net change in fund balance	2,806,582	3,646	(2,293)	2,807,935
Fund balance, beginning of year (as restated - see Note P)	<hr/>	<hr/>	<hr/>	<hr/>
	40,669,767	47,051	8,460,770	49,177,588
Fund balance, end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 43,476,349	\$ 50,697	\$ 8,458,477	\$ 51,985,523

Arlington Heights School District 25

Debt Service Fund

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

For the Year Ended June 30, 2011

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

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 5,306,541	\$ 5,185,579	\$ (120,962)	\$ 7,809,607
Interest on investments	40,340	19,523	(20,817)	28,525
Other	-	(1)	(1)	-
Total local sources	<u>5,346,881</u>	<u>5,205,101</u>	<u>(141,780)</u>	<u>7,838,132</u>
Total revenues	<u>5,346,881</u>	<u>5,205,101</u>	<u>(141,780)</u>	<u>7,838,132</u>
Expenditures				
Debt service				
Debt services - interest				
Bonds - interest	830,800	825,721	5,079	1,144,411
Total debt service - interest	<u>830,800</u>	<u>825,721</u>	<u>5,079</u>	<u>1,144,411</u>
Principal payments on long-term debt	<u>4,826,600</u>	<u>4,790,488</u>	<u>36,112</u>	<u>8,043,675</u>
Other debt service				
Purchased services	-	-	-	30,054
Other objects	-	38,426	(38,426)	2,914
Total	<u>-</u>	<u>38,426</u>	<u>(38,426)</u>	<u>32,968</u>
Total debt service	<u>5,657,400</u>	<u>5,654,635</u>	<u>2,765</u>	<u>9,221,054</u>
Provision for contingencies	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,660,400</u>	<u>5,654,635</u>	<u>5,765</u>	<u>9,221,054</u>

(Continued)

Arlington Heights School District 25

Debt Service Fund

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

For the Year Ended June 30, 2011

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

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	\$ (313,519)	\$ (449,534)	\$ (136,015)	\$ (1,382,922)
Other financing sources (uses)				
Permanent transfer of interest - out	(40,340)	(13,090)	27,250	(47,092)
Transfer to pay for principal on capital leases	-	-	-	33,675
Transfer to pay for interest on capital leases	-	-	-	3,123
Total other financing sources (uses)	<u>(40,340)</u>	<u>(13,090)</u>	<u>27,250</u>	<u>(10,294)</u>
Net change in fund balance	<u>\$ (353,859)</u>	<u>(462,624)</u>	<u>\$ (108,765)</u>	<u>(1,393,216)</u>
Fund balance, beginning of year		<u>2,753,750</u>		<u>4,146,966</u>
Fund balance, end of year		<u>\$ 2,291,126</u>		<u>\$ 2,753,750</u>

(Concluded)

Arlington Heights School District 25

Capital Projects Fund

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

For the Year Ended June 30, 2011

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

	2011		Variance From Final Budget	2010 Actual
	Original and Final Budget	Actual		
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	-	-	-	2,000
Capital outlay	240,462	12,868	227,594	190,757
Total	240,462	12,868	227,594	192,757
Total support services	240,462	12,868	227,594	192,757
Total expenditures	240,462	12,868	227,594	192,757
Excess (deficiency) of revenues over expenditures	(240,462)	(12,868)	227,594	(192,757)
Other financing sources				
Other sources not classified elsewhere	265,491	-	(265,491)	192,757
Total other financing sources	265,491	-	(265,491)	192,757
Net change in fund balance	\$ 25,029	(12,868)	\$ (37,897)	-
Fund deficit, beginning of year		(25,029)		(25,029)
Fund deficit, end of year		\$ (37,897)		\$ (25,029)

Arlington Heights School District 25
 Fire Prevention and Safety Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011
 With Comparative Actual Amounts for the Year Ended June 30, 2010

	2011			2010 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 203,983	\$ 202,305	\$ (1,678)	\$ 226,015
Interest on investments	-	951	951	523
Other	-	402	402	-
Total local sources	<u>203,983</u>	<u>203,658</u>	<u>(325)</u>	<u>226,538</u>
Total revenues	<u>203,983</u>	<u>203,658</u>	<u>(325)</u>	<u>226,538</u>
Expenditures				
Support services				
Facilities acquisition and construction services				
Purchased services	11,000	55	10,945	25,863
Capital outlay	<u>129,000</u>	<u>-</u>	<u>129,000</u>	<u>249,823</u>
Total	<u>140,000</u>	<u>55</u>	<u>139,945</u>	<u>275,686</u>
Total support services	<u>140,000</u>	<u>55</u>	<u>139,945</u>	<u>275,686</u>
Total expenditures	<u>140,000</u>	<u>55</u>	<u>139,945</u>	<u>275,686</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 63,983</u>	203,603	<u>\$ 139,620</u>	(49,148)
Fund balance, beginning of year		<u>58,305</u>		<u>107,453</u>
Fund balance, end of year		<u>\$ 261,908</u>		<u>\$ 58,305</u>

Arlington Heights School District 25
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY AND FLEXIBLE SPENDING FUNDS
Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets				
Cash	\$ 272,515	\$ 27,738,733	\$ 27,756,444	\$ 254,804
Liabilities				
Student Activity Fund				
Administration	\$ 81,951	\$ 171,470	\$ 208,909	\$ 44,512
Imprest Fund	6,290	36,735	37,045	5,980
Dryden Elementary School	7,338	12,141	11,789	7,690
Greenbrier Elementary School	7,540	17,315	20,390	4,465
Ivy Hill Elementary School	3,945	15,687	12,644	6,988
Olive-Mary Stitt Elementary School	12,230	20,610	19,380	13,460
Patton Elementary School	4,959	35,390	31,877	8,472
Westgate Elementary School	872	26,450	23,378	3,944
Windsor Elementary School	7,164	12,953	9,967	10,150
Thomas Middle School	32,825	93,597	93,946	32,476
South Middle School	26,863	77,562	67,638	36,787
Arlington Administrator Council	1,363	2,139	2,797	705
Total student activity fund	193,340	522,049	539,760	175,629
Flexible Spending Fund	79,175	27,216,684	27,216,684	79,175
	\$ 272,515	\$ 27,738,733	\$ 27,756,444	\$ 254,804

STATISTICAL SECTION
(Unaudited)

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.

<u>Contents</u>	<u>Page</u>
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.	82 - 93
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	94 - 98
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.	99 - 103
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.	104 - 105
Operating Information	
These schedules contain information about the District's services and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	106 - 110

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Arlington Heights School District 25

NET ASSETS LAST NINE FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 67,179,282	\$ 63,532,991	\$ 54,602,552	\$ 39,989,857
Restricted	5,863,906	6,318,095	7,842,981	7,841,567
Unrestricted	<u>61,139,228</u>	<u>58,687,324</u>	<u>56,338,333</u>	<u>60,378,082</u>
Total governmental activities net assets	<u>\$ 134,182,416</u>	<u>\$ 128,538,410</u>	<u>\$ 118,783,866</u>	<u>\$ 108,209,506</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 36,806,197	\$ 27,794,218	\$ 15,305,916	\$ 25,404,049	\$ 21,386,925
7,163,851	10,062,908	9,198,429	10,386,595	10,518,331
<u>50,191,384</u>	<u>51,841,333</u>	<u>51,777,132</u>	<u>34,616,334</u>	<u>31,482,149</u>
<u>\$ 94,161,432</u>	<u>\$ 89,698,459</u>	<u>\$ 76,281,477</u>	<u>\$ 70,406,978</u>	<u>\$ 63,387,405</u>

Arlington Heights School District 25

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses				
Governmental activities:				
Instruction				
Regular programs	\$ 22,325,897	\$ 23,802,870	\$ 22,532,296	\$ 20,665,110
Special programs	8,404,462	8,826,609	8,021,378	7,502,458
Other instructional programs	4,842,590	3,041,262	3,232,429	1,760,888
Support services				
Pupils	4,048,759	3,633,769	3,430,394	3,201,995
Instructional staff	5,224,305	5,636,145	4,901,783	5,376,031
General administration	1,347,151	1,350,947	1,724,353	1,189,361
School administration	3,283,749	3,190,837	3,088,493	2,870,305
Business	1,276,302	1,974,980	2,053,358	2,540,315
Transportation	1,517,949	2,037,335	1,602,246	1,971,821
Operations and maintenance	5,795,017	4,854,686	4,949,474	4,877,287
Central and other	1,621,861	1,554,972	1,435,455	1,138,175
Community services	244,144	219,599	258,487	213,482
Nonprogrammed charges	207,621	436,488	88,278	842,870
On-Behalf contributions	7,934,736	8,022,134	5,607,110	4,139,852
Interest on long-term debt	906,552	1,227,027	1,651,805	1,538,130
Unallocated depreciation	-	-	-	-
Total expenses	<u>68,981,095</u>	<u>69,809,660</u>	<u>64,577,339</u>	<u>59,828,080</u>
Program Revenues				
Governmental activities:				
Charges for services				
Instruction	739,095	710,522	760,881	498,630
Food services	1,406,574	1,434,088	1,672,953	1,540,880
Transportation services	96,829	83,569	85,923	87,213
Rental of facilities	918,924	957,296	942,422	793,994
Community services	-	-	-	79,308
Operating grants and contributions	13,757,207	10,266,275	10,576,779	10,939,006
Capital grants and contributions	-	-	-	165,101
Total program revenues	<u>16,918,629</u>	<u>13,451,750</u>	<u>14,038,958</u>	<u>14,104,132</u>
Net (Expense)	<u>(52,062,466)</u>	<u>(56,357,910)</u>	<u>(50,538,381)</u>	<u>(45,723,948)</u>
General revenues				
Taxes				
Property taxes levied for general purposes	42,757,403	47,053,517	40,220,343	44,194,863
Property taxes levied for specific purposes	5,845,346	7,177,688	7,176,535	1,237,121
Property taxes levied for debt service	5,185,579	7,809,607	8,765,912	8,349,503
Personal property replacement taxes	1,009,510	778,451	962,248	1,100,001
Unrestricted grants and contributions	2,171,697	2,054,834	2,006,709	1,958,119
Miscellaneous	434,547	313,267	348,157	328,929
Investment earnings	302,390	925,090	1,632,837	2,739,678
Total general revenues	<u>57,706,472</u>	<u>66,112,454</u>	<u>61,112,741</u>	<u>59,908,214</u>
Change in net assets	<u>\$ 5,644,006</u>	<u>\$ 9,754,544</u>	<u>\$ 10,574,360</u>	<u>\$ 14,184,266</u>

	2007	2006	2005	2004	2003
\$	20,275,380	\$ 19,289,439	\$ 19,454,207	\$ 17,706,482	\$ 17,127,658
	8,287,423	7,655,563	6,972,878	6,775,066	6,868,542
	1,556,410	1,575,827	1,541,994	1,426,784	1,395,412
	1,915,909	1,621,609	1,611,268	1,396,181	3,262,347
	4,129,547	3,862,370	2,278,512	3,301,273	1,385,102
	1,195,634	1,299,864	671,270	1,081,159	3,733,648
	2,473,805	2,470,477	2,527,579	2,340,049	775,926
	2,809,170	2,699,038	2,593,564	2,291,825	2,443,868
	2,038,686	1,900,692	1,757,836	1,721,123	1,965,187
	4,833,132	4,745,319	4,369,900	3,917,717	1,673,954
	965,618	1,324,368	1,564,629	1,348,089	4,655,538
	122,601	166,325	126,103	97,573	1,259,220
	1,137,466	1,821,968	2,830,248	2,660,546	99,835
	2,697,912	1,841,948	3,054,296	3,492,984	2,501,919
	1,813,973	2,075,827	2,090,204	2,290,489	2,926,531
	62,082	62,082	62,082	53,199	52,391
	<u>56,314,748</u>	<u>54,412,716</u>	<u>53,506,570</u>	<u>51,900,539</u>	<u>52,127,078</u>
	794,992	588,136	598,868	585,396	500,544
	1,397,307	1,357,509	1,307,237	1,186,538	972,957
	97,175	113,126	107,683	101,860	98,062
	820,020	802,215	786,662	746,611	728,429
	97,328	71,166	75,759	82,616	135,552
	7,692,374	6,124,570	6,711,719	7,661,605	7,156,615
	184,381	155,307	132,736	102,261	-
	<u>11,083,577</u>	<u>9,212,029</u>	<u>9,720,664</u>	<u>10,466,887</u>	<u>9,592,159</u>
	<u>(45,231,171)</u>	<u>(45,200,687)</u>	<u>(43,785,906)</u>	<u>(41,433,652)</u>	<u>(42,534,919)</u>
	35,452,971	43,794,705	37,978,471	35,847,186	35,618,820
	887,370	1,396,835	1,604,404	1,679,855	1,264,688
	6,756,017	7,650,226	6,029,833	5,981,109	5,822,633
	1,028,641	942,831	743,874	605,474	451,934
	1,804,286	1,662,118	1,679,182	1,501,620	1,412,542
	251,335	70,064	196,016	748,164	1,813,392
	3,530,093	2,120,890	1,330,401	40,110	213,386
	<u>49,710,713</u>	<u>57,637,669</u>	<u>49,562,181</u>	<u>46,403,518</u>	<u>46,597,395</u>
\$	<u>4,479,542</u>	<u>\$ 12,436,982</u>	<u>\$ 5,776,275</u>	<u>\$ 4,969,866</u>	<u>\$ 4,062,476</u>

Arlington Heights School District 25
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2011 ***</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General (Educational) Fund				
Reserved	\$ -	\$ 87,968	\$ 94,235	\$ 167,805
Unreserved*	-	40,581,799	33,522,737	30,968,742
Nonspendable	135,418	-	-	-
Restricted	50,697	-	-	-
Unassigned	<u>51,799,408</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General (Educational) Fund	<u>\$ 51,985,523</u>	<u>\$ 40,669,767</u>	<u>\$ 33,616,972</u>	<u>\$ 31,136,547</u>
All Other Governmental Funds				
Unreserved, reported in:				
Debt Service Fund	\$ -	\$ 2,753,750	\$ 4,146,966	\$ 4,391,560
**Special Revenue Funds	-	21,731,456	23,288,174	28,601,040
Capital Projects Fund	-	33,276	82,424	278,524
Unassigned, reported in:				
Special Revenue Funds	261,908	-	-	-
Capital Projects Fund	(37,897)	-	-	-
Restricted, reported in:				
Debt Service Fund	2,291,126	-	-	-
Special Revenue Funds	12,838,551	-	-	-
Nonspendable, reported in:				
Special Revenue Funds	<u>39,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>15,393,334</u>	<u>24,518,482</u>	<u>27,517,564</u>	<u>33,271,124</u>
Total Governmental Funds	<u>\$ 67,378,857</u>	<u>\$ 65,188,249</u>	<u>\$ 61,134,536</u>	<u>\$ 64,407,671</u>

Notes:

* Unreserved General Fund balance has grown over the last two years as the District shifted the payment of debt previously paid from operating funds into the Debt Service Fund.

** Prior to 2003, Working Cash was not reported as a governmental fund. As of 2003, Working Cash was reallocated to a governmental fund.

*** GASB 54 was implemented in fiscal year 2011. With this implementation, the 2010 fund balances were restated and the Working Cash fund was reclassified to the General Fund. In 2010 and 2011 the Working Cash Account is included in with the Special Revenue Funds for the comparison purposes of this schedule.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 64,262	\$ 135,879	\$ 482,879	\$ 500,231	\$ 971,473	\$ 39,776,138
27,702,418	28,006,945	21,136,998	19,878,636	19,292,970	23,966,814
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 27,766,680</u>	<u>\$ 28,142,824</u>	<u>\$ 21,619,877</u>	<u>\$ 20,378,867</u>	<u>\$ 20,264,443</u>	<u>\$ 63,742,952</u>
\$ 4,438,554	\$ 7,144,146	\$ 6,141,309	\$ 6,229,267	\$ 5,791,506	\$ 2,485,607
23,165,595	24,311,509	22,650,767	15,823,889	15,662,626	2,353,130
36,593	350,211	657,812	721,792	629,294	315,114
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>27,640,742</u>	<u>31,805,866</u>	<u>29,449,888</u>	<u>22,774,948</u>	<u>22,083,426</u>	<u>5,153,851</u>
<u>\$ 55,407,422</u>	<u>\$ 59,948,690</u>	<u>\$ 51,069,765</u>	<u>\$ 43,153,815</u>	<u>\$ 42,347,869</u>	<u>\$ 68,896,803</u>

Arlington Heights School District 25
GENERAL SCHOOL SYSTEM REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Local sources:				
Property taxes	\$ 53,788,328	\$ 62,040,812	\$ 56,162,790	\$ 53,781,487
Replacement taxes	1,009,510	778,451	962,248	1,100,001
Interest and other income	302,390	925,090	1,632,837	2,739,678
Other revenues	<u>3,462,020</u>	<u>3,417,273</u>	<u>3,814,886</u>	<u>3,192,762</u>
Total local sources	<u>58,562,248</u>	<u>67,161,626</u>	<u>62,572,761</u>	<u>60,813,928</u>
State sources	<u>13,264,411</u>	<u>12,764,852</u>	<u>10,991,751</u>	<u>10,029,826</u>
Federal sources	<u>2,798,442</u>	<u>2,831,060</u>	<u>2,126,269</u>	<u>1,208,214</u>
Total revenues	<u>\$ 74,625,101</u>	<u>\$ 82,757,538</u>	<u>\$ 75,690,781</u>	<u>\$ 72,051,968</u>

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	43,096,358	\$ 52,841,766	\$ 45,612,708	\$ 43,508,150	\$ 42,702,041	\$ 41,062,747
	1,028,641	942,831	743,874	605,474	451,934	583,534
	3,530,093	2,120,890	1,330,401	748,164	1,813,392	1,684,228
	<u>3,474,557</u>	<u>3,024,516</u>	<u>3,003,580</u>	<u>2,745,122</u>	<u>2,640,530</u>	<u>2,588,651</u>
	<u>51,129,649</u>	<u>58,930,003</u>	<u>50,690,563</u>	<u>47,606,910</u>	<u>47,607,897</u>	<u>45,919,160</u>
	<u>8,647,956</u>	<u>6,874,872</u>	<u>7,720,378</u>	<u>8,177,720</u>	<u>7,647,548</u>	<u>8,095,239</u>
	<u>983,631</u>	<u>1,085,165</u>	<u>1,145,382</u>	<u>911,729</u>	<u>898,943</u>	<u>738,016</u>
\$	<u><u>60,761,236</u></u>	<u><u>66,890,040</u></u>	<u><u>59,556,323</u></u>	<u><u>56,696,359</u></u>	<u><u>56,154,388</u></u>	<u><u>54,752,415</u></u>

Arlington Heights School District 25
GENERAL SCHOOL SYSTEM EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction				
Regular programs	\$ 19,753,207	\$ 21,450,621	\$ 20,265,649	\$ 19,129,598
Special programs	7,155,948	7,533,065	6,663,875	7,476,522
Other instructional programs	4,843,209	3,083,056	3,232,429	1,760,888
Total instruction	<u>31,752,364</u>	<u>32,066,742</u>	<u>30,161,953</u>	<u>28,367,008</u>
Support services				
Pupils	4,048,759	3,633,769	3,430,394	3,196,010
Instructional staff	5,224,305	5,451,561	4,936,439	4,340,609
General administration	1,347,151	1,350,947	1,724,353	1,180,471
School administration	3,283,749	3,190,837	3,088,493	2,866,703
Business	2,026,760	1,974,980	2,255,039	2,426,779
Transportation	1,517,949	2,037,335	1,602,246	1,971,775
Operations and maintenance	5,042,663	5,178,139	5,578,657	5,865,605
Central	1,112,114	1,153,820	1,055,551	1,135,762
Community services	244,144	219,599	258,487	213,482
Nonprogrammed charges	1,455,516	1,251,750	1,357,503	842,870
On-behalf contributions	7,934,736	8,022,134	5,607,110	4,139,852
Total support services	<u>33,237,846</u>	<u>33,464,871</u>	<u>30,894,272</u>	<u>28,179,918</u>
Capital outlay	<u>1,789,648</u>	<u>3,951,158</u>	<u>8,806,640</u>	<u>4,418,119</u>
Debt service				
Principal	4,790,488	8,043,675	7,522,115	6,445,000
Interest	864,147	1,177,379	1,578,936	1,734,900
Total debt service	<u>5,654,635</u>	<u>9,221,054</u>	<u>9,101,051</u>	<u>8,179,900</u>
Total expenditures	<u>\$ 72,434,493</u>	<u>\$ 78,703,825</u>	<u>\$ 78,963,916</u>	<u>\$ 69,144,945</u>
Debt service as a percentage of noncapital expenditures	9%	14%	15%	14%
Debt service as a percentage of total expenditures	8%	12%	12%	12%

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	17,966,673	\$ 16,994,614	\$ 16,546,694	\$ 15,654,426	\$ 15,841,865	\$ 15,119,229
	8,264,490	7,649,778	6,965,217	6,769,301	6,724,855	5,790,547
	1,556,410	1,575,827	1,515,718	1,430,820	1,395,412	1,526,104
	<u>27,787,573</u>	<u>26,220,219</u>	<u>25,027,629</u>	<u>23,854,547</u>	<u>23,962,132</u>	<u>22,435,880</u>
	1,915,909	1,621,609	1,611,268	1,396,181	1,385,102	1,278,795
	3,886,000	3,642,288	3,482,509	3,178,617	3,238,597	3,489,237
	1,186,562	1,307,564	662,446	1,060,127	762,566	553,789
	2,467,381	2,467,757	2,517,285	2,336,828	2,378,901	2,227,945
	2,269,046	2,176,195	2,211,322	2,026,181	1,622,558	1,506,357
	2,037,709	1,896,101	1,751,820	1,720,882	1,667,486	1,603,416
	5,318,220	4,651,726	4,681,045	4,216,356	4,351,878	4,315,729
	962,139	1,326,322	1,561,739	1,347,527	1,256,701	1,353,574
	122,601	166,325	126,103	97,573	99,835	8,210
	1,137,466	1,821,968	2,830,248	2,660,546	2,546,960	2,151,922
	2,697,912	1,841,948	3,054,296	3,492,984	3,262,347	2,923,720
	<u>24,000,945</u>	<u>22,919,803</u>	<u>24,490,081</u>	<u>23,533,802</u>	<u>22,572,931</u>	<u>21,412,694</u>
	<u>5,571,203</u>	<u>2,493,329</u>	<u>3,003,755</u>	<u>902,557</u>	<u>910,724</u>	<u>1,771,475</u>
	5,960,000	4,035,000	5,285,000	5,010,000	4,827,836	4,456,723
	1,982,783	2,342,764	2,538,459	2,589,507	2,887,094	3,149,142
	<u>7,942,783</u>	<u>6,377,764</u>	<u>7,823,459</u>	<u>7,599,507</u>	<u>7,714,930</u>	<u>7,605,865</u>
\$	<u>65,302,504</u>	<u>58,011,115</u>	<u>60,344,924</u>	<u>55,890,413</u>	<u>55,160,717</u>	<u>53,225,914</u>
	15%	13%	16%	16%	17%	17%
	12%	11%	13%	14%	14%	14%

Arlington Heights School District 25
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess of revenues over (under) expenditures	\$ <u>2,190,608</u>	\$ <u>4,053,713</u>	\$ <u>(3,273,135)</u>	\$ <u>2,907,023</u>
Other financing sources (uses)				
General long-term debt issued	-	-	-	5,770,000
Payment to bond escrow	-	-	-	-
Other	-	-	-	323,226
Sale of capital assets	-	-	-	-
Transfers in	88,294	606,901	12,130,552	3,272,314
Transfers out	<u>(88,294)</u>	<u>(606,901)</u>	<u>(12,130,552)</u>	<u>(3,272,314)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,093,226</u>
Net change in fund balances	<u>\$ 2,190,608</u>	<u>\$ 4,053,713</u>	<u>\$ (3,273,135)</u>	<u>\$ 9,000,249</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ <u>(4,541,268)</u>	\$ <u>8,878,925</u>	\$ <u>(788,601)</u>	\$ <u>805,946</u>	\$ <u>993,671</u>	\$ <u>1,526,501</u>
-	25,272,095	-	-	605,310	17,065,000
-	(16,665,768)	-	-	-	(17,040,761)
-	-	-	-	-	-
-	-	-	12,500	12,500	25,200
1,953,688	943,364	325,950	331,065	315,310	839,648
<u>(1,953,688)</u>	<u>(943,364)</u>	<u>(325,950)</u>	<u>(331,065)</u>	<u>(315,310)</u>	<u>(839,648)</u>
-	8,606,327	-	12,500	617,810	49,439
\$ <u><u>(4,541,268)</u></u>	\$ <u><u>17,485,252</u></u>	\$ <u><u>(788,601)</u></u>	\$ <u><u>818,446</u></u>	\$ <u><u>1,611,481</u></u>	\$ <u><u>1,575,940</u></u>

Arlington Heights School District 25
ASSESSED VALUATION AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN TAX LEVY YEARS

<u>Tax</u> <u>Year</u>	Estimated Actual <u>Value</u> ^a	Total Taxable <u>Value</u>	Total Tax <u>Rate</u> ^b
2010	\$ 6,190,196,196	\$ 2,063,398,732	\$ 2.812
2009	6,730,977,300	2,243,659,100	2.509
2008	6,301,979,067	2,100,659,689	2.807
2007	5,841,521,502	1,947,173,834	2.889
2006	4,915,405,911	1,638,468,637	3.295
2005	4,639,369,482	1,546,456,494	3.225
2004	4,281,952,740	1,427,317,580	3.138
2003	3,667,407,453	1,222,469,151	3.652
2002	3,706,034,370	1,235,344,790	3.527
2001	3,419,061,336	1,139,687,112	3.700

Source: Cook County Levy, Rate, and Extension Reports for 2000 to 2009.

Notes: Property is assessed at full market value. Properties are reassessed once every three years.

^a Represents three times the Equalized Assessed Valuation.

^b Per \$1,000 of assessed value.

Arlington Heights School District 25
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS*
LAST TEN TAX LEVY YEARS

Taxing District	2010	2009	2008	2007
Overlapping				
Cook County	0.423	0.394	0.415	0.446
Cook County Forest Preserve	0.051	0.049	0.051	0.053
Consolidated Elections	-	0.021	-	0.012
Wheeling Township	0.430	0.039	0.038	0.038
Village of Arlington Heights	0.866	0.755	0.722	0.763
Arlington Heights Park District	0.450	0.392	0.379	0.404
Township High School District No. 214	1.839	1.636	1.587	1.621
Harper Community College District No. 512	0.295	0.258	0.256	0.260
Mt Prospect Special Service Area #5	0.105	0.095	0.096	0.101
Metropolitan Water Reclamation District	0.274	0.261	0.252	0.263
Northwest Mosquito Abatement District	0.009	0.008	0.008	0.008
Suburban TB Sanitarium	-	-	-	-
Total overlapping	<u>4.742</u>	<u>3.908</u>	<u>3.804</u>	<u>3.969</u>
Direct				
Arlington Heights School District 25	<u>2.813</u>	<u>2.509</u>	<u>2.807</u>	<u>2.889</u>
Total	<u><u>7.555</u></u>	<u><u>6.417</u></u>	<u><u>6.611</u></u>	<u><u>6.858</u></u>

*Tax Rates are expressed in dollars per \$100 of assessed valuations.

Source of Information: Cook County Clerk's Office -

Department of Tax Extension

2006	2005	2004	2003	2002	2001
0.500	0.533	0.593	0.630	0.690	0.746
0.057	0.060	0.060	0.059	0.061	0.067
-	0.014	-	0.029	-	0.032
0.043	0.041	0.042	0.047	0.040	0.049
0.866	0.800	0.740	0.750	0.717	1.149
0.461	0.453	0.466	0.516	0.458	0.484
1.823	1.759	1.888	1.982	1.888	1.989
0.288	0.281	0.279	0.310	0.295	0.308
0.118	0.117	0.125	0.141	0.137	0.148
0.284	0.315	0.347	0.361	0.371	0.401
0.009	0.009	0.009	0.010	0.009	0.010
<u>0.005</u>	<u>0.005</u>	<u>0.001</u>	<u>0.004</u>	<u>0.006</u>	<u>0.007</u>
<u>4.454</u>	<u>4.387</u>	<u>4.550</u>	<u>4.839</u>	<u>4.672</u>	<u>5.390</u>
<u>3.295</u>	<u>3.225</u>	<u>3.138</u>	<u>3.652</u>	<u>3.527</u>	<u>3.700</u>
<u>7.749</u>	<u>7.612</u>	<u>7.688</u>	<u>8.491</u>	<u>8.199</u>	<u>9.090</u>

Arlington Heights School District 25
PRINCIPAL TAXPAYERS IN THE DISTRICT
CURRENT TAX LEVY YEAR AND NINE YEARS AGO

Type of Business, Property	2010 Equalized Assessed Valuation	Percentage of Total 2010 Equalized Assessed Valuation
# 1 Luther Village	\$ 54,374,690	2.64%
# 2 Town & Country Mall	24,783,348	1.20%
# 3 Northpoint & Arlington Heights Freed	31,620,821	1.53%
# 4 Avalon Bay Communities	15,888,874	0.77%
# 5 Visconsi Companies	10,558,583	0.51%
# 6 DBSI Arl Town Square	15,445,162	0.75%
# 7 New Plan Excel Prop Tr	15,220,473	0.74%
# 8 Robin Realty Management	5,122,691	0.25%
# 9 Stonebridge Real Estate	14,396,086	0.70%
#10 Sunrise Tax Dept.	3,647,136	0.18%
Total	\$ <u>191,057,864</u>	<u>9.27%</u>

Type of Business, Property	2001 Equalized Assessed Valuation	Percentage of Total 2001 Equalized Assessed Valuation
# 1 Luther Village	\$ 21,732,244	1.91%
# 2 Avalon Bay Communities	15,175,428	1.33%
# 3 Visconsi Companies	14,856,251	1.30%
# 4 Northpoint Freed	26,129,582	2.29%
# 5 GMAC Commercial Mortgage	10,501,902	0.92%
# 6 M&J Wilkow, Ltd.	8,928,446	0.78%
# 7 Stonebridge Trust	11,936,751	1.05%
# 8 Presbyterian Homes	8,933,959	0.78%
# 9 Northwest Community Hospital	7,373,777	0.65%
# 10 Huntoon Paige	7,807,144	0.69%
Total	\$ <u>133,375,484</u>	<u>11.70%</u>

Source of information: Cook County Assessor's Office

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Arlington Heights School District 25
PROPERTY TAX RATES - LEVIES AND COLLECTIONS
LAST TEN TAX LEVY YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy Amount	Percentage of Levy	Collections in Subsequent Years	Total Collections to Date Amount	Percentage of Levy
2011	\$ 58,027,938	\$ 29,393,451	50.65%	\$ -	\$ 29,393,451	50.65%
2010	56,300,925	30,713,241	54.55%	24,264,057	54,977,298	97.65%
2009	58,963,859	26,909,408	45.64%	31,442,037	58,351,445	98.96%
2008	56,261,420	25,955,145	46.13%	29,216,062	55,171,207	98.06%
2007	53,979,932	25,042,407	46.39%	28,176,730	53,219,137	98.59%
2006	49,866,599	22,184,811	44.49%	27,074,172	49,258,983	98.78%
2005	44,645,946	21,018,554	47.08%	23,707,849	44,726,403	100.18%
2004	43,568,281	20,283,549	46.56%	23,135,474	43,419,023	99.66%
2003	42,501,471	19,743,149	46.45%	22,318,209	42,061,358	98.96%
2002	41,036,598	17,946,368	43.73%	21,343,684	39,290,052	95.74%

Source: County Property Appraiser and district records.

Note: The property taxes levied are one year behind the collections. The taxes levied for fiscal year 2011 represent the 2010 property tax levy.

Arlington Heights School District 25
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Total Primary Government
	General Obligation <u>Bonds</u>	School Building <u>Obligation</u>	<u>Other</u>	Capital <u>Leases</u>	
2011	\$ 15,190,000	\$ -	\$ 408,130	\$ 12,099	\$ 15,610,229
2010	19,970,000	-	227,447	22,587	20,220,034
2009	27,980,000	-	195,573	56,262	28,231,835
2008	35,350,000	-	351,465	208,377	35,909,842
2007	36,025,000	-	(71,066)	309,444	36,263,378
2006	41,985,000	-	(115,405)	452,265	42,321,860
2005	46,020,000	980,000	(168,626)	595,086	47,426,460
2004	33,950,000	10,505,000	112,761	30,261	44,598,022
2003	38,075,000	11,390,000	148,671	360,778	49,974,449
2002	41,755,000	12,230,000	67,380	668,613	54,720,993

^a See Economic and Demographic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Ratio of General Bonded Debt to EAV	Percentage of Personal <u>Income</u> ^a	Per <u>Capita</u>
0.25%	0.60%	\$ 201
0.30%	0.77%	260
0.44%	0.53%	376
0.61%	0.68%	483
0.74%	0.68%	488
0.91%	0.80%	569
1.11%	0.92%	626
1.22%	0.87%	588
1.35%	0.97%	659
1.60%	1.06%	720

Arlington Heights School District 25
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2011

Governmental Jurisdiction	Debt Outstanding	Overlapping Percent	Net Direct and Overlapping Debt
Overlapping bonded debt			
Cook County	\$ 3,499,615,000	1.086%	\$ 38,005,819
Cook County Forest Preserve	101,935,000	1.086%	1,107,014
Metropolitan Water Reclamation District	1,945,659,620	1.110%	21,596,822
Community College District No. 512	192,420,000	7.331%	14,106,310
High School District 214	42,399,947	15.897%	6,740,320
Arlington Heights Park District	26,606,199	54.909%	14,609,198
Mount Prospect Park District	18,085,000	2.806%	507,465
Prospect Heights Park District	10,045,081	3.240%	325,461
City of Rolling Meadows^	21,755,000	0.453%	98,550
Village of Arlington Heights	59,185,000	51.902%	30,718,199
Village of Mount Prospect	24,240,000	2.656%	643,814
Total overlapping bonded debt			128,458,972
Direct bonded debt			
Arlington Heights School District 25	15,202,099	100.000%	15,202,099
Total direct and overlapping bonded debt			\$ <u>143,661,071</u>

Source of Information: Taxable value data used to estimate applicable percentages provided by the County Property Appraiser. Debt outstanding data provided by each governmental unit as of the end of their fiscal year 2011.

Arlington Heights School District 25

LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

	2011	2010	2009	2008
Debt Limit	\$ 142,374,513	\$ 154,812,478	\$ 144,953,498	\$ 134,354,995
Total Net Debt Applicable to Limit	15,202,099	19,992,587	28,036,262	35,350,000
Legal Debt Margin	\$ 127,172,414	\$ 134,819,891	\$ 116,917,236	\$ 99,004,995
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11%	13%	19%	26%
2009 Equalized Assessed Valuation	\$ 2,063,398,732			
Voted and Unvoted Debt Limit - 6.9% of Equalized Assessed Valuation				\$ 142,374,513
Total Debt Outstanding	\$ 15,202,099			
Less: Exempted Debt	-			
Net Subject to 6.9% Limit				15,202,099
Total Legal Voted and Unvoted Debt Margin				\$ 127,172,414

Source of Information: Annual Financial Reports

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 113,054,336	\$ 106,705,498	\$ 98,484,913	\$ 84,350,371	\$ 85,238,791	\$ 78,638,411
<u>36,025,000</u>	<u>41,985,000</u>	<u>47,000,000</u>	<u>44,455,000</u>	<u>38,075,000</u>	<u>41,755,000</u>
<u>\$ 77,029,336</u>	<u>\$ 64,720,498</u>	<u>\$ 51,484,913</u>	<u>\$ 39,895,371</u>	<u>\$ 47,163,791</u>	<u>\$ 36,883,411</u>
32%	39%	48%	53%	45%	53%

Arlington Heights School District 25
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Calendar <u>Year</u>	<u>Population</u> ^a	Personal <u>Income</u> ^b	Per Capita Personal <u>Income</u>	Illinois Unemployment <u>Rate</u> ^c
2011	76,943	\$ 2,580,975,992	\$ 33,544	9.20%
2010	76,943	2,580,975,992	33,544	8.90%
2009	76,943	2,580,975,992	33,544	9.30%
2008	76,943	2,580,975,992	33,544	5.80%
2007	76,943	2,580,975,992	33,544	4.60%
2006	76,943	2,580,975,992	33,544	4.60%
2005	76,943	2,580,975,992	33,544	5.10%
2004	76,031	2,550,383,864	33,544	5.50%
2003	76,031	2,550,383,864	33,544	6.00%
2002	76,031	2,550,383,864	33,544	5.80%

Notes:

^a Village of Arlington Heights (U.S. Census Bureau for 2000 and 2006)

^b U.S. Census Bureau

^c Illinois Department of Employment Security, Economic Information and Analysis

Arlington Heights School District 25
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2010</u>		<u>2001</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Arlington Park Racecourse (seasonal)	4,500	1	3,100	2
Northwest Community Healthcare	4,000	2	2,989	3
Siemens/Nokia (formerly Motorola)	2,000	3	4,326	1
Broadwing Communications, LLC	2,000	4		
Township High School District 214	1,672	5	1,520	4
GTSS	1,000	6		
Paddock Publications	850	7	525	7
Arlington Heights School District 25	692	8	553	6
Lutheran Home Services	598	9	450	9
Village of Arlington Heights	435	10	400	10
Ameritech			1,000	5
Market Facts			522	8
	<u>17,747</u>		<u>15,385</u>	

Source: Illinois Manufacturers Directory, Illinois Services Directory, and internet searches

Arlington Heights School District 25

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

School	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Elementary										
Dryden (1952)										
Square feet	52,437	52,437	52,437	52,437	52,437	52,437	67,248	67,248	67,248	67,248
Capacity	494	494	494	494	494	494	656	656	656	656
Enrollment	425	418	416	402	414	414	459	498	494	504
Greenbrier (1964)										
Square feet	58,207	58,207	58,207	58,207	58,207	58,207	58,207	58,207	58,207	58,207
Capacity	494	494	494	494	494	494	494	494	494	494
Enrollment*	241	233	240	252	255	262	264	272	276	281
Ivy Hill (1966)										
Square feet	60,388	60,388	60,388	60,388	60,388	60,388	60,388	60,388	60,388	60,388
Capacity	546	546	546	546	546	546	546	546	546	546
Enrollment*	385	420	381	364	391	395	424	440	438	450
Olive Mary Stitt (1962)										
Square feet	62,643	62,643	62,643	62,643	62,643	62,643	65,463	65,463	65,463	65,463
Capacity	624	624	624	624	624	624	678	678	678	678
Enrollment	476	491	470	469	504	506	539	527	539	570
Patton (1962)										
Square feet	44,765	44,765	53,165	53,165	53,165	53,165	53,165	53,165	53,165	53,165
Capacity	598	598	598	598	598	598	598	598	598	598
Enrollment*	362	393	395	414	449	434	425	423	447	454
Westgate ()										
Square feet	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000
Capacity	780	780	780	780	780	780	780	780	780	780
Enrollment	542	526	578	554	576	569	569	568	563	631
Windsor (1959)										
Square feet	68,346	68,346	68,346	68,346	68,346	68,346	68,346	68,346	68,346	68,346
Capacity	702	702	702	702	702	702	702	702	702	702
Enrollment	566	585	593	608	585	588	522	478	469	470
Middle Schools										
South (1997)										
Square feet	146,013	146,013	146,013	146,013	146,013	146,013	146,013	146,013	146,013	146,013
Capacity	998	998	998	998	998	998	998	998	998	998
Enrollment	873	871	854	867	874	884	858	908	897	899
Thomas (1964)										
Square feet	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000
Capacity	894	894	894	894	894	894	894	894	894	894
Enrollment	862	828	839	844	844	853	879	869	876	843

* Excludes Pre-K students and those who attend special education outside of the district

Arlington Heights School District 25
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Schools</u>										
Elementary										
Buildings	7	7	7	7	7	7	7	7	7	7
Square feet	420,786	420,786	429,186	429,186	429,186	429,186	446,817	446,817	446,817	446,817
Capacity	4,238	4,238	4,238	4,238	4,238	4,238	4,454	4,454	4,454	4,454
Enrollment	2,997	3,066	3,073	3,063	3,174	3,168	3,350	3,206	3,226	3,360
Middle										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	270,013	270,013	270,013	270,013	270,013	270,013	270,013	270,013	270,013	270,013
Capacity	1,892	1,892	1,892	1,892	1,892	1,892	1,892	1,892	1,892	1,892
Enrollment	1,735	1,699	1,693	1,711	1,718	1,737	1,737	1,777	1,773	1,742
Other										
Buildings	3	3	3	3	3	3	3	3	3	3
Enrollment	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>Athletics</u>										
Playgrounds	7	7	7	7	7	7	7	7	7	7

Source: District records.

Arlington Heights School District 25

OPERATING STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Average Daily <u>Attendance</u>	Operating <u>Expenditures</u>	Cost per <u>Pupil</u>	Percentage <u>Change</u>	Tuition <u>Expenses</u>	Tuition Charge <u>Pupil</u>	Percentage <u>Change</u>	Teaching <u>Staff</u>	Pupil- Teacher <u>Ratio (1)</u>	Percentage of Students Receiving Free or Reduced-Price <u>Meals</u>	Total <u>Enrollment</u>
2002	4,394	41,670,061	9,483	#DIV/0!	37,847,431	8,613	4.6%	363	13.50	4%	4,899
2003	4,413	43,300,367	9,812	3.5%	39,942,309	9,051	5.1%	374	13.14	4%	4,913
2004	4,449	43,488,027	9,775	-0.4%	39,295,359	8,832	-2.4%	379	12.97	4%	4,917
2005	4,450	45,785,116	10,289	5.3%	41,533,241	9,333	5.7%	379	13.01	4%	4,930
2006	4,481	47,376,554	10,573	2.8%	42,684,392	9,525	2.1%	392	12.67	4%	4,965
2007	4,639	49,556,357	10,681	1.0%	44,031,437	9,491	-0.4%	374	13.52	4%	5,056
2008	4,623	52,824,283	11,426	7.0%	47,327,942	10,237	7.9%	412	12.26	4%	5,051
2009	4,630	53,928,313	11,647	1.9%	47,981,979	10,363	1.2%	415	12.29	7%	5,100
2010	4,683	55,788,010	11,912	2.3%	49,845,430	10,643	2.7%	417	12.47	7%	5,198
2011	4,722	53,608,714	11,353	-4.7%	47,795,073	10,122	-4.9%	422	12.33	9%	5,202

Source: Nonfinancial information from district records.

Notes: Operating expenditures are total expenditures less debt service and capital outlays.

(1) This ratio represents the number of pupil to one teacher

Arlington Heights School District 25
FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time-Equivalent Employees as of June 30										Percentage
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Change 2002-2011
Administration											
Superintendent	1	1	1	1	1	1	1	1	1	1	0.00%
Assistant Superintendent	3	3	4	4	4	4	4	4	4	4	-25.00%
District Administrators	5	5	5	5	4	4	4	4	4	4	25.00%
Principals and Assistant Principals	<u>17</u>	<u>17</u>	<u>15</u>	<u>15</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>11</u>	<u>54.55%</u>
Total Administration	<u>26</u>	<u>26</u>	<u>25</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>20</u>	<u>30.00%</u>
Teachers											
Elementary School	168	168	168	165	158	133	132	132	132	132	27.27%
Middle School	110	111	111	111	109	109	107	107	102	98	12.24%
District Instruction Support	86	84	84	84	82	91	84	86	85	82	4.88%
Special Education	<u>59</u>	<u>54</u>	<u>52</u>	<u>52</u>	<u>52</u>	<u>59</u>	<u>59</u>	<u>57</u>	<u>55</u>	<u>51</u>	<u>15.69%</u>
Total instruction	<u>423</u>	<u>417</u>	<u>415</u>	<u>412</u>	<u>401</u>	<u>392</u>	<u>382</u>	<u>382</u>	<u>374</u>	<u>363</u>	<u>16.53%</u>
Supporting Staff											
Cafeteria	27	27	27	27	24	26	22	23	22	17	58.82%
Clerical and Aides, Playground Supervisor	175	175	175	175	197	193	190	189	172	157	11.46%
Maintenance, Warehouse, Custodians and											
Crossing Guards	<u>50</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>-1.96%</u>
Total Supporting Staff	<u>252</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>269</u>	<u>267</u>	<u>260</u>	<u>263</u>	<u>245</u>	<u>225</u>	<u>12.00%</u>
Total	<u>701</u>	<u>693</u>	<u>690</u>	<u>687</u>	<u>692</u>	<u>681</u>	<u>664</u>	<u>667</u>	<u>641</u>	<u>608</u>	<u>15.30%</u>

Source: District Personnel Summary, Fall Housing Report and Teacher Records

Notes: Full-time instructional employees of the district are employed for all 185 scheduled school days, at seven hours per day or 1,260 hours per year. Total work hours by instructional employees are divided by 1,260 to obtain full-time-equivalent employment. Full-time equivalent employment for all other positions is determined based on 1,820 hours per year (52 weeks times five days time seven hours).

Arlington Heights School District 25
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Fiscal Year	Minimum Salary^a	Maximum Salary^a	Statewide Average Salary^b
2002	\$ 32,997	\$ 77,295	\$ 49,702
2003	33,921	79,458	51,672
2004	34,871	81,682	54,446
2005	35,830	83,928	55,558
2006	36,815	86,236	56,685
2007	37,906	88,792	58,275
2008	39,043	91,456	60,871
2009	40,215	94,199	62,137
2010	41,439	97,066	63,296
2011	41,480	100,148	64,978

Sources:

^a District records.

^b School Report Card (data is from prior fiscal year)

Note: Amounts do not include additional salary steps based on experience or academic credentials, nor fringe benefits such as pension, health insurance, disability, and so on.