

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF

**ARLINGTON HEIGHTS SCHOOL
DISTRICT 25**

ARLINGTON HEIGHTS, IL

As of and for the Year Ended June 30, 2012

Officials Issuing Report

Dr. Sarah Jerome, Superintendent
Ms. Stacey Mallek, Assistant Superintendent for Business

Department Issuing Report

Business Office

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

TABLE OF CONTENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Page(s)</u>
<i>Introductory Section</i>	
Transmittal Letter	i - xiii
ASBO Certificate	xiv
Organizational Chart	xv
Principal Officers and Advisors	xvi
<i>Financial Section</i>	
Independent Auditor's Report	1 - 2
Required Supplementary Information	
Management's Discussion and Analysis (MD&A) - Unaudited	3 - 9
Basic Financial Statements	
<u>Government-Wide Financial Statements</u>	
Statement of Net Assets	10
Statement of Activities	11
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds	12 - 13
Reconciliation of the Governmental Funds - Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15 - 16
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	17
Statement of Fiduciary Assets and Liabilities - Agency Fund	18
Notes to Basic Financial Statements	19 - 37
Required Supplementary Information	
Illinois Municipal Retirement Fund - Schedule of Employer's Contributions and Analysis of Funding Progress	38
Schedule of Funding Progress For Retiree's Health Plan	39

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

TABLE OF CONTENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

	<i><u>Page(s)</u></i>
Required Supplementary Information - (Continued)	
<u>General and Major Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual</u>	
General Fund	40 - 48
Operations and Maintenance Fund	49 - 50
Transportation Fund	51
Municipal Retirement/Social Security Fund	52 - 53
Notes to Required Supplementary Information	54
Supplementary Information	
<u>Major Debt Service and Major Capital Projects Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual</u>	
Debt Service Fund	55
Capital Projects Fund	56
Fire Prevention and Life Safety Fund	57
General Fund - Combining Balance Sheet	58
General Fund - Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	59 - 60
<u>General Fund Accounts - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual</u>	
Educational Accounts	61 - 69
Tort Immunity and Judgment Accounts	70
Working Cash Accounts	71
Schedule of Changes in Assets and Liabilities - Agency Fund	72
Statistical Section	
Net Assets by Component	73 - 74
Changes in Net Assets	75 - 76
Fund Balances of Governmental Funds	77 - 78
Governmental Funds Revenues	79 - 80
Governmental Funds Expenditures and Debt Service Ratio	81 - 82
Other Financing Sources and Uses and Net Change in Fund Balances	83 - 84
Assessed Valuation and Estimated Actual Value of Taxable Property	85
Property Tax Rates - All Direct and Overlapping Governments	86 - 87
Principal Property Taxpayers in the District	88
Property Tax Levies and Collections	89

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

TABLE OF CONTENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Page(s)</u>
Ratio of Outstanding Debt by Type	90
Ratios of General Bonded Debt Outstanding	91
Computation of Direct and Overlapping Debt	92
Legal Debt Margin Information	93 - 94
Demographic and Economic Statistics	95
Principal Employers	96
Number of Employees by Type	97
Operating Indicators by Function	98 - 99
School Building Information	100 - 101

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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

December 15, 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, 2012, is submitted herewith. Submittal of this report complies with the requirements of the Illinois School Code. 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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 Baker Tilly Virchow Krause, LLP, 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. Made up of seven elementary schools and two middle schools, the District's total student enrollment for 2011-12 was 5,162. Each elementary school hosts students in grades kindergarten through fifth, and each middle school hosts students in grades six through eighth. Additionally, three of the elementary school run early childhood programs for students ages three to five. 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 life 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. Although the District's five-year financial projections point toward continued overall financial strength, several key areas of concern are monitored for probable adverse impact on operations. Key areas of concern include property tax refunds, unfunded mandates, utility costs, growing special education and English Language Learners program needs, increasing health care costs, decreasing investment earnings, the State financial condition and reductions in State funding, and the Federal fiscal cliff.

Several key financial indicators reflect positive results in the District's operating funds including proportion of fund balance to revenue, expenditures to revenues ratio, and fund balance as a percentage of next year's expenditures. However, with minimal increases and probable decreases in state and federal funding projected, the dependence upon local property taxes will become a growing challenge for taxing districts, including District 25. Because property tax increases are limited by the Tax Cap law, it remains a priority to keep overall expenditures in line with revenues. Over the past several years, the District has made some positive financial achievement in the areas of energy utilization and tying salaries to the same inflation rate that property tax increases are tied to. 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.

Relevant Financial Policies

The Illinois School Code requires that public school districts approve an annual budget prior to the last day of the first quarter of the current fiscal year. The Board of Education of each district is further required to make these budgets available for public inspection at least 30 days, followed by a public hearing, prior to their adoption. The approved budgets must be filed with the Illinois State Board of Education within 30 days of their approval. The District budget is posted on the District's website. The Board is authorized by Illinois school law to transfer funds up to 10% within each fund in the budget. The budget may be amended through the last day of the fiscal year subject to the same requirements specified above. Budget planning begins no later than November by presenting a tentative tax levy to the Board of Education. The Certificate of Property Tax Levy must be filed by the Cook County Clerk by the last Tuesday in December. The District annually publishes a statement of affairs regarding the financial position of the District for the previous year by December 1 of each year.

The Board of Education maintains established budget and fund balance policies that outline parameters for the distribution of resources, provisions for safe and operational facilities,

compliance with all applicable regulations, and continuous monitoring of efficiencies. Budgetary controls are in place to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Education. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within an individual fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. All outstanding encumbered amounts are cancelled at year-end. Adequate fund balance level are maintained for operational and financial planning purposes, and a minimum fund balance level of 60% of the next year's budget expenditures is a goal of the Board. This level of fund balance represents approximately 6 months of operations plus a contingency. Fund balances are reported as of June 30 each year.

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.

The School Code of Illinois and the District's adopted policy require an annual audit by certified public accountants. The accounting firm of Baker Tilly Virchow Krause, LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Revisions of 1996 and related U.S. Office of Management and Budget's (OMB) Circular A-133, "*Audits of States, Local Governments,, and Non-profit Organizations*". The auditors' report on general purpose financial statements is included in the financial section of this report.

As part of the audit of the District, the District's independent auditor considered the District's internal controls to determine auditing procedures for the purpose of expressing an opinion on the financial statements. The auditor also performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. The results of the audit for the fiscal year ended June 30, 2012, are included.

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.

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, 2012 and the amount and percentage of increase and decrease in relation to prior year revenues:

Revenue Sources	Fiscal 2012 Revenues		Increase (Decrease) from Fiscal 2011	
	Amount	Percent of Total	Dollars	Percentage
Local Property Taxes	\$57,873,914	74.9%	\$ 4,085,586	7.6%
Personal Property				
Replacement Tax	928,679	1.2	(80,831)	(8.0)
Earnings on Investments	(328,920)	(0.4)	(631,310)	(208.8)
State Sources	12,972,844	16.8	(291,567)	(2.2)
Federal Sources	1,977,720	2.6	(820,722)	(29.3)
Other Sources	<u>3,798,257</u>	<u>4.9</u>	<u>336,237</u>	<u>9.7</u>
Total	<u>\$77,222,494</u>	<u>100.0%</u>	<u>\$ 2,597,393</u>	<u>3.5%</u>

Revenues for general Districts functions totaled \$77,222,494 in 2011-12, an increase of 3.5% over 2010-11. Local property taxes accounted for \$57,873,914, or 74.9% of general revenues compared to 72.1% last year. They increased 7.6% over the prior year, mainly based on the timing of the receipts. Earnings on investments decreased as a result of the current market conditions, decreasing investment yields and late property taxes and State revenues. In total, earnings on investments are reported as negative based on a prior year audit adjustment related to a market value adjustment for investments in the Working Cash Fund that was never reversed when the investments were no longer held. State revenue decreased due to a \$969,000 decrease in special education categorical payments, offset by an increase of

\$639,0000 in funding for the TRS on-behalf payment, which represents the District's share of the state's contribution to the teacher pension system. The federal sources decreased mainly due to the elimination of the Federal Stimulus (ARRA) funds, where \$623,522 was received in the prior year.

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 2011 EAV of \$1,903,751,676 represents a 7.7% decrease over the 2010 EAV amount. The EAV decrease was a continued result of the downturn in the housing market and economy as 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 March of 2012 and was fifty-five percent of the 2010 tax bill. The second installment is due in September after the close of the fiscal year and is the difference between the actual 2011 tax extension 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 2011 and the proceeding two fiscal years.

<u>Fund Type</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General	2.4279	2.2555	1.9525
Special Revenue	.3733	.2797	.3022
Debt Service	.2887	.2666	.2451
Capital Projects	.0107	.0105	.0095
Total Tax Rate	<u>3.1006</u>	<u>2.8123</u>	<u>2.5093</u>

The following schedule presents a summary of general funds, special revenue funds, debt service fund and capital project fund expenditures for the fiscal year ended June 30, 2012 and the percentage of increase and decrease in relation to prior year amounts.

Function	Fiscal 2012 Expenditures		Increase (Decrease) from Fiscal 2011	
	Amount	Percent of Total	Dollars	Percentage
Instruction	\$42,019,381	53.6%	\$ 2,332,281	5.9%
Instructional Support	9,047,161	11.5	(225,903)	(2.4)
Support Services	8,809,905	11.2	795,987	9.9
Transportation	1,920,596	2.4	402,647	26.5
Operations & Maintenance	5,236,075	6.7	193,412	3.8
Nonprogrammed Charges	1,472,420	1.9	16,904	1.2
Capital Outlay	4,283,158	5.5	2,493,510	139.3
Debt Service	<u>5,651,962</u>	<u>7.2</u>	<u>(2,673)</u>	<u>0.0</u>
Total	<u>\$78,440,658</u>	<u>100.0%</u>	<u>\$ 6,006,165</u>	<u>8.3%</u>

Expenditures for general District functions totaled \$78,440,658 an increase of 8.3% over 2011. The decrease in instructional support is mainly due to minimal salary increases based on the collective bargaining agreement offset by turnovers in staff. The transportation fund saw an increase in the number of students and costs for special education transportation as well as an increase in gas costs. The increase in capital outlay is due to the completion of and final payout on the Phase I and Phase II air conditioning project.

Overall financial results for fiscal 2012 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 \$62,520,383 and total expenditures of \$60,942,931, providing a surplus of \$1,577,452. The closing unassigned fund balance was \$53,176,748. 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 2011-12 fiscal year was as follows:

	<u>Amount</u>	<u>Ratio of Debt to Equalized Assessed Valuation</u>
General Obligation Debt	\$10,165,958	0.5%

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.

Capital Projects Fund

The District's Capital Project Fund accounts for capital projects funded through bond proceeds. The limited expenditures for 2011-12 relate to the final payments on 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, 2012, the capital assets of the District amounted to \$128,259,665 (\$82,557,160 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, 2011 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 International 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, 2012.

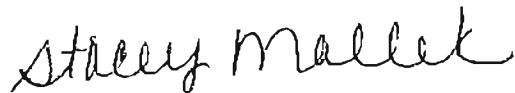
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of all the members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

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

Association of School Business Officials International



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

Arlington Heights School District 25

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

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



A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

Arlington Heights District 25

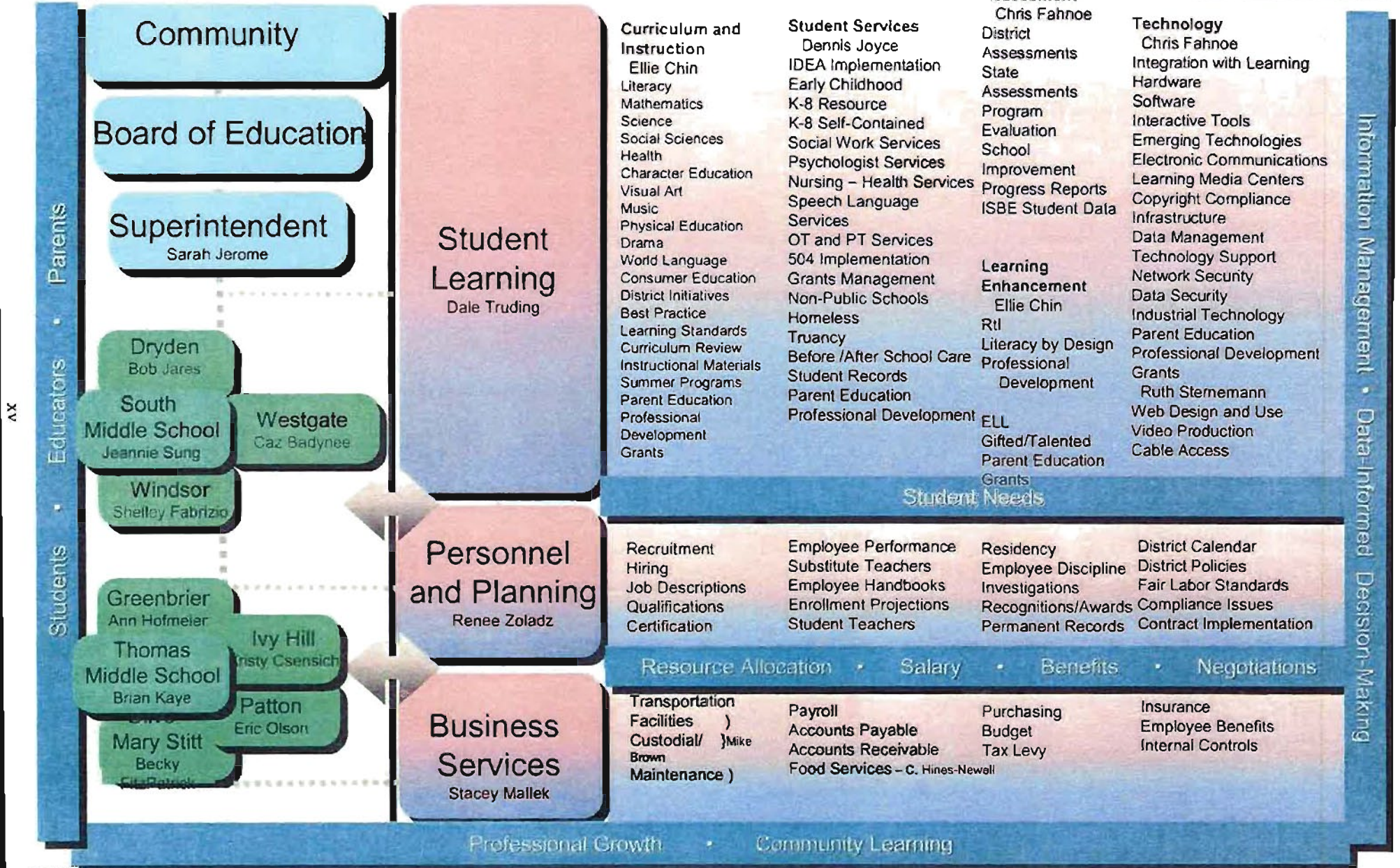
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Arlington Heights School District 25

1200 S. Dunton Avenue
Arlington Heights, IL 60005

Comprehensive Annual Financial Report Officers and Officials

Fiscal Year Ended June 30, 2012

Board of Education

		<u>Term Expires</u>
David Page	President	2013
Charles W. Williams	Vice President	2015
Susan Preissing	Secretary	2015
Diana Chrissis	Member	2015
Denise Glasgow	Member	2013
Phil Crusius	Member	2013
Kenneth D. Nielsen	Member	2013

Treasurer

Kay Waller Accounting Supervisor Township High School District 214

District Administration

Dr. Sarah Jerome	Superintendent
Stacey Mallek	Assistant Superintendent for Business
Dr. Renee Zoladz	Assistant Superintendent for Personnel & Planning
Dr. Dale Truding	Assistant Superintendent for Student Learning

Principals

Dr. Robert Jares	Dryden Elementary School
Ann Hofmeier	Greenbrier Elementary School
Kristy Csensich	Ivy Hill Elementary School
Rebecca Fitzpatrick	Olive-Mary Stitt Elementary School
Dr. Eric Olson	Patton Elementary School
Casimer Badynee	Westgate Elementary School
Shelley Fabrizio	Windsor Elementary School
Jeannie Sung	South Middle School
Brian Kaye	Thomas Middle School

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Baker Tilly Vinchow Krause, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3189
tel 630 990 3131
fax 630 990 0039
bakertilly.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Arlington Heights School District 25
1200 South Dunton
Arlington Heights, IL 60005

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, 2012, which collectively comprise Arlington Heights School District 25'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 included in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances has been derived from Arlington Heights School District 25's 2011 financial statements which were audited by other auditors whose report dated January 31, 2012, 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 previously 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, 2012, 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.


In accordance with Government Auditing Standards, we have also issued a report dated December 11, 2012 on our consideration of Arlington Heights School District 25's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Board of Education
Arlington Heights School District 25

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 2012 supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 supplementary information is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2012, taken as a whole. The prior year comparative information has been derived from, Arlington Heights School District 25's basic financial statements for the year ended June 30, 2011, which are not presented with the accompanying financial statements, and were audited by other auditors whose report dated January 31, 2012, expressed an opinion that the 2011 supplementary information is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011, taken as a whole.

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


Oak Brook, Illinois
December 11, 2012

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2012

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 as of and for the year ended June 30, 2012. The management of the District encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > The District's financial status continues to be strong despite the financial crisis the State is in and the property tax cap. The District continues to operate within a cost neutral mindset in that, to the extent possible, new expenditures are offset by the reallocation of funds from other budget areas.
- > In total, net assets increased by \$4.4. This represents a 3% increase from 2011. The District continues to seek additional resources, such as grants from the Department of Commerce and Economic Opportunity to offset the lighting replacement project and providing food service management to Districts 23 (new in 2011-12), 26 and 57. At the same time, the District constantly manages expenditures, such as bidding out electric provider services and achieving significant cost reductions as a result.
- > General revenues accounted for \$60.6 in revenue or 78% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$17.3 or 22% of total revenues of \$77.9.
- > The District had \$73.5 in expenses related to government activities. However, only \$17.3 of these expenses were offset by program specific charges and grants.
- > The District continued to pay down its long-term debt retiring \$4.1 million in fiscal 2012.
- > During the year, the Board of Education authorized the interest transfer of \$28,267 from the Operations and Maintenance Fund to the General (Educational Accounts) Fund and \$9,379 from the Debt Service Fund to the General (Educational Accounts) Fund. Additionally, an abatement transfer of \$228,615 from the General (Working Cash Accounts) Fund to the Capital Projects Fund was authorized to cover the final payment of bond funds for the air conditioning project. The transfers were part of the adopted budget and authorized by proper Board resolution.
- > The District maintained adequate fund balance in accordance with the Board's fund balance goal of not less than 60% of the next year's expenditures.

Overview of the Financial Statements

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

- > Government-wide financial statements,
- > Fund financial statements, and
- > Notes to basic financial statements.

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

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.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2012

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 government'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).

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

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

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund, Capital Projects Fund, and Fire Prevention and Safety Fund, all of which are considered to be major funds.

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

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

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2012

Notes to basic financial statements

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

Other information

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

District-Wide Financial Analysis

The District's combined net assets were higher on June 30, 2012, than they were the year before, increasing 3% to \$138.6.

Table 1		
Condensed Statements of Net Assets		
(in millions of dollars)		
	<u>2011</u>	<u>2012</u>
Assets:		
Current and other assets	\$ 104.4	\$ 103.2
Deferred charges	0.1	0.1
Capital Assets	<u>82.7</u>	<u>82.6</u>
Total assets	<u>187.2</u>	<u>185.9</u>
Liabilities:		
Current liabilities	37.0	36.4
Long-term debt outstanding	<u>16.0</u>	<u>10.9</u>
Total liabilities	<u>53.0</u>	<u>47.3</u>
Net assets:		
Invested in capital assets, net of related debt	67.2	72.2
Restricted	5.9	12.8
Unrestricted	<u>61.1</u>	<u>53.6</u>
Total net assets	<u>\$ 134.2</u>	<u>\$ 138.6</u>

The increase in net assets in fiscal year 2012 of \$4.4 million, or 3.3 percent was due primarily to a decrease in long-term debt outstanding. The majority of the long-term debt outstanding is in the form of general obligation bonds. The District paid down just over \$5 million in outstanding bonds during fiscal year 2012, leaving a balance of \$10.2 million.

Table 2, Changes in Net Assets, illustrates in summary form revenues and expenses from fiscal year 2012 and the increase in net assets. Comparative data from fiscal year 2011 is also illustrated.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2012

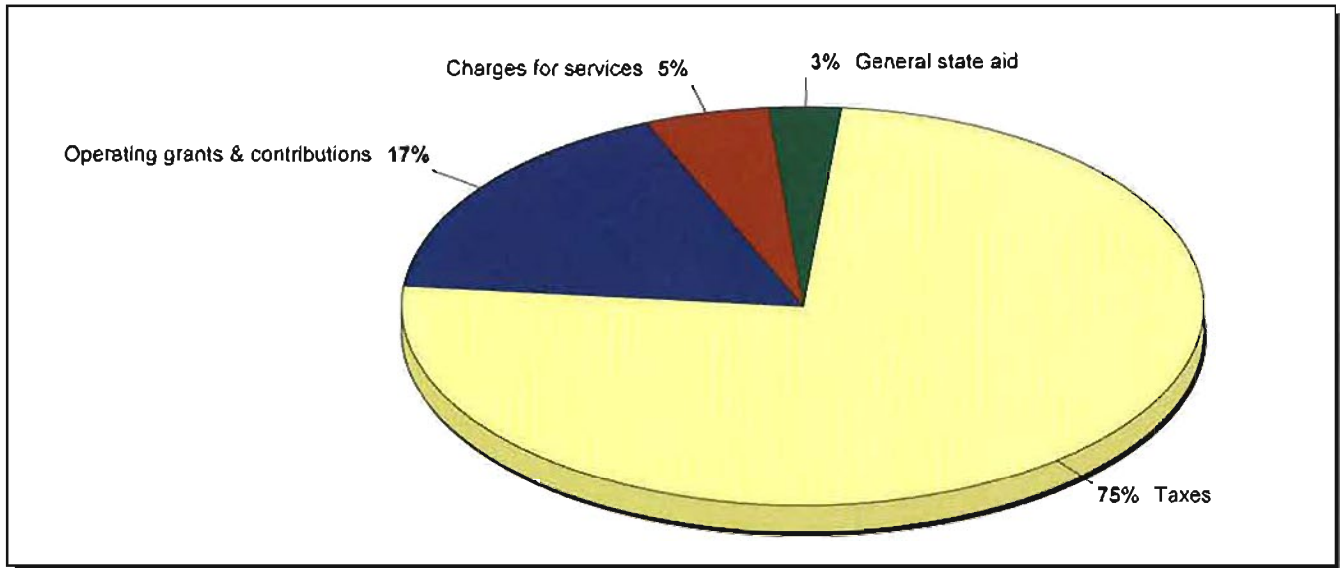
Table 2		
Changes in Net Assets		
(in millions of dollars)		
	<u>2011</u>	<u>2012</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 3.2	\$ 3.7
Operating grants & contributions	13.7	13.6
<i>General revenues:</i>		
Taxes	54.8	58.8
General state aid	2.2	2.1
Other	0.7	(0.3)
Total revenues	<u>74.6</u>	<u>77.9</u>
Expenses:		
Instruction	43.5	46.8
Pupil & instructional staff services	9.3	9.0
Administration & business	5.9	7.3
Transportation	1.5	1.9
Operations & maintenance	5.8	5.5
Other	3.0	3.0
Total expenses	<u>69.0</u>	<u>73.5</u>
Increase (decrease) in net assets	<u>\$ 5.6</u>	<u>\$ 4.4</u>

Revenues for the District's governmental activities were \$77.9 million and total expenses were \$73.5 million, resulting in net assets increasing \$4.4 million in 2012. This favorable change in net assets reflects the ongoing stability of the District's finances credited both to an established real estate tax base and budgetary controls put in place by the Board of Education.

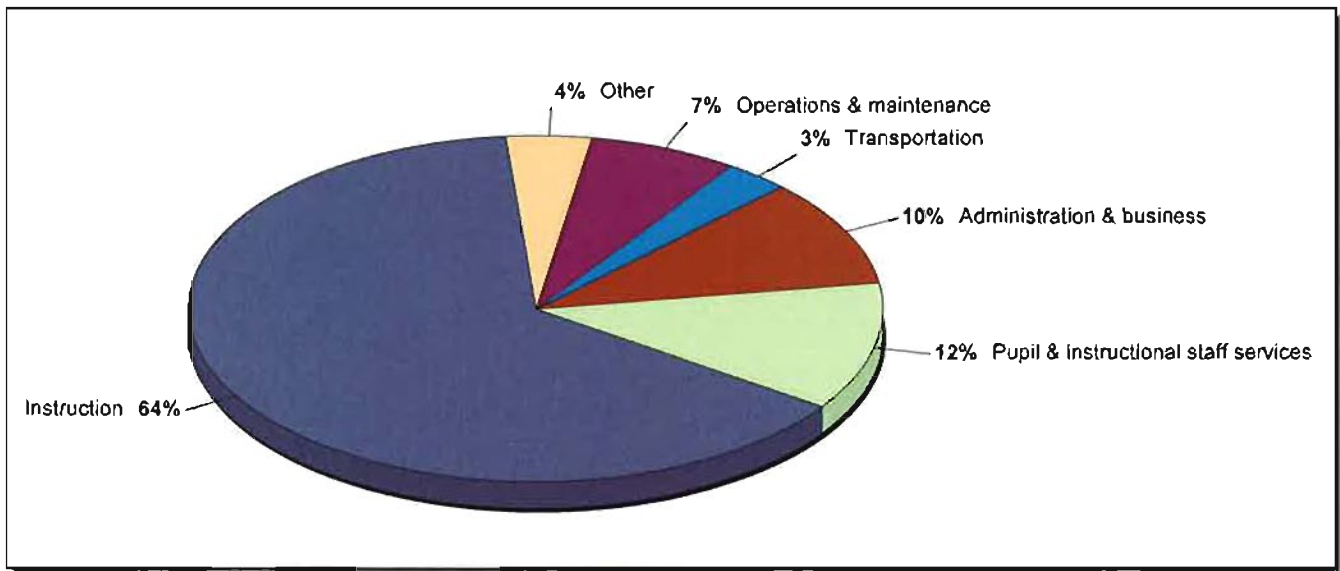
Property taxes accounted for the largest portion of the District's revenues, contributing 75%, despite the fact that property tax appeals continue to result in refund losses against current year tax collections. The remainder of revenues came from state and federal grants and other sources. The total cost of all the District's programs was \$73.5 million, predominately related to instructing and caring for (pupil services) the students and student transportation at 79%. The District's administrative and business activities accounted for 10% of the total costs, the increase in which is attributable to the addition of food service costs related to providing services for neighboring districts. These costs of providing these services is offset by the related revenue charged to them.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2012

District-Wide Revenues by Source



District-Wide Expenses by Function



Financial Analysis of the District's Funds

The District's Governmental Funds balance decreased from 67.4 to \$66.2.

The District understands the structural deficit with school funding, and therefore, controls costs in the present know that fund balances will be used to fund future expenditures. The strong financial performance of the District is also reflected in its governmental funds. The District's Governmental Funds reported fiscal year combined fund balances of \$66.2 million. This is a decrease of \$1.2 million from last year's ending fund balance of \$67.4 million and is attributable primarily to funding a higher level of capital projects including the final payment on the district-wide air conditioning project.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2012

The largest category of revenue is local property taxes, which reflected a \$666,000 under-budget condition for 2011-12. This represents about one percent of the budget amount of \$58.5 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 General Fund had more revenues than expenditures in 2012. The District and Arlington Teachers' Association reached an agreement on a contract that ties total salary increases to the Consumer Price Index (CPI) used to determine the tax levy. Tying the largest expenditures 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 had allowed the District to maintain a superior education within the limits of property tax caps. The Operations/Maintenance Fund, Capital Projects Fund and Fire Prevention/Life Safety Fund experience deficits of \$1.8 million, \$190,718 and \$195,712 respectively (excluding other financing sources and uses). All of these reported deficits are attributable to construction/renovation projects to maintain district facilities, including that final payout on the air conditioning project from prior years.

The \$336,902 deficit in the Transportation Fund is due to increased costs for transportation and a reduction in the State transportation reimbursement. In the Debt Service Fund, the \$213,720 deficit is a result of the payment structure designed within the bond issuance as life of the bonds comes to an end next year. There is sufficient fund balance in the fund to cover this deficit. The small deficit of \$22,731 in the Municipal Retirement/Social Security Fund is attributed to higher employer pension contributions than planned for 2012. Deficits in all of these funds were anticipated in the budget for the fiscal year.

General Fund Budgetary Highlights

The 2011-12 budget was adopted by the Board of Education in September 2011. The District's adopted budget for the General Fund (Education Accounts, Tort Accounts and Working Cash Accounts) anticipated a surplus of about \$2.8 million, while the actual report for the year shows a surplus of \$1.6 million, or about \$1.2 million less than projected.

Total revenues in the General Fund reflected a \$2.4 million under-budget condition, primarily due to property tax revenue coming in \$2 million under-budget. As previously indicated, property tax revenue across all funds was only \$0.67 million under budget, so much of the difference in the General Fund was due to the actual fund tax rates and allocation of taxes across all funds.

General state aid and categorical state aid reflected a \$466,542 under-budget condition, mainly attributable to the delay of one quarter of the State categorical – Funds for Children Requiring Special Education Services causing it not to be reported as a 2011-12 revenue. Federal aid reflected an over-budget condition of \$178,612 mainly due to unanticipated Medicaid reimbursement.

For 2011-12, total expenditures were \$1.2 million less than the budget. This is mainly due to salary and retirement contingency amounts included in the budget that were not spent, \$127,000 in out-of-district tuition amounts that were not spent, and almost \$200,000 in the food service program that was unspent due to reduced sales and cost reduction efforts.

Capital Assets and Debt Administration

Capital assets

By the end of 2012, the District had compiled a total investment of \$128.3 (\$82.6 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$4.7. More detailed information about capital assets can be found in Note 5 of the basic financial statements.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2012

Table 3		
Capital Assets (net of depreciation)		
(in millions of dollars)		
	<u>2011</u>	<u>2012</u>
Land and Construction in Progress	\$ 11.4	\$ 1.5
Buildings	67.1	77.3
Equipment and vehicles	4.2	3.8
Total	<u>\$ 82.7</u>	<u>\$ 82.6</u>

Long-term debt

The District retired \$5.1 in bonds in 2012. Capital leases and other stayed similar to last year. At the end of fiscal 2012, the District had a debt margin of \$121.2. More detailed information on long-term debt can be found in Note 6 of the basic financial statements.

Table 4		
Outstanding Long-Term Debt		
(in millions of dollars)		
	<u>2011</u>	<u>2012</u>
General Obligation Bonds	\$ 15.5	\$ 10.4
Capital leases and other	0.5	0.5
Total	<u>\$ 16.0</u>	<u>\$ 10.9</u>

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that would significantly affect financial operations in the future. Collective bargaining agreements with the teachers' union and the custodial/maintenance union are in place through June 30, 2013. The District continues to be concerned about the funding of education in the State of Illinois, the costs of unfunded mandates, and the State pension system stability. Additionally, the State's financial crisis and extraordinary budget deficit 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:

Stacey Mallek
Arlington Heights School District 25
1200 South Dunton
Arlington Heights, IL 60005

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

STATEMENT OF NET ASSETS

AS OF JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and investments	\$ 74,094,142
Receivables (net of allowance for uncollectibles):	
Interest	142,383
Property taxes	27,282,856
Replacement taxes	169,385
Intergovernmental	1,448,904
Prepaid items	167,825
Deferred charges	55,767
Capital assets:	
Land	1,060,199
Construction in progress	401,458
Depreciable buildings, property and equipment, net	<u>81,095,503</u>
Total assets	<u>185,918,422</u>
Liabilities	
Accounts payable	895,368
Salaries and wages payable	6,253,251
Payroll deductions payable	1,257
Other current liabilities	1,121,010
Interest payable	37,546
Unearned revenue	27,282,856
Health claims payable	808,276
Long-term liabilities:	
Other long-term liabilities - due within one year	5,045,958
Other long-term liabilities - due after one year	<u>5,850,906</u>
Total liabilities	<u>47,296,428</u>
Net assets	
Invested in capital assets, net of related debt	72,194,161
Restricted for:	
Tort immunity	60,059
Operations and maintenance	7,697,735
Student transportation	1,370,315
Retirement benefits	1,586,414
Debt service	2,030,481
Capital projects	66,196
Unrestricted	<u>53,616,633</u>
Total net assets	<u>\$ 138,621,994</u>

See Notes to Basic Financial Statements

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental activities				
Instruction:				
Regular programs	\$ 25,607,333	\$ 773,931	\$ 251,158	\$ (24,582,244)
Special programs	10,379,098	121,393	3,585,287	(6,672,418)
Other instructional programs	2,212,870	149,296	173,271	(1,890,303)
State retirement contributions	8,573,755	-	8,573,755	-
Support Services:				
Pupils	4,252,148	-	-	(4,252,148)
Instructional staff	4,795,013	-	96,818	(4,698,195)
General administration	1,668,816	-	-	(1,668,816)
School administration	3,145,892	-	-	(3,145,892)
Business	2,494,810	1,670,430	237,842	(586,538)
Transportation	1,920,596	87,166	720,933	(1,112,497)
Operations and maintenance	5,516,852	929,257	-	(4,587,595)
Central	1,833,229	-	-	(1,833,229)
Other supporting services	116,757	-	-	(116,757)
Community services	553,810	-	-	(553,810)
Payments to other districts and gov't units - excluding special education	11,562	-	-	(11,562)
Interest and fees	<u>483,159</u>	<u>-</u>	<u>-</u>	<u>(483,159)</u>
Total governmental activities	<u>\$ 73,565,700</u>	<u>\$ 3,731,473</u>	<u>\$ 13,639,064</u>	<u>(56,195,163)</u>

General revenues:

Taxes:

Real estate taxes, levied for general purposes	45,844,312
Real estate taxes, levied for specific purposes	6,603,218
Real estate taxes, levied for debt service	5,433,933
Personal property replacement taxes	928,679
State aid-formula grants	2,094,284
Investment income	(328,920)
Miscellaneous	<u>59,235</u>
Total general revenues	<u>60,634,741</u>

Change in net assets	4,439,578
Net assets, beginning of year	<u>134,182,416</u>
Net assets, end of year	<u>\$ 138,621,994</u>

See Notes to Basic Financial Statements

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2011

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Assets				
Cash and investments	\$ 59,910,922	\$ 8,997,170	\$ 1,467,005	\$ 1,583,383
Receivables (net allowance for uncollectibles):				
Interest	114,568	17,152	3,243	3,031
Property taxes	21,463,503	1,906,829	479,567	798,986
Replacement taxes	-	169,385	-	-
Intergovernmental	1,255,059	-	193,845	-
Prepaid items	135,199	32,626	-	-
Other current assets	-	-	-	-
Total assets	<u>\$ 82,879,251</u>	<u>\$ 11,123,162</u>	<u>\$ 2,143,660</u>	<u>\$ 2,385,400</u>
Liabilities and fund balance				
Cash deficit	\$ -	\$ -	\$ -	\$ -
Accounts payable	378,995	397,558	112,987	-
Salaries and wages payable	6,253,251	-	-	-
Payroll deductions payable	1,227	30	-	-
Other current liabilities	-	1,121,010	-	-
Deferred revenue	22,065,496	1,906,829	660,358	798,986
Health claims payable	808,276	-	-	-
Total liabilities	<u>29,507,245</u>	<u>3,425,427</u>	<u>773,345</u>	<u>798,986</u>
Fund balance				
Nonspendable	135,199	32,626	-	-
Restricted	60,059	7,665,109	1,370,315	1,586,414
Unassigned	53,176,748	-	-	-
Total fund balance	<u>53,372,006</u>	<u>7,697,735</u>	<u>1,370,315</u>	<u>1,586,414</u>
Total liabilities and fund balance	<u>\$ 82,879,251</u>	<u>\$ 11,123,162</u>	<u>\$ 2,143,660</u>	<u>\$ 2,385,400</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2012	2011
\$ 2,069,594	\$ -	\$ 66,068	\$ 74,094,142	\$ 74,369,884
4,261	-	128	142,383	129,284
2,539,818	-	94,153	27,282,856	27,473,929
-	-	-	169,385	124,256
-	-	-	1,448,904	2,041,475
-	-	-	167,825	175,064
-	-	-	-	270
<u>\$ 4,613,673</u>	<u>\$ -</u>	<u>\$ 160,349</u>	<u>\$ 103,305,495</u>	<u>\$ 104,314,162</u>
\$ -	\$ -	\$ -	\$ -	\$ 37,897
5,828	-	-	895,368	1,499,707
-	-	-	6,253,251	5,997,992
-	-	-	1,257	27,335
-	-	-	1,121,010	1,359,391
2,539,818	-	94,153	28,065,640	27,065,647
-	-	-	808,276	947,336
<u>2,545,646</u>	<u>-</u>	<u>94,153</u>	<u>37,144,802</u>	<u>36,935,305</u>
-	-	-	167,825	175,064
2,068,027	-	66,196	12,816,120	15,180,374
-	-	-	53,176,748	52,023,419
<u>2,068,027</u>	<u>-</u>	<u>66,196</u>	<u>66,160,693</u>	<u>67,378,857</u>
<u>\$ 4,613,673</u>	<u>\$ -</u>	<u>\$ 160,349</u>	<u>\$ 103,305,495</u>	<u>\$ 104,314,162</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

Total fund balances - governmental funds	\$	66,160,693
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
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.		82,557,160
Certain revenues receivable by the District and recognized in the Statement of Net Assets - do not provide current financial resources and are deferred in the Governmental Funds Balance Sheet, as follows:		
State and federal grant revenue	\$ <u>782,784</u>	782,784
Deferred charges included in the Statement of Net Assets - are not available to pay for current period expenditures and, therefore, are not included in the governmental funds balance sheet.		55,767
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.		
Balances at June 30, 2012 are:		
Bonds payable	\$ (10,165,000)	
Capital Leases	(958)	
Unamortized bond refunding amounts	132,163	
Unamortized bond premium	(329,204)	
Net Pension Obligation - IMRF	(301,414)	
Other Post Retirement Benefits Obligation	(6,021)	
Compensated absences	<u>(226,430)</u>	(10,896,864)
Interest on long-term liabilities 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>(37,546)</u>
Net assets of governmental activities	\$	<u>138,621,994</u>

See Notes to Basic Financial Statements

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Revenues				
Property taxes	\$ 46,055,878	\$ 3,549,962	\$ 923,835	\$ 1,702,929
Corporate personal property replacement taxes	-	908,679	-	20,000
State aid	12,290,560	-	540,142	-
Federal aid	1,952,560	8,509	16,651	-
Investment income	(366,142)	22,954	5,175	5,118
Other	2,587,527	1,117,562	91,787	1,381
Total revenues	<u>62,520,383</u>	<u>5,607,666</u>	<u>1,577,590</u>	<u>1,729,428</u>
Expenditures				
Current:				
Instruction:				
Regular programs	22,174,560	-	-	241,414
Special programs	8,337,544	-	-	480,824
Other instructional programs	2,173,541	-	-	37,743
State retirement contributions	8,573,755	-	-	-
Support Services:				
Pupils	4,175,856	-	-	76,292
Instructional staff	4,625,846	-	-	169,167
General administration	1,264,618	365,596	-	38,602
School administration	2,983,872	-	-	133,452
Business	2,066,496	-	-	128,652
Transportation	-	-	1,914,492	6,104
Operations and maintenance	79	4,879,149	-	356,847
Central	1,225,223	-	-	49,584
Community services	520,332	-	-	33,478
Payments to other districts and gov't units	1,472,420	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	1,348,789	2,198,754	-	-
Total expenditures	<u>60,942,931</u>	<u>7,443,499</u>	<u>1,914,492</u>	<u>1,752,159</u>
Excess (deficiency) of revenues over expenditures	<u>1,577,452</u>	<u>(1,835,833)</u>	<u>(336,902)</u>	<u>(22,731)</u>
Other financing sources (uses)				
Transfers in	37,646	-	-	-
Transfers (out)	(228,615)	(28,267)	-	-
Total other financing sources (uses)	<u>(190,969)</u>	<u>(28,267)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,386,483	(1,864,100)	(336,902)	(22,731)
Fund balance (deficit), beginning of year	51,985,523	9,561,835	1,707,217	1,609,145
Fund balance, end of year	<u>\$ 53,372,006</u>	<u>\$ 7,697,735</u>	<u>\$ 1,370,315</u>	<u>\$ 1,586,414</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2012	2011
\$ 5,433,933	\$ -	\$ 207,377	\$ 57,873,914	\$ 53,788,328
-	-	-	928,679	1,009,510
-	37,897	104,245	12,972,844	13,264,411
-	-	-	1,977,720	2,798,442
4,309	-	(334)	(328,920)	302,390
-	-	-	3,798,257	3,462,020
<u>5,438,242</u>	<u>37,897</u>	<u>311,288</u>	<u>77,222,494</u>	<u>74,625,101</u>
-	-	-	22,415,974	19,753,207
-	-	-	8,818,368	7,155,948
-	-	-	2,211,284	4,843,209
-	-	-	8,573,755	7,934,736
-	-	-	4,252,148	4,048,759
-	-	-	4,795,013	5,224,305
-	-	-	1,668,816	1,347,151
-	-	-	3,117,324	3,283,749
-	-	-	2,195,148	2,026,760
-	-	-	1,920,596	1,517,949
-	-	-	5,236,075	5,042,663
-	-	-	1,274,807	1,112,114
-	-	-	553,810	244,144
-	-	-	1,472,420	1,455,516
5,036,141	-	-	5,036,141	4,790,488
615,821	-	-	615,821	864,147
-	228,615	507,000	4,283,158	1,789,648
<u>5,651,962</u>	<u>228,615</u>	<u>507,000</u>	<u>78,440,658</u>	<u>72,434,493</u>
<u>(213,720)</u>	<u>(190,718)</u>	<u>(195,712)</u>	<u>(1,218,164)</u>	<u>2,190,608</u>
-	228,615	-	266,261	88,294
(9,379)	-	-	(266,261)	(88,294)
<u>(9,379)</u>	<u>228,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
(223,099)	37,897	(195,712)	(1,218,164)	2,190,608
<u>2,291,126</u>	<u>(37,897)</u>	<u>261,908</u>	<u>67,378,857</u>	<u>65,188,249</u>
<u>\$ 2,068,027</u>	<u>\$ -</u>	<u>\$ 66,196</u>	<u>\$ 66,160,693</u>	<u>\$ 67,378,857</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds	\$	(1,218,164)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and other adjustments exceeds capital outlay in the current period.		
		(168,110)
Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are deferred in the fund statements:		
Grant revenue	\$ <u>782,784</u>	782,784
The issuance of long-term debt (bonds, capital leases, etc.) provides current financial resources to the governmental funds, while its principal repayment consumes current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. This is the amount current year long-term financing arrangements exceeded current year principal repayments.		
		5,036,141
Governmental funds report the effects 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.		
		103,850
In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources:		
Interest payable	\$ 28,812	
Compensated absences	(2,232)	
Net pension obligation	(122,120)	
OPEB	<u>(1,383)</u>	
		<u>(96,923)</u>
Change in net assets of governmental activities	\$	<u><u>4,439,578</u></u>

See Notes to Basic Financial Statements

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2012

	<u>AGENCY STUDENT ACTIVITY FUND</u>
Assets	
Cash and investments	\$ 242,435
Total assets	<u>\$ 242,435</u>
Liabilities	
Due to student groups	\$ 152,450
Flexible spending account	<u>89,985</u>
Total liabilities	<u>\$ 242,435</u>

See Notes to Basic Financial Statements

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Arlington Heights School District 25 (the "District") operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District:

Reporting Entity

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

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) amounts paid by the recipient of goods or services offered by the program 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 instead as general revenues.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Governmental Funds Financial Statements

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds and fiduciary funds; the fiduciary funds are excluded from the government-wide financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus, while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements and the fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Major Governmental Funds

General Fund - the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds.

Operations and Maintenance Fund - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

Debt Service Fund - accounts for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Capital Project Funds - accounts for the financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

Capital Projects Fund - accounts for construction projects and renovations financed through bond proceeds or transfers from other funds for such purposes.

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

Other Fund Types

Fiduciary Fund - account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Fund - include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity 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. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

On-behalf payments (payments made by a third party for the benefit of the district, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Assets, Liabilities and Net Assets or Equity

Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value. Changes in fair value of investments are included as investment income.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental activities column in the statement of net assets. Receivables are expected to be collected within one year.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<i>Unavailable</i>	<i>Unearned</i>	<i>Totals</i>
Property taxes receivable for subsequent year	\$ -	\$ 27,282,856	\$ 27,282,856
State and federal aid receivable	<u>782,784</u>	<u>-</u>	<u>782,784</u>
Total	<u>\$ 782,784</u>	<u>\$ 27,282,856</u>	<u>\$ 28,065,640</u>

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2011 levy resolution was approved during the October 13, 2011 board meeting. 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 in any year is liable for taxes of that year.

The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2011 and 2010 tax levies were 1.5% and 2.7%, respectively.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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: the first due on March 1 and the second due on the later of August 1 or 30 days after the second installment tax bill is mailed. 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. Property taxes are normally collected by the District within 60 days of the due date.

The 2011 property tax levy is recognized as a receivable in fiscal 2012, net of estimated uncollectible amounts approximating 2%. The District considers that the first installment of the 2011 levy is to be used to finance operations in fiscal 2012. The District has determined that the second installment of the 2011 levy is to be used to finance operations in fiscal 2013 and has deferred the corresponding receivable.

Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to the Municipal Retirement / Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid assets. Prepaids are recorded as expenditures when consumed rather than when purchased.

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 \$500 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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.

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 applicable 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.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. 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.

Equity Classifications

Equity is classified as net assets in the government-wide financial statements and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less than any unspent debt proceeds.

Restricted net assets - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, pre-paid items, permanent scholarships).

Restricted - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Board of Education. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education board that originally created the commitment.

Assigned - includes general fund amounts constrained for a specific purpose by the Board of Education or by an official that has been delegated authority to assign amounts. The Board of Education has declared that the Superintendent or the Assistant Superintendent for Business may assign amounts for a specific purpose. The Board of Education may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended in the General Fund is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. In all other funds (Special Revenue, Debt Service, Capital Projects), assigned fund balance will be spent first, followed by committed fund balance, and then restricted fund balance.

Governmental fund balances reported on the fund financial statements at June 30, 2012 are as follows:

The nonspendable fund balance in the General Fund and Operations & Maintenance Fund consists of \$135,199 and \$32,626 respectively for prepaid items. The restricted fund balance in the General Fund is comprised of \$60,059 for tort immunity. The remaining restricted fund balances are for the purpose of the respective funds as described above in the Major Governmental Funds section.

Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2011, from which such summarized information was derived.

Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Budget

For the year ended June 30, 2012, expenditures exceeded budget in the Transportation Fund and Debt Service Fund by \$125,032 and \$407 respectively. These excesses were funded by available fund balances.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (CONTINUED)

Deficit Fund Equity

The Capital Projects Fund had a deficit fund balance of \$37,897 as of June 30, 2012. District management expects to fund this deficit through future interfund transfers.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash & Investments under the custody of the Township Treasury

The voters of the respective school districts located within the boundaries of the offices of the Wheeling Township School Treasurer passed referendum abolishing the offices of the Township School Treasurer effective July 1, 1996. The Boards of Education of the respective school districts and the Board of Education of Arlington Heights School District 25 (also located in Wheeling Township) entered into an intergovernmental agreement creating the Wheeling Township Treasury Intergovernmental Agreement ("Treasury") administered by Township High School District 214. The Treasury agreed to provide to the respective school districts many of the services that were provided by the Township School Treasurer. These services are provided on an optional basis and without costs to the districts.

The Treasury is the lawful custodian of all school funds. The Treasury is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasury invests excess funds at its discretion, subject to the legal restrictions discussed below. For these purposes, the Treasury 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. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

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

The Treasury's investment policies are established by the Wheeling Township Treasury Intergovernmental Agreement Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasury is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations). Further information on the Treasury's policies are available from the Treasury's financial statements.

The Treasury operates as a non-rated, 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 Treasury.

The weighted average maturity of all marketable pooled investments held by the Treasury was 0.89 years at June 30, 2012. The Treasury also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2012, the fair value of all investments held by the Treasury was \$310,539,933 and the fair value of the District's proportionate share of the pool was \$74,073,828.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Because all cash and investments are pooled by a separate legal governmental agency (Treasury), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized is available from the Treasury's financial statements.

Cash & Investments in the custody of the District

Deposits of the student activity and imprest funds, which are held in the District's custody, consist of deposits with financial institutions. The following is a summary of such deposits:

	<i>Carrying Value</i>	<i>Bank Balance</i>
Deposits with financial institutions	\$ 242,435	\$ 258,319
Total	<u>\$ 242,435</u>	<u>\$ 258,319</u>

The District maintains \$20,314 in petty cash.

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy 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. As of June 30, 2012, the bank balance of the District's deposit with financial institutions totaled \$258,319; of this amount, \$8,319 was uncollateralized and uninsured.

NOTE 4 - INTERFUND TRANSFERS

During the year, the Board transferred \$9,379 in interest earned in the Debt Service Fund to the General (Educational Accounts) Fund and transferred \$28,267 in interest earned from the Operations & Maintenance Fund to the General (Educational Accounts) Fund.

Also during the year, the Board of Education authorized the abatement of a portion of the General Fund (Working Cash Accounts), thereby transferring fund balance of \$228,615 to the to the Capital Projects Fund.

State law allows for the above transfers.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2012 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Adjustment</i>	<i>Ending Balance</i>
<u>Capital assets not being depreciated:</u>					
Land	\$ 1,205,562	\$ -	\$ -	\$ (145,363)	\$ 1,060,199
Construction in progress	10,203,213	190,044	9,991,799	-	401,458
Total capital assets not being depreciated	11,408,775	190,044	9,991,799	(145,363)	1,461,657
<u>Capital assets being depreciated:</u>					
Buildings	97,206,140	12,827,153	-	1,894,491	111,927,784
Building improvements	6,264,899	29,472	-	(2,059,649)	4,234,722
Equipment	9,242,658	1,529,265	234,010	(305,537)	10,232,376
Vehicles	413,402	1,626	16,465	4,563	403,126
Total capital assets being depreciated	113,127,099	14,387,516	250,475	(466,132)	126,798,008
<u>Less Accumulated Depreciation for:</u>					
Buildings	36,029,128	2,139,590	-	(1,261,477)	36,907,241
Building improvements	372,673	178,550	-	1,436,228	1,987,451
Equipment	5,082,933	1,007,501	220,686	695,259	6,565,007
Vehicles	325,870	24,553	16,465	(91,152)	242,806
Total accumulated depreciation	41,810,604	3,350,194	237,151	778,858	45,702,505
Net capital assets being depreciated	71,316,495	11,037,322	13,324	(1,244,990)	81,095,503
Net governmental activities capital assets	\$ 82,725,270	\$ 11,227,366	\$ 10,005,123	\$ (1,390,353)	\$ 82,557,160

Depreciation expense, including amounts deleted from accumulated depreciation and adjustments, was recognized in the operating activities of the District as follows:

<i>Governmental Activities</i>	<i>Depreciation</i>
Regular programs	\$ 3,898,174
Operations and maintenance	47,539
Central	665,542
Other supporting services	142,616
Total depreciation expense - governmental activities	\$ 4,753,871

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 - LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for the District for the year ended June 30, 2012:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
General obligation bonds	\$ 15,190,000	\$ -	\$ 5,025,000	\$ 10,165,000	\$ 5,045,000
Deferred refunding	(264,326)	-	(132,163)	(132,163)	-
Unamortized premium	608,215	-	279,011	329,204	-
Total bonds payable	15,533,889	-	5,171,848	10,362,041	5,045,000
Capital leases	12,099	-	11,141	958	958
Net pension obligation	179,294	805,065	682,945	301,414	-
OPEB	4,638	11,439	10,056	6,021	-
Compensated absences	224,198	299,314	297,082	226,430	-
Total long-term liabilities - governmental activities	\$ 15,954,118	\$ 1,115,818	\$ 6,173,072	\$ 10,896,864	\$ 5,045,958

Capital lease obligations are paid from the Debt Service fund as required by the Illinois Program Accounting Manual. Annual interfund transfers from allowable operating funds are made to fund the payments.

The net pension obligation will be repaid from the Municipal Retirement/Social Security Fund. The obligations for the OPEB and compensated absences obligations will be repaid from the General Fund.

General Obligation Bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

<i>Purpose</i>	<i>Interest Rates</i>	<i>Original Indebtedness</i>	<i>Carrying Amount</i>
Series 2005 GO Limited Tax School Bonds dated are due in annual installments through December 1, 2012	5.00%	\$ 22,695,000	\$ 4,395,000
Series 2008 GO Limited Tax School Bonds dated are due in annual installments through December 1, 2013	4.00%	<u>5,770,000</u>	<u>5,770,000</u>
Total		\$ 28,465,000	\$ 10,165,000

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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	\$ 10,165,000	\$ 430,075	\$ 10,595,075

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 - LONG TERM LIABILITIES - (CONTINUED)

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2012, the statutory debt limit for the District was \$131,358,866, providing a debt margin of \$121,192,908. There are numerous covenants with which the District must comply in regard to these bond issues. As of June 30, 2012, the District was in compliance with all significant bond covenants, including federal arbitrage regulations.

Capital Leases. The District leases copiers from a third party. The lease terms require monthly payments through January 2013. The obligations for the capital leases will be repaid from the Debt Service Fund. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

	<i>Amount</i>
2013	\$ 963
Total minimum lease payments	963
Less: amount representing interest	<u>(5)</u>
Present value of minimum lease payments	<u>\$ 958</u>

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to employee workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pools: SSCIP and IPR. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that each will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage from coverage in any of the past three fiscal years.

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

At June 30, 2012, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$808,276. The estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other nonincremental costs to the claims liability. For the two years ended June 30, 2011 and June 30, 2012, changes in the liability reported in the General Fund for unpaid claims are summarized as follows:

	<i>Claims Payable Beginning of Year</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claims Payments</i>	<i>Claims Payable End of Year</i>
Fiscal Year 2011	\$ 997,094	\$ 4,522,005	\$ 4,571,763	\$ 947,336
Fiscal Year 2012	\$ 947,336	\$ 4,866,898	\$ 5,005,958	\$ 808,276

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 8 - JOINT AGREEMENTS

The District is a member of the Northwest Suburban Special Education Organization, 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 agreement governing boards, these are not included as component units of the District.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Teachers' Health Insurance Security

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 does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

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

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$294,001, and the District recognized revenues and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 and 0.84 percent of pay, respectively. For these years, state contributions on behalf of District employees were \$291,183 and \$278,224, respectively.

Employer Contributions to THIS Fund. The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the District paid \$220,501 to the THIS Fund. For the years ended June 30, 2011 and 2010, the District paid \$218,387 and \$208,668 to the THIS Fund, respectively, which were 100 percent of the required contribution.

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Retiree's Health Plan

The District administers a single-employer defined benefit healthcare plan ("the Retiree's Health 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 (MRF) employees 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 2012, a total of 7 former employees or spouses accessed a postemployment benefit through the District.

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 retirees.

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 parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and 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 Retiree's Health Plan, and changes in the District's net OPEB obligation to the Retiree's Health Plan:

Annual required contribution	\$	11,385
Interest on net OPEB obligation		163
Adjustment to annual required contribution		<u>(109)</u>
Annual OPEB cost		11,439
Contributions made		<u>(10,056)</u>
Increase in net OPEB obligation (asset)		1,383
Net OPEB Obligation (Asset) - Beginning of Year		<u>4,638</u>
Net OPEB Obligation (Asset) - End of Year	\$	<u><u>6,021</u></u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Retiree's Health Plan, and the net OPEB obligation for June 30, 2012 and the two preceding years are as follows:

<i>Fiscal Year Ended</i>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2012	\$ 11,439	87.91 %	\$ 6,021
June 30, 2011	11,439	87.91 %	4,638
June 30, 2010	11,477	87.60 %	3,255

The funded status of the Retiree's Health Plan as of June 30, 2011, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 116,704
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 116,704</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 40,888,389
UAAL as a percentage of covered payroll	0.29%

Actuarial valuations of an ongoing plan involve estimates for 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 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce 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 BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

In the June 30, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 5 percent investment rate of return and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 6 percent. Both rates include a 3 percent inflation assumption. The actuarial value of the Retiree's Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The Retiree's Health Plan's unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 is 30 years.

NOTE 10 - RETIREMENT SYSTEMS

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each retirement system is discussed below.

Teachers' Retirement System

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

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

TRS members include all active nonannuitants that are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2012 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of the employees by the employer, are submitted to TRS by the District. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

On Behalf Contributions. The State of Illinois also makes contributions directly to TRS on behalf of the District's TRS-covered employees. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$8,279,754 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and 2010, the State of Illinois contributions rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$7,643,553) and 23.38 percent (\$7,743,910), respectively.

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

2.2 Formula Contributions. For the years ended June 30, 2012, 2011 and 2010, the District contributed 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for those years were \$193,773, \$191,916 and \$192,107, respectively.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Federal and 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 additional TRS contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer pension contribution was 23.10 and 23.38 percent of salaries paid from those funds, respectively. For the year ended June 30, 2012, salaries totaling \$170,502 were paid from federal and special trust funds that required employer contributions of \$42,472, which was equal to the District's actual contribution. For the years ended June 30, 2011 and 2010, required District contributions were \$82,556 and \$32,059, respectively.

Early Retirement Option. 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 ending June 30, 2012, the District paid \$55,167 to TRS for District contributions under the ERO program. For the years ended June 30, 2011 and 2010, the District paid \$55,167 and no payment, respectively, in ERO contributions.

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 years ended June 30, 2012 and 2011, the District paid \$10,851 and \$5,445, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent. No such amounts were paid for the year ended June 30, 2010.

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 rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012). For the years ended June 30, 2012, 2011 and 2010, the District had no such payments to TRS for sick leave days granted in excess of the normal annual allotment.

Further Information on TRS. TRS financial information, an explanation of TRS's 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, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District'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. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, District employees participating in IMRF are required to contribute 4.50 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's contribution rate for calendar year 2011 was 10.29 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 12.13 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 statute.

Annual Pension Cost and Net Pension Obligation. The District's annual pension cost and net pension obligation are as follows:

Annual required contribution	\$ 805,065
Interest on net pension obligation	-
Adjustment to annual pension contribution	-
Annual pension cost	<u>805,065</u>
Contributions made	<u>(682,945)</u>
Change in net pension obligation	122,120
Net Pension Obligation - Beginning of Year	<u>179,294</u>
Net Pension Obligation - End of Year	<u><u>\$ 301,414</u></u>

The interest on the beginning net pension obligation and adjustment to the annual required contribution are considered immaterial and have not been included in the annual pension cost calculation.

The District's annual pension cost, percentage of annual pension cost contributed, and net pension obligation for for the current year and each of the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 805,065	85 %	\$ 301,414
June 30, 2011	784,855	77 %	179,294
June 30, 2010	549,824	100 %	-

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

The required contribution for fiscal year 2012 was determined as part of the December 31, 2009, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2009 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, 2011, the most recent actuarial valuation date, the Regular plan was 68.59 percent funded. The actuarial accrued liability for benefits was \$17,124,177 and the actuarial value of assets was \$11,744,981, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,379,196. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$6,636,978 and the ratio of the UAAL to the covered payroll was 81.05 percent.

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

NOTE 11 - CONSTRUCTION COMMITMENTS

As of June 30, 2012, the District is committed to approximately \$169,178 in expenditures in the upcoming years for various construction projects. These expenditures will be paid through the available fund balances and building bonds already issued.

NOTE 12 - STATE AND FEDERAL AID CONTINGENCIES

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grants. Management believes such disallowance, if any, would be immaterial.

NOTE 13 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment to GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND ANALYSIS OF FUNDING PROGRESS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 805,065	85%	\$ 301,414
12/31/10	784,855	77%	177,372
12/31/09	549,824	100%	-

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ 11,744,981	\$ 17,124,177	\$ 5,379,196	68.59%	\$ 6,636,978	81.05%
12/31/10	12,408,165	17,082,817	4,674,652	72.64%	6,497,142	71.95%
12/31/09	11,951,479	16,415,235	4,463,756	72.81%	6,468,523	69.01%

See Auditor's Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
SCHEDULE OF FUNDING PROGRESS FOR RETIREE'S HEALTH PLAN
AS OF JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/11	\$ -	\$ 116,704	\$ 116,704	N/A	\$ 40,888,389	0.29%

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members.

See Auditor's Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Revenues				
Local sources				
General levy	\$ 47,584,945	\$ 45,589,110	\$ (1,995,835)	\$ 42,539,607
Tort immunity levy	227,545	219,115	(8,430)	-
Special education levy	246,646	247,653	1,007	229,131
Regular tuition from pupils or parents (in state)	9,500	-	(9,500)	-
Summer school - tuition from pupils or parents (in state)	100,000	149,296	49,296	114,565
Special education - tuition from pupils or parents (in state)	124,837	121,393	(3,444)	109,317
Investment income	228,301	(366,142)	(594,443)	213,784
Sales to pupils - lunch	780,000	713,109	(66,891)	758,244
Sales to pupils - breakfast	-	103	103	316
Sales to pupils - other	255,000	252,443	(2,557)	225,167
Sales to adults	6,500	11,023	4,523	10,056
Other food service	339,000	693,752	354,752	412,791
Fees	97,600	64,837	(32,763)	56,980
Rentals - regular textbook	289,900	299,856	9,956	298,713
Other - textbooks	-	-	-	300
Rentals	-	-	-	11,304
Contributions and donations from private sources	-	850	850	-
Refund of prior years' expenditures	-	30,028	30,028	10,454
Other local fees	-	-	-	25,571
Other	<u>99,000</u>	<u>250,837</u>	<u>151,837</u>	<u>105,286</u>
Total local sources	<u>50,388,774</u>	<u>48,277,263</u>	<u>(2,111,511)</u>	<u>45,121,586</u>
State sources				
General state aid	2,093,503	1,952,142	(141,361)	2,171,697
Special education - private facility tuition	143,576	102,378	(41,198)	191,434
Special education - extraordinary	821,695	503,844	(317,851)	1,015,677
Special education - personnel	1,007,225	974,591	(32,634)	1,342,968
Special education - orphanage - individual	-	65,576	65,576	33,313
Special education - orphanage - summer	-	1,968	1,968	-
Special education - summer school	5,000	7,452	2,452	6,186
CTE - Other	-	4,437	4,437	-
Bilingual education - downstate - TPI	157,000	82,151	(74,849)	123,574
State free lunch & breakfast	3,500	5,923	2,423	5,331
School breakfast initiative	-	-	-	9
Technology - learning technology centers	-	-	-	3,637
Other restricted revenue from state sources	3,500	16,343	12,843	-
On behalf payment to TRS from the state	<u>8,560,000</u>	<u>8,573,755</u>	<u>13,755</u>	<u>7,934,736</u>
Total state sources	<u>12,794,999</u>	<u>12,290,560</u>	<u>(504,439)</u>	<u>12,828,562</u>
Federal sources				
Other restricted grants-in-aid received directly from federal government	100,634	101,032	398	133,949

See Auditor's Report and Notes to Required Supplementary Information

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
National school lunch program	\$ 170,000	\$ 228,390	\$ 58,390	\$ 227,906
School breakfast program	3,000	3,075	75	5,420
Title I - Low income	160,451	118,160	(42,291)	194,972
Federal - special education - preschool flow-through	43,020	43,020	-	43,020
Federal - special education - IDEA - flow-through/low incident	1,068,482	1,068,485	3	1,113,733
Federal - special education - IDEA - room & board	-	56,164	56,164	42,544
ARRA IDEA - Part B - Preschool	-	-	-	67,777
ARRA IDEA - Part B - Flow-Through	-	-	-	358,012
Other ARRA funds - XI	-	2,972	2,972	197,733
Title III - English language acquisition	91,650	35,587	(56,063)	94,099
McKinney education for homeless children	-	735	735	-
Title II - Teacher quality	106,711	96,818	(9,893)	123,346
Medicaid matching funds - administrative outreach	30,000	76,555	46,555	125,369
Other restricted revenue from federal sources	-	121,567	121,567	-
Total federal sources	1,773,948	1,952,560	178,612	2,727,880
Total revenues	64,957,721	62,520,383	(2,437,338)	60,678,028
Expenditures				
Instruction				
Regular programs				
Salaries	19,272,162	18,899,194	372,968	17,721,430
Employee benefits	2,282,860	2,174,555	108,305	1,306,157
On-behalf payments to TRS from the state	8,560,000	8,573,755	(13,755)	7,934,736
Purchased services	330,038	330,991	(953)	107,827
Supplies and materials	894,623	701,652	192,971	350,307
Capital outlay	248,345	284,872	(36,527)	13,177
Other objects	25,340	22,398	2,942	26,963
Termination benefits	45,000	45,770	(770)	15,879
Total	31,658,368	31,033,187	625,181	27,476,476
Pre-K programs				
Salaries	853,360	-	853,360	-
Employee benefits	95,300	-	95,300	-
Purchased services	4,700	-	4,700	1,616,417
Supplies and materials	12,108	830	11,278	166,761
Capital outlay	-	-	-	236,792
Other objects	-	-	-	305,672
Non-capitalized equipment	-	-	-	4,946
Total	965,468	830	964,638	2,330,588

See Auditor's Report and Notes to Required Supplementary Information

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Special education programs				
Salaries	\$ 5,864,340	\$ 5,743,582	\$ 120,758	\$ 5,525,626
Employee benefits	1,042,900	1,027,804	15,096	945,073
Purchased services	13,220	11,386	1,834	94,539
Supplies and materials	100,132	84,484	15,648	134,463
Capital outlay	<u>23,000</u>	<u>23,325</u>	<u>(325)</u>	<u>60,849</u>
Total	<u>7,043,592</u>	<u>6,890,581</u>	<u>153,011</u>	<u>6,760,550</u>
Special education programs Pre-K				
Salaries	-	827,876	(827,876)	-
Employee benefits	-	94,321	(94,321)	-
Purchased services	-	3,880	(3,880)	-
Supplies and materials	<u>-</u>	<u>5,440</u>	<u>(5,440)</u>	<u>98</u>
Total	<u>-</u>	<u>931,517</u>	<u>(931,517)</u>	<u>98</u>
Remedial and supplemental programs K-12				
Salaries	74,160	71,390	2,770	39,909
Employee benefits	35,290	20,868	14,422	14,275
Supplies and materials	2,500	7,766	(5,266)	20,900
Capital outlay	<u>-</u>	<u>10,889</u>	<u>(10,889)</u>	<u>45,196</u>
Total	<u>111,950</u>	<u>110,913</u>	<u>1,037</u>	<u>120,280</u>
Interscholastic programs				
Salaries	132,612	101,751	30,861	71,271
Employee benefits	1,900	1,147	753	822
Purchased services	10,830	20,820	(9,990)	12,529
Supplies and materials	6,200	6,417	(217)	14,645
Other objects	<u>4,300</u>	<u>4,015</u>	<u>285</u>	<u>3,230</u>
Total	<u>155,842</u>	<u>134,150</u>	<u>21,692</u>	<u>102,497</u>
Summer school programs				
Salaries	232,150	235,859	(3,709)	204,078
Employee benefits	2,300	3,240	(940)	2,426
Purchased services	5,000	4,959	41	3,753
Supplies and materials	<u>11,700</u>	<u>7,915</u>	<u>3,785</u>	<u>9,989</u>
Total	<u>251,150</u>	<u>251,973</u>	<u>(823)</u>	<u>220,246</u>
Gifted programs				
Salaries	534,070	536,038	(1,968)	560,219
Employee benefits	48,400	47,415	985	48,864
Purchased services	13,500	21,925	(8,425)	21,328
Supplies and materials	<u>4,435</u>	<u>2,949</u>	<u>1,486</u>	<u>3,472</u>
Total	<u>600,405</u>	<u>608,327</u>	<u>(7,922)</u>	<u>633,883</u>

See Auditor's Report and Notes to Required Supplementary Information

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Bilingual programs				
Salaries	\$ 978,996	\$ 986,521	\$ (7,525)	\$ 965,230
Employee benefits	163,400	141,385	22,015	141,573
Purchased services	18,500	42,776	(24,276)	8,321
Supplies and materials	28,310	7,579	20,731	27,552
Capital outlay	<u>25,000</u>	<u>1,586</u>	<u>23,414</u>	<u>19,567</u>
Total	<u>1,214,206</u>	<u>1,179,847</u>	<u>34,359</u>	<u>1,162,243</u>
Truant's alternative and optional programs				
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,135</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,135</u>
Special education programs K-12 - private tuition				
Other objects	<u>428,000</u>	<u>438,747</u>	<u>(10,747)</u>	<u>-</u>
Total	<u>428,000</u>	<u>438,747</u>	<u>(10,747)</u>	<u>-</u>
Total instruction	<u>42,428,981</u>	<u>41,580,072</u>	<u>848,909</u>	<u>39,131,996</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	1,047,940	1,027,676	20,264	1,009,437
Employee benefits	102,000	101,370	630	94,680
Purchased services	3,070	3,097	(27)	1,707
Supplies and materials	<u>14,400</u>	<u>13,703</u>	<u>697</u>	<u>3,708</u>
Total	<u>1,167,410</u>	<u>1,145,846</u>	<u>21,564</u>	<u>1,109,532</u>
Health services				
Salaries	506,620	486,927	19,693	443,032
Employee benefits	25,500	31,520	(6,020)	24,061
Purchased services	3,380	1,029	2,351	1,786
Supplies and materials	<u>8,800</u>	<u>11,126</u>	<u>(2,326)</u>	<u>9,078</u>
Total	<u>544,300</u>	<u>530,602</u>	<u>13,698</u>	<u>477,957</u>
Psychological services				
Salaries	500,060	486,918	13,142	538,699
Employee benefits	59,000	54,965	4,035	56,782
Purchased services	38,670	49,757	(11,087)	31,871
Supplies and materials	<u>3,000</u>	<u>2,771</u>	<u>229</u>	<u>2,672</u>
Total	<u>600,730</u>	<u>594,411</u>	<u>6,319</u>	<u>630,024</u>

See Auditor's Report and Notes to Required Supplementary Information

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Speech pathology and audiology services				
Salaries	\$ 1,363,270	\$ 1,361,492	\$ 1,778	\$ 1,247,553
Employee benefits	144,000	167,511	(23,511)	139,401
Purchased services	4,050	5,978	(1,928)	4,043
Supplies and materials	<u>10,500</u>	<u>6,692</u>	<u>3,808</u>	<u>9,273</u>
Total	<u>1,521,820</u>	<u>1,541,673</u>	<u>(19,853)</u>	<u>1,400,270</u>
Other support services - pupils				
Salaries	308,680	318,254	(9,574)	85,123
Employee benefits	2,500	2,116	384	-
Purchased services	15,295	6,435	8,860	10,498
Supplies and materials	<u>33,866</u>	<u>36,519</u>	<u>(2,653)</u>	<u>24,473</u>
Total	<u>360,341</u>	<u>363,324</u>	<u>(2,983)</u>	<u>120,094</u>
Total pupils	<u>4,194,601</u>	<u>4,175,856</u>	<u>18,745</u>	<u>3,737,877</u>
Instructional staff				
Improvement of instructional services				
Salaries	1,684,145	1,654,205	29,940	1,966,586
Employee benefits	136,300	132,201	4,099	197,284
Purchased services	267,519	249,784	17,735	327,772
Supplies and materials	185,137	132,160	52,977	137,402
Capital outlay	1,500	-	1,500	-
Other objects	<u>6,600</u>	<u>2,477</u>	<u>4,123</u>	<u>2,309</u>
Total	<u>2,281,201</u>	<u>2,170,827</u>	<u>110,374</u>	<u>2,631,353</u>
Educational media services				
Salaries	1,515,540	1,484,243	31,297	1,529,979
Employee benefits	257,000	259,662	(2,662)	255,055
Purchased services	270,886	297,829	(26,943)	285,929
Supplies and materials	238,794	320,389	(81,595)	303,678
Capital outlay	<u>705,524</u>	<u>714,899</u>	<u>(9,375)</u>	<u>839,027</u>
Total	<u>2,987,744</u>	<u>3,077,022</u>	<u>(89,278)</u>	<u>3,213,668</u>
Assessment and testing				
Salaries	3,120	807	2,313	4,085
Employee benefits	100	9	91	46
Purchased services	-	2,000	(2,000)	-
Supplies and materials	<u>87,480</u>	<u>90,080</u>	<u>(2,600)</u>	<u>36,747</u>
Total	<u>90,700</u>	<u>92,896</u>	<u>(2,196)</u>	<u>40,878</u>
Total instructional staff	<u>5,359,645</u>	<u>5,340,745</u>	<u>18,900</u>	<u>5,885,899</u>

See Auditor's Report and Notes to Required Supplementary Information

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
General administration				
Board of education services				
Salaries	\$ 2,000	\$ -	\$ 2,000	\$ 90
Purchased services	176,000	176,472	(472)	165,737
Supplies and materials	3,000	1,723	1,277	1,770
Other objects	<u>10,500</u>	<u>8,997</u>	<u>1,503</u>	<u>975</u>
Total	<u>191,500</u>	<u>187,192</u>	<u>4,308</u>	<u>168,572</u>
Executive administration services				
Salaries	307,300	309,300	(2,000)	322,435
Employee benefits	37,500	37,322	178	38,850
Purchased services	16,000	20,004	(4,004)	12,368
Supplies and materials	4,000	1,064	2,936	2,920
Capital outlay	-	-	-	1,400
Other objects	<u>3,300</u>	<u>375</u>	<u>2,925</u>	<u>3,366</u>
Total	<u>368,100</u>	<u>368,065</u>	<u>35</u>	<u>381,339</u>
Special area administration services				
Salaries	362,050	370,293	(8,243)	362,607
Employee benefits	50,600	50,450	150	48,849
Purchased services	36,150	30,714	5,436	30,187
Supplies and materials	4,500	4,145	355	3,720
Capital outlay	1,500	-	1,500	1,672
Other objects	<u>2,200</u>	<u>1,798</u>	<u>402</u>	<u>2,104</u>
Total	<u>457,000</u>	<u>457,400</u>	<u>(400)</u>	<u>449,139</u>
Tort immunity services				
Purchased services	<u>250,000</u>	<u>251,961</u>	<u>(1,961)</u>	<u>314,889</u>
Total	<u>250,000</u>	<u>251,961</u>	<u>(1,961)</u>	<u>314,889</u>
Total general administration	<u>1,266,600</u>	<u>1,264,618</u>	<u>1,982</u>	<u>1,313,939</u>
School administration				
Office of the principal services				
Salaries	2,413,840	2,405,485	8,355	2,604,378
Employee benefits	520,100	501,045	19,055	471,398
Purchased services	30,700	15,780	14,920	20,383
Supplies and materials	63,754	61,562	2,192	56,068
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400</u>
Total	<u>3,028,394</u>	<u>2,983,872</u>	<u>44,522</u>	<u>3,153,627</u>
Total school administration	<u>3,028,394</u>	<u>2,983,872</u>	<u>44,522</u>	<u>3,153,627</u>

See Auditor's Report and Notes to Required Supplementary Information

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Business				
Direction of business support services				
Salaries	\$ 234,020	\$ 234,016	\$ 4	\$ 243,925
Employee benefits	42,500	42,237	263	40,983
Purchased services	5,450	7,829	(2,379)	2,254
Other objects	<u>1,900</u>	<u>2,250</u>	<u>(350)</u>	<u>1,933</u>
Total	<u>283,870</u>	<u>286,332</u>	<u>(2,462)</u>	<u>289,095</u>
Fiscal services				
Salaries	132,680	118,601	14,079	116,745
Employee benefits	13,300	13,156	144	12,985
Purchased services	80,150	90,830	(10,680)	81,023
Supplies and materials	46,800	45,218	1,582	46,091
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,918</u>
Total	<u>272,930</u>	<u>267,805</u>	<u>5,125</u>	<u>274,762</u>
Operation and maintenance of plant services				
Supplies and materials	<u>-</u>	<u>79</u>	<u>(79)</u>	<u>-</u>
Total	<u>-</u>	<u>79</u>	<u>(79)</u>	<u>-</u>
Food services				
Salaries	603,997	554,882	49,115	533,862
Employee benefits	57,800	39,440	18,360	56,041
Purchased services	29,375	25,856	3,519	24,121
Supplies and materials	907,645	803,676	103,969	654,283
Capital outlay	<u>322,192</u>	<u>299,662</u>	<u>22,530</u>	<u>19,274</u>
Total	<u>1,921,009</u>	<u>1,723,516</u>	<u>197,493</u>	<u>1,287,581</u>
Internal services				
Purchased services	<u>92,000</u>	<u>88,505</u>	<u>3,495</u>	<u>93,775</u>
Total	<u>92,000</u>	<u>88,505</u>	<u>3,495</u>	<u>93,775</u>
Total business	<u>2,569,809</u>	<u>2,366,237</u>	<u>203,572</u>	<u>1,945,213</u>
Central				
Information services				
Salaries	70,000	61,445	8,555	1,150
Employee benefits	-	5,588	(5,588)	14
Purchased services	14,500	3,721	10,779	48,528
Supplies and materials	3,500	1,547	1,953	2,050
Capital outlay	<u>-</u>	<u>13,556</u>	<u>(13,556)</u>	<u>-</u>
Total	<u>88,000</u>	<u>85,857</u>	<u>2,143</u>	<u>51,742</u>

See Auditor's Report and Notes to Required Supplementary Information

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Staff services				
Salaries	\$ 895,470	\$ 852,955	\$ 42,515	\$ 908,264
Employee benefits	193,600	114,435	79,165	51,310
Purchased services	140,850	157,367	(16,517)	34,749
Supplies and materials	32,700	25,932	6,768	24,493
Capital outlay	1,500	-	1,500	-
Other objects	<u>14,000</u>	<u>2,233</u>	<u>11,767</u>	<u>1,685</u>
Total	<u>1,278,120</u>	<u>1,152,922</u>	<u>125,198</u>	<u>1,020,501</u>
Total central	<u>1,366,120</u>	<u>1,238,779</u>	<u>127,341</u>	<u>1,072,243</u>
Total support services	<u>17,785,169</u>	<u>17,370,107</u>	<u>415,062</u>	<u>17,108,798</u>
Community services				
Salaries	96,830	217,504	(120,674)	95,161
Employee benefits	17,800	17,857	(57)	16,816
Purchased services	-	1,149	(1,149)	5,137
Supplies and materials	<u>153,239</u>	<u>283,822</u>	<u>(130,583)</u>	<u>114,241</u>
Total community services	<u>267,869</u>	<u>520,332</u>	<u>(252,463)</u>	<u>231,355</u>
Payments to other districts and governmental units				
Payments for regular programs				
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,621</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,621</u>
Payments for special education programs				
Other objects	<u>256,687</u>	<u>231,407</u>	<u>25,280</u>	<u>63,446</u>
Total	<u>256,687</u>	<u>231,407</u>	<u>25,280</u>	<u>63,446</u>
Payments for special education programs - tuition				
Other objects	<u>1,329,753</u>	<u>1,229,451</u>	<u>100,302</u>	<u>1,184,449</u>
Total	<u>1,329,753</u>	<u>1,229,451</u>	<u>100,302</u>	<u>1,184,449</u>
Other Payments to In-State Govt. Units				
Other objects	<u>13,500</u>	<u>11,562</u>	<u>1,938</u>	<u>-</u>
Total	<u>13,500</u>	<u>11,562</u>	<u>1,938</u>	<u>-</u>
Total payments to other districts and governmental units	<u>1,599,940</u>	<u>1,472,420</u>	<u>127,520</u>	<u>1,455,516</u>

See Auditor's Report and Notes to Required Supplementary Information

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Provision for contingencies	\$ 100,000	\$ -	\$ 100,000	\$ -
Total expenditures	<u>62,181,959</u>	<u>60,942,931</u>	<u>1,239,028</u>	<u>57,927,665</u>
Excess (deficiency) of revenues over expenditures	<u>2,775,762</u>	<u>1,577,452</u>	<u>(1,198,310)</u>	<u>2,750,363</u>
Other financing sources (uses)				
Permanent transfer from working cash accounts - interest	38,409	-	(38,409)	-
Permanent transfer of interest	55,411	37,646	(17,765)	57,572
Permanent transfer from working cash accounts - abolishment or abatement	-	(228,615)	(228,615)	-
Permanent transfer from working cash accounts - interest	(38,409)	-	38,409	-
Transfer	<u>(266,513)</u>	<u>-</u>	<u>266,513</u>	<u>-</u>
Total other financing sources (uses)	<u>(211,102)</u>	<u>(190,969)</u>	<u>20,133</u>	<u>57,572</u>
Net change in fund balance	<u>\$ 2,564,660</u>	1,386,483	<u>\$ (1,178,177)</u>	2,807,935
Fund balance, beginning of year		<u>51,985,523</u>		<u>49,177,588</u>
Fund balance, end of year		<u>\$ 53,372,006</u>		<u>\$ 51,985,523</u>

See Auditor's Report and Notes to Required Supplementary Information

(Concluded)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 2,448,599	\$ 3,549,962	\$ 1,101,363	\$ 3,212,864
Mobile home privilege tax	5,000	7,549	2,549	6,435
Corporate personal property replacement taxes	847,863	908,679	60,816	989,510
Investment income	42,869	22,954	(19,915)	51,898
Rentals	906,500	929,257	22,757	907,620
Impact fees from municipal or county governments	-	925	925	8,056
Refund of prior years' expenditures	-	26,051	26,051	53,115
Other	45,000	153,780	108,780	246,806
Total local sources	4,295,831	5,599,157	1,303,326	5,476,304
State sources				
Other state sources	-	-	-	50,171
Total state sources	-	-	-	50,171
Federal sources				
Other restricted revenue from federal sources	-	8,509	8,509	66,999
Total federal sources	-	8,509	8,509	66,999
Total revenues	4,295,831	5,607,666	1,311,835	5,593,474
Expenditures				
Support services				
Pupils				
Other support services - pupils				
Purchased services	-	-	-	258,825
Total	-	-	-	258,825
Total pupils	-	-	-	258,825
Business				

See Auditor's Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Operation and maintenance of plant services				
Salaries	\$ 2,332,000	\$ 2,165,148	\$ 166,852	\$ 2,130,554
Employee benefits	287,000	292,139	(5,139)	281,303
Purchased services	1,507,820	1,311,919	195,901	725,295
Supplies and materials	1,355,904	1,105,484	250,420	1,569,098
Capital outlay	2,762,500	2,198,754	563,746	752,354
Other objects	50,000	-	50,000	-
Termination benefits	-	4,459	(4,459)	6,911
Total	<u>8,295,224</u>	<u>7,077,903</u>	<u>1,217,321</u>	<u>5,465,515</u>
Total business	<u>8,295,224</u>	<u>7,077,903</u>	<u>1,217,321</u>	<u>5,465,515</u>
Other supporting services				
Purchased services	<u>446,000</u>	<u>365,596</u>	<u>80,404</u>	<u>-</u>
Total	<u>446,000</u>	<u>365,596</u>	<u>80,404</u>	<u>-</u>
Total support services	<u>8,741,224</u>	<u>7,443,499</u>	<u>1,297,725</u>	<u>5,724,340</u>
Total expenditures	<u>8,741,224</u>	<u>7,443,499</u>	<u>1,297,725</u>	<u>5,724,340</u>
Excess (deficiency) of revenues over expenditures	<u>(4,445,393)</u>	<u>(1,835,833)</u>	<u>2,609,560</u>	<u>(130,866)</u>
Other financing sources (uses)				
Permanent transfer of interest	<u>(42,869)</u>	<u>(28,267)</u>	<u>14,602</u>	<u>(44,482)</u>
Total other financing sources (uses)	<u>(42,869)</u>	<u>(28,267)</u>	<u>14,602</u>	<u>(44,482)</u>
Net change in fund balance	<u>\$ (4,488,262)</u>	<u>(1,864,100)</u>	<u>\$ 2,624,162</u>	<u>(175,348)</u>
Fund balance, beginning of year		<u>9,561,835</u>		<u>9,737,183</u>
Fund balance, end of year		<u>\$ 7,697,735</u>		<u>\$ 9,561,835</u>

See Auditor's Report and Notes to Required Supplementary Information

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 901,717	\$ 923,835	\$ 22,118	\$ 699,456
Regular transportation fees from pupils or parents (in state)	30,000	35,616	5,616	37,328
Regular transportation fees from co-curricular act (in state)	40,000	51,550	11,550	59,501
Investment income	8,840	5,175	(3,665)	9,239
Other	-	4,621	4,621	2,436
Total local sources	<u>980,557</u>	<u>1,020,797</u>	<u>40,240</u>	<u>807,960</u>
State sources				
Transportation - regular/vocational	84,966	13,301	(71,665)	112,975
Transportation - special education	<u>204,529</u>	<u>526,841</u>	<u>322,312</u>	<u>272,703</u>
Total state sources	<u>289,495</u>	<u>540,142</u>	<u>250,647</u>	<u>385,678</u>
Federal sources				
Title I - Low income	-	8,624	8,624	149
Title III - English language acquisition	<u>-</u>	<u>8,027</u>	<u>8,027</u>	<u>3,414</u>
Total federal sources	<u>-</u>	<u>16,651</u>	<u>16,651</u>	<u>3,563</u>
Total revenues	<u>1,270,052</u>	<u>1,577,590</u>	<u>307,538</u>	<u>1,197,201</u>
Expenditures				
Support Services				
Business				
Pupil transportation services				
Salaries	40,010	42,261	(2,251)	40,544
Employee benefits	800	5,685	(5,085)	590
Purchased services	1,656,350	1,716,328	(59,978)	1,386,015
Supplies and materials	<u>92,500</u>	<u>150,218</u>	<u>(57,718)</u>	<u>75,776</u>
Total	<u>1,789,460</u>	<u>1,914,492</u>	<u>(125,032)</u>	<u>1,502,925</u>
Total business	<u>1,789,460</u>	<u>1,914,492</u>	<u>(125,032)</u>	<u>1,502,925</u>
Total support services	<u>1,789,460</u>	<u>1,914,492</u>	<u>(125,032)</u>	<u>1,502,925</u>
Total expenditures	<u>1,789,460</u>	<u>1,914,492</u>	<u>(125,032)</u>	<u>1,502,925</u>
Net change in fund balance	<u>\$ (519,408)</u>	(336,902)	<u>\$ 182,506</u>	(305,724)
Fund balance, beginning of year		<u>1,707,217</u>		<u>2,012,941</u>
Fund balance, end of year		<u>\$ 1,370,315</u>		<u>\$ 1,707,217</u>

See Auditor's Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 779,062	\$ 849,055	\$ 69,993	\$ 854,393
Social security/medicare only levy	792,000	853,874	61,874	864,993
Corporate personal property replacement taxes	20,000	20,000	-	20,000
Investment income	8,016	5,118	(2,898)	6,995
Refund of prior years' expenditures	-	1,381	1,381	265
Other	-	-	-	993
Total local sources	<u>1,599,078</u>	<u>1,729,428</u>	<u>130,350</u>	<u>1,747,639</u>
Total revenues	<u>1,599,078</u>	<u>1,729,428</u>	<u>130,350</u>	<u>1,747,639</u>
Expenditures				
Instruction				
Regular programs	313,500	241,414	72,086	224,644
Pre-K programs	61,200	1,382	59,818	55,001
Special education programs	434,100	430,451	3,649	381,163
Special education programs Pre-K	-	48,815	(48,815)	521
Remedial and supplemental programs K - 12	500	1,558	(1,058)	-
Interscholastic programs	2,800	2,501	299	1,502
Summer school programs	8,500	10,367	(1,867)	9,684
Gifted programs	7,000	6,461	539	6,852
Bilingual programs	<u>21,700</u>	<u>17,032</u>	<u>4,668</u>	<u>19,472</u>
Total instruction	<u>849,300</u>	<u>759,981</u>	<u>89,319</u>	<u>698,839</u>
Support services				
Pupils				
Attendance and social work services	17,100	13,251	3,849	12,713
Guidance services	-	-	-	18,505
Health services	26,800	24,414	2,386	-
Psychological services	8,800	6,742	2,058	6,648
Speech pathology and audiology services	18,400	15,404	2,996	14,057
Other support services - pupils	<u>22,400</u>	<u>16,481</u>	<u>5,919</u>	<u>134</u>
Total pupils	<u>93,500</u>	<u>76,292</u>	<u>17,208</u>	<u>52,057</u>
Instructional staff				
Improvement of instructional staff	44,900	35,239	9,661	49,523
Educational media services	140,000	133,912	6,088	127,856
Assessment and testing	<u>100</u>	<u>16</u>	<u>84</u>	<u>54</u>
Total instructional staff	<u>185,000</u>	<u>169,167</u>	<u>15,833</u>	<u>177,433</u>

See Auditor's Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
General administration				
Board of education services	\$ 600	\$ -	\$ 600	\$ 15
Executive administration services	16,700	17,135	(435)	16,279
Special area administration services	21,700	21,467	233	19,990
Total general administration	<u>39,000</u>	<u>38,602</u>	<u>398</u>	<u>36,284</u>
School administration				
Office of the principal services	<u>142,200</u>	<u>133,452</u>	<u>8,748</u>	<u>131,522</u>
Total school administration	<u>142,200</u>	<u>133,452</u>	<u>8,748</u>	<u>131,522</u>
Business				
Direction of business support services	17,900	16,331	1,569	17,716
Fiscal services	24,100	21,569	2,531	18,621
Operations and maintenance of plant services	396,300	356,847	39,453	329,502
Pupil transportation services	7,500	6,104	1,396	15,024
Food services	93,800	90,752	3,048	82,347
Total business	<u>539,600</u>	<u>491,603</u>	<u>47,997</u>	<u>463,210</u>
Central				
Information services	8,400	9,243	(843)	15
Staff services	42,000	40,341	1,659	39,856
Total central	<u>50,400</u>	<u>49,584</u>	<u>816</u>	<u>39,871</u>
Total support services	<u>1,049,700</u>	<u>958,700</u>	<u>91,000</u>	<u>900,377</u>
Community services				
Total expenditures	<u>16,700</u>	<u>33,478</u>	<u>(16,778)</u>	<u>12,789</u>
Total expenditures	<u>1,915,700</u>	<u>1,752,159</u>	<u>163,541</u>	<u>1,612,005</u>
Net change in fund balance	<u>\$ (316,622)</u>	<u>(22,731)</u>	<u>\$ 293,891</u>	135,634
Fund balance, beginning of year		<u>1,609,145</u>		<u>1,473,511</u>
Fund balance, end of year		<u>\$ 1,586,414</u>		<u>\$ 1,609,145</u>

See Auditor's Report and Notes to Required Supplementary Information

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The budgeted amounts for the Governmental Funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

The Board of Education follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

1. 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.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
4. 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 any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

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

Excess of Expenditures over Budget

For the year ended June 30, 2012, expenditures exceeded budget in the Transportation Fund by \$125,032. This excess was funded by available fund balance.

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH	2011
	ORIGINAL AND FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 5,342,000	\$ 5,433,933	\$ 91,933	\$ 5,185,579
Investment income	12,542	4,309	(8,233)	19,523
Other	-	-	-	(1)
Total local sources	<u>5,354,542</u>	<u>5,438,242</u>	<u>83,700</u>	<u>5,205,101</u>
Total revenues	<u>5,354,542</u>	<u>5,438,242</u>	<u>83,700</u>	<u>5,205,101</u>
Expenditures				
Debt services				
Payments on long term debt				
Interest on long term debt	587,775	576,602	11,173	825,721
Principal payments on long term debt	5,060,000	5,036,141	23,859	4,790,488
Total	<u>5,647,775</u>	<u>5,612,743</u>	<u>35,032</u>	<u>5,616,209</u>
Other debt service				
Other objects	-	39,219	(39,219)	38,426
Total	<u>-</u>	<u>39,219</u>	<u>(39,219)</u>	<u>38,426</u>
Total debt services	<u>5,647,775</u>	<u>5,651,962</u>	<u>(4,187)</u>	<u>5,654,635</u>
Provision for contingencies				
	3,780	-	3,780	-
Total expenditures	<u>5,651,555</u>	<u>5,651,962</u>	<u>(407)</u>	<u>5,654,635</u>
Excess (deficiency) of revenues over expenditures	<u>(297,013)</u>	<u>(213,720)</u>	<u>83,293</u>	<u>(449,534)</u>
Other financing sources (uses)				
Permanent transfer of interest	(12,542)	(9,379)	3,163	(13,090)
Total other financing sources (uses)	<u>(12,542)</u>	<u>(9,379)</u>	<u>3,163</u>	<u>(13,090)</u>
Net change in fund balance	<u>\$ (309,555)</u>	<u>(223,099)</u>	<u>\$ 86,456</u>	<u>(462,624)</u>
Fund balance, beginning of year		2,291,126		2,753,750
Fund balance, end of year		<u>\$ 2,068,027</u>		<u>\$ 2,291,126</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
State sources				
General state aid	\$ -	\$ 37,897	\$ 37,897	\$ -
Total state sources	-	37,897	37,897	-
Total revenues	-	37,897	37,897	-
Expenditures				
Support services				
Business				
Operation and maintenance of plant services				
Capital outlay	228,615	228,615	-	12,868
Total	228,615	228,615	-	12,868
Total business	228,615	228,615	-	12,868
Total support services	228,615	228,615	-	12,868
Total expenditures	228,615	228,615	-	12,868
Excess (deficiency) of revenues over expenditures	(228,615)	(190,718)	37,897	(12,868)
Other financing sources (uses)				
Permanent transfer from working cash accounts - abolishment or abatement	-	228,615	228,615	-
Transfer	266,513	-	(266,513)	-
Total other financing sources (uses)	266,513	228,615	(37,898)	-
Net change in fund balance	\$ 37,898	37,897	\$ (1)	(12,868)
Fund balance (deficit), beginning of year		(37,897)		(25,029)
Fund balance (deficit), end of year		\$ -		\$ (37,897)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

FIRE PREVENTION AND LIFE SAFETY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 217,289	\$ 207,377	\$ (9,912)	\$ 202,305
Investment income	1,139	(334)	(1,473)	951
Other	-	-	-	402
Total local sources	<u>218,428</u>	<u>207,043</u>	<u>(11,385)</u>	<u>203,658</u>
State sources				
General state aid	-	104,245	104,245	-
Total state sources	-	<u>104,245</u>	<u>104,245</u>	-
Total revenues	<u>218,428</u>	<u>311,288</u>	<u>92,860</u>	<u>203,658</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Purchased services	-	-	-	55
Capital outlay	-	507,000	(507,000)	-
Total	-	<u>507,000</u>	<u>(507,000)</u>	<u>55</u>
Operation and maintenance of plant services				
Purchased services	18,500	-	18,500	-
Supplies and materials	492,581	-	492,581	-
Total	<u>511,081</u>	-	<u>511,081</u>	-
Total business	<u>511,081</u>	<u>507,000</u>	<u>4,081</u>	<u>55</u>
Total support services	<u>511,081</u>	<u>507,000</u>	<u>4,081</u>	<u>55</u>
Total expenditures	<u>511,081</u>	<u>507,000</u>	<u>4,081</u>	<u>55</u>
Net change in fund balance	<u>\$ (292,653)</u>	<u>(195,712)</u>	<u>\$ 96,941</u>	<u>203,603</u>
Fund balance, beginning of year		<u>261,908</u>		<u>58,305</u>
Fund balance, end of year		<u>\$ 66,196</u>		<u>\$ 261,908</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

GENERAL FUND

COMBINING BALANCE SHEET

AS OF JUNE 30, 2012

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Assets				
Cash	\$ 52,206,057	\$ 59,943	\$ 7,644,922	\$ 59,910,922
Receivables (net allowance for uncollectibles):				
Interest	99,673	116	14,779	114,568
Property taxes	21,356,675	106,828	-	21,463,503
Intergovernmental	1,255,059	-	-	1,255,059
Prepaid items	135,199	-	-	135,199
Total assets	<u>\$ 75,052,663</u>	<u>\$ 166,887</u>	<u>\$ 7,659,701</u>	<u>\$ 82,879,251</u>
Liabilities and fund balance				
Accounts payable	\$ 378,995	\$ -	\$ -	\$ 378,995
Salaries and wages payable	6,253,251	-	-	6,253,251
Payroll deductions payable	1,227	-	-	1,227
Deferred revenue	21,958,668	106,828	-	22,065,496
Health claims payable	808,276	-	-	808,276
Total liabilities	<u>29,400,417</u>	<u>106,828</u>	<u>-</u>	<u>29,507,245</u>
Fund balance				
Nonspendable	135,199	-	-	135,199
Restricted	-	60,059	-	60,059
Unassigned	45,517,047	-	7,659,701	53,176,748
Total fund balance	<u>45,652,246</u>	<u>60,059</u>	<u>7,659,701</u>	<u>53,372,006</u>
Total liabilities and fund balance	<u>\$ 75,052,663</u>	<u>\$ 166,887</u>	<u>\$ 7,659,701</u>	<u>\$ 82,879,251</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	ELIMINATIONS
Revenues				
Property taxes	\$ 45,836,763	\$ 219,115	\$ -	\$ -
State aid	12,290,560	-	-	-
Federal aid	1,952,560	-	-	-
Investment income	182,035	247	(548,424)	-
Other	<u>2,587,527</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>62,849,445</u>	<u>219,362</u>	<u>(548,424)</u>	<u>-</u>
Expenditures				
Current:				
Instruction:				
Regular programs	22,174,560	-	-	-
Special programs	8,337,544	-	-	-
Other instructional programs	2,173,541	-	-	-
State retirement contributions	8,573,755	-	-	-
Support Services:				
Pupils	4,175,856	-	-	-
Instructional staff	4,625,846	-	-	-
General administration	1,054,618	210,000	-	-
School administration	2,983,872	-	-	-
Business	2,066,496	-	-	-
Operations and maintenance	79	-	-	-
Central	1,225,223	-	-	-
Community services	520,332	-	-	-
Payments to other districts and gov't units	1,472,420	-	-	-
Capital outlay	<u>1,348,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>60,732,931</u>	<u>210,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,116,514</u>	<u>9,362</u>	<u>(548,424)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	59,383	-	-	(21,737)
Transfers (out)	<u>-</u>	<u>-</u>	<u>(250,352)</u>	<u>21,737</u>
Total other financing sources (uses)	<u>59,383</u>	<u>-</u>	<u>(250,352)</u>	<u>-</u>
Net change in fund balance	2,175,897	9,362	(798,776)	-
Fund balance, beginning of year	<u>43,476,349</u>	<u>50,697</u>	<u>8,458,477</u>	<u>-</u>
Fund balance, end of year	<u>\$ 45,652,246</u>	<u>\$ 60,059</u>	<u>\$ 7,659,701</u>	<u>\$ -</u>

TOTAL

\$ 46,055,878
12,290,560
1,952,560
(366,142)
2,587,527
62,520,383

22,174,560
8,337,544
2,173,541
8,573,755

4,175,856
4,625,846
1,264,618
2,983,872
2,066,496
79
1,225,223
520,332
1,472,420
1,348,789

60,942,931

1,577,452

37,646

(228,615)

(190,969)

1,386,483

51,985,523

\$ 53,372,006

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 47,584,945	\$ 45,589,110	\$ (1,995,835)	\$ 42,325,967
Special education levy	246,646	247,653	1,007	229,131
Regular tuition from pupils or parents (in state)	9,500	-	(9,500)	-
Summer school - tuition from pupils or parents (in state)	100,000	149,296	49,296	114,565
Special education - tuition from pupils or parents (in state)	124,837	121,393	(3,444)	109,317
Investment income	189,628	182,035	(7,593)	185,349
Sales to pupils - lunch	780,000	713,109	(66,891)	758,244
Sales to pupils - breakfast	-	103	103	316
Sales to pupils - other	255,000	252,443	(2,557)	225,167
Sales to adults	6,500	11,023	4,523	10,056
Other food service	339,000	693,752	354,752	412,791
Fees	97,600	64,837	(32,763)	56,980
Rentals - regular textbook	289,900	299,856	9,956	298,713
Rentals	-	-	-	300
Contributions and donations from private sources	-	850	850	11,304
Refund of prior years' expenditures	-	30,028	30,028	10,454
Other local fees	-	-	-	25,571
Other	<u>99,000</u>	<u>250,837</u>	<u>151,837</u>	<u>105,286</u>
Total local sources	<u>50,122,556</u>	<u>48,606,325</u>	<u>(1,516,231)</u>	<u>44,879,511</u>
State sources				
General state aid	2,093,503	1,952,142	(141,361)	2,171,697
Special education - private facility tuition	143,576	102,378	(41,198)	191,434
Special education - extraordinary	821,695	503,844	(317,851)	1,015,677
Special education - personnel	1,007,225	974,591	(32,634)	1,342,968
Special education - orphanage - individual	-	65,576	65,576	33,313
Special education - orphanage - summer	-	1,968	1,968	-
Special education - summer school	5,000	7,452	2,452	6,186
CTE - Other	-	4,437	4,437	-
Bilingual education - downstate - TPI	157,000	82,151	(74,849)	123,574
State free lunch & breakfast	3,500	5,923	2,423	5,331
School breakfast initiative	-	-	-	9
Technology - learning technology centers	-	-	-	3,637
Other restricted revenue from state sources	3,500	16,343	12,843	-
On behalf payment to TRS from the state	<u>8,560,000</u>	<u>8,573,755</u>	<u>13,755</u>	<u>7,934,736</u>
Total state sources	<u>12,794,999</u>	<u>12,290,560</u>	<u>(504,439)</u>	<u>12,828,562</u>
Federal sources				
Other restricted grants-in-aid received directly from federal government	100,634	101,032	398	133,949
National school lunch program	170,000	228,390	58,390	227,906

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
School breakfast program	\$ 3,000	\$ 3,075	\$ 75	\$ 5,420
Title I - Low income	160,451	118,160	(42,291)	194,972
Federal - special education - preschool flow-through	43,020	43,020	-	43,020
Federal - special education - IDEA - flow-through/low incident	1,068,482	1,068,485	3	1,113,733
Federal - special education - IDEA - room & board	-	56,164	56,164	42,544
IDEA - part b - preschool	-	-	-	67,777
IDEA - part b - flow-through	-	-	-	358,012
Other ARRA funds - XI	-	2,972	2,972	197,733
Title III - English language acquisition	91,650	35,587	(56,063)	94,099
McKinney education for homeless children	-	735	735	-
Title II - Teacher quality	106,711	96,818	(9,893)	123,346
Medicaid matching funds - administrative outreach	30,000	76,555	46,555	-
Other restricted revenue from federal sources	-	121,567	121,567	125,369
Total federal sources	<u>1,773,948</u>	<u>1,952,560</u>	<u>178,612</u>	<u>2,727,880</u>
Total revenues	<u>64,691,503</u>	<u>62,849,445</u>	<u>(1,842,058)</u>	<u>60,435,953</u>
Expenditures				
Instruction				
Regular programs				
Salaries	19,272,162	18,899,194	372,968	17,721,430
Employee benefits	2,282,860	2,174,555	108,305	1,306,157
On-behalf payments to TRS from the state	8,560,000	8,573,755	(13,755)	7,934,736
Purchased services	330,038	330,991	(953)	107,827
Supplies and materials	894,623	701,652	192,971	350,307
Capital outlay	248,345	284,872	(36,527)	13,177
Other objects	25,340	22,398	2,942	26,963
Termination benefits	45,000	45,770	(770)	15,879
Total	<u>31,658,368</u>	<u>31,033,187</u>	<u>625,181</u>	<u>27,476,476</u>
Pre-K programs				
Salaries	853,360	-	853,360	1,616,417
Employee benefits	95,300	-	95,300	166,761
Purchased services	4,700	-	4,700	236,792
Supplies and materials	12,108	830	11,278	305,672
Capital outlay	-	-	-	4,946
Total	<u>965,468</u>	<u>830</u>	<u>964,638</u>	<u>2,330,588</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Special education programs				
Salaries	\$ 5,864,340	\$ 5,743,582	\$ 120,758	\$ 5,525,626
Employee benefits	1,042,900	1,027,804	15,096	945,073
Purchased services	13,220	11,386	1,834	94,539
Supplies and materials	100,132	84,484	15,648	134,463
Capital outlay	<u>23,000</u>	<u>23,325</u>	<u>(325)</u>	<u>60,849</u>
Total	<u>7,043,592</u>	<u>6,890,581</u>	<u>153,011</u>	<u>6,760,550</u>
Special education programs Pre-K				
Salaries	-	827,876	(827,876)	-
Employee benefits	-	94,321	(94,321)	-
Purchased services	-	3,880	(3,880)	-
Supplies and materials	<u>-</u>	<u>5,440</u>	<u>(5,440)</u>	<u>98</u>
Total	<u>-</u>	<u>931,517</u>	<u>(931,517)</u>	<u>98</u>
Remedial and supplemental programs K-12				
Salaries	74,160	71,390	2,770	39,909
Employee benefits	35,290	20,868	14,422	14,275
Purchased services	-	-	-	(757)
Supplies and materials	2,500	7,766	(5,266)	21,657
Capital outlay	<u>-</u>	<u>10,889</u>	<u>(10,889)</u>	<u>45,196</u>
Total	<u>111,950</u>	<u>110,913</u>	<u>1,037</u>	<u>120,280</u>
Interscholastic programs				
Salaries	132,612	101,751	30,861	71,271
Employee benefits	1,900	1,147	753	822
Purchased services	10,830	20,820	(9,990)	12,529
Supplies and materials	6,200	6,417	(217)	14,645
Other objects	<u>4,300</u>	<u>4,015</u>	<u>285</u>	<u>3,230</u>
Total	<u>155,842</u>	<u>134,150</u>	<u>21,692</u>	<u>102,497</u>
Summer school programs				
Salaries	232,150	235,859	(3,709)	204,078
Employee benefits	2,300	3,240	(940)	2,426
Purchased services	5,000	4,959	41	3,753
Supplies and materials	<u>11,700</u>	<u>7,915</u>	<u>3,785</u>	<u>9,989</u>
Total	<u>251,150</u>	<u>251,973</u>	<u>(823)</u>	<u>220,246</u>
Gifted programs				
Salaries	534,070	536,038	(1,968)	560,219
Employee benefits	48,400	47,415	985	48,864
Purchased services	13,500	21,925	(8,425)	21,328
Supplies and materials	<u>4,435</u>	<u>2,949</u>	<u>1,486</u>	<u>3,472</u>
Total	<u>600,405</u>	<u>608,327</u>	<u>(7,922)</u>	<u>633,883</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Bilingual programs				
Salaries	\$ 978,996	\$ 986,521	\$ (7,525)	\$ 965,230
Employee benefits	163,400	141,385	22,015	141,573
Purchased services	18,500	42,776	(24,276)	8,321
Supplies and materials	28,310	7,579	20,731	27,552
Capital outlay	<u>25,000</u>	<u>1,586</u>	<u>23,414</u>	<u>19,567</u>
Total	<u>1,214,206</u>	<u>1,179,847</u>	<u>34,359</u>	<u>1,162,243</u>
Truant's alternative and optional programs				
Special education programs K -12 - private tuition				
Other objects	<u>428,000</u>	<u>438,747</u>	<u>(10,747)</u>	<u>325,135</u>
Total	<u>428,000</u>	<u>438,747</u>	<u>(10,747)</u>	<u>325,135</u>
Total instruction	<u>42,428,981</u>	<u>41,580,072</u>	<u>848,909</u>	<u>39,131,996</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	1,047,940	1,027,676	20,264	1,009,437
Employee benefits	102,000	101,370	630	94,680
Purchased services	3,070	3,097	(27)	1,707
Supplies and materials	<u>14,400</u>	<u>13,703</u>	<u>697</u>	<u>3,708</u>
Total	<u>1,167,410</u>	<u>1,145,846</u>	<u>21,564</u>	<u>1,109,532</u>
Health services				
Salaries	506,620	486,927	19,693	443,032
Employee benefits	25,500	31,520	(6,020)	24,061
Purchased services	3,380	1,029	2,351	1,786
Supplies and materials	<u>8,800</u>	<u>11,126</u>	<u>(2,326)</u>	<u>9,078</u>
Total	<u>544,300</u>	<u>530,602</u>	<u>13,698</u>	<u>477,957</u>
Psychological services				
Salaries	500,060	486,918	13,142	538,699
Employee benefits	59,000	54,965	4,035	56,782
Purchased services	38,670	49,757	(11,087)	31,871
Supplies and materials	<u>3,000</u>	<u>2,771</u>	<u>229</u>	<u>2,672</u>
Total	<u>600,730</u>	<u>594,411</u>	<u>6,319</u>	<u>630,024</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Speech pathology and audiology services				
Salaries	\$ 1,363,270	\$ 1,361,492	\$ 1,778	\$ 1,247,553
Employee benefits	144,000	167,511	(23,511)	139,401
Purchased services	4,050	5,978	(1,928)	4,043
Supplies and materials	<u>10,500</u>	<u>6,692</u>	<u>3,808</u>	<u>9,273</u>
Total	<u>1,521,820</u>	<u>1,541,673</u>	<u>(19,853)</u>	<u>1,400,270</u>
Other support services - pupils				
Salaries	308,680	318,254	(9,574)	85,123
Employee benefits	2,500	2,116	384	-
Purchased services	15,295	6,435	8,860	10,498
Supplies and materials	<u>33,866</u>	<u>36,519</u>	<u>(2,653)</u>	<u>24,473</u>
Total	<u>360,341</u>	<u>363,324</u>	<u>(2,983)</u>	<u>120,094</u>
Total pupils	<u>4,194,601</u>	<u>4,175,856</u>	<u>18,745</u>	<u>3,737,877</u>
Instructional staff				
Improvement of instructional services				
Salaries	1,684,145	1,654,205	29,940	1,966,586
Employee benefits	136,300	132,201	4,099	197,284
Purchased services	267,519	249,784	17,735	327,772
Supplies and materials	185,137	132,160	52,977	137,402
Capital outlay	1,500	-	1,500	-
Other objects	<u>6,600</u>	<u>2,477</u>	<u>4,123</u>	<u>2,309</u>
Total	<u>2,281,201</u>	<u>2,170,827</u>	<u>110,374</u>	<u>2,631,353</u>
Educational media services				
Salaries	1,515,540	1,484,243	31,297	1,529,979
Employee benefits	257,000	259,662	(2,662)	255,055
Purchased services	270,886	297,829	(26,943)	285,929
Supplies and materials	238,794	320,389	(81,595)	303,678
Capital outlay	<u>705,524</u>	<u>714,899</u>	<u>(9,375)</u>	<u>839,027</u>
Total	<u>2,987,744</u>	<u>3,077,022</u>	<u>(89,278)</u>	<u>3,213,668</u>
Assessment and testing				
Salaries	3,120	807	2,313	4,085
Employee benefits	100	9	91	46
Purchased services	-	2,000	(2,000)	-
Supplies and materials	<u>87,480</u>	<u>90,080</u>	<u>(2,600)</u>	<u>36,747</u>
Total	<u>90,700</u>	<u>92,896</u>	<u>(2,196)</u>	<u>40,878</u>
Total instructional staff	<u>5,359,645</u>	<u>5,340,745</u>	<u>18,900</u>	<u>5,885,899</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
General administration				
Board of education services				
Salaries	\$ 2,000	\$ -	\$ 2,000	\$ 90
Purchased services	176,000	176,472	(472)	165,737
Supplies and materials	3,000	1,723	1,277	1,770
Other objects	<u>10,500</u>	<u>8,997</u>	<u>1,503</u>	<u>975</u>
Total	<u>191,500</u>	<u>187,192</u>	<u>4,308</u>	<u>168,572</u>
Executive administration services				
Salaries	307,300	309,300	(2,000)	322,435
Employee benefits	37,500	37,322	178	38,850
Purchased services	16,000	20,004	(4,004)	12,368
Supplies and materials	4,000	1,064	2,936	2,920
Capital outlay	-	-	-	1,400
Other objects	<u>3,300</u>	<u>375</u>	<u>2,925</u>	<u>3,366</u>
Total	<u>368,100</u>	<u>368,065</u>	<u>35</u>	<u>381,339</u>
Special area administration services				
Salaries	362,050	370,293	(8,243)	362,607
Employee benefits	50,600	50,450	150	48,849
Purchased services	36,150	30,714	5,436	30,187
Supplies and materials	4,500	4,145	355	3,720
Capital outlay	1,500	-	1,500	1,672
Other objects	<u>2,200</u>	<u>1,798</u>	<u>402</u>	<u>2,104</u>
Total	<u>457,000</u>	<u>457,400</u>	<u>(400)</u>	<u>449,139</u>
Tort immunity services				
Purchased services	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>104,889</u>
Total	<u>40,000</u>	<u>41,961</u>	<u>40,000</u>	<u>104,889</u>
Total general administration	<u>1,056,600</u>	<u>1,054,618</u>	<u>43,943</u>	<u>1,103,939</u>
School administration				
Office of the principal services				
Salaries	2,413,840	2,405,485	8,355	2,604,378
Employee benefits	520,100	501,045	19,055	471,398
Purchased services	30,700	15,780	14,920	20,383
Supplies and materials	63,754	61,562	2,192	56,068
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400</u>
Total	<u>3,028,394</u>	<u>2,983,872</u>	<u>44,522</u>	<u>3,153,627</u>
Total school administration	<u>3,028,394</u>	<u>2,983,872</u>	<u>44,522</u>	<u>3,153,627</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Business				
Direction of business support services				
Salaries	\$ 234,020	\$ 234,016	\$ 4	\$ 243,925
Employee benefits	42,500	42,237	263	40,983
Purchased services	5,450	7,829	(2,379)	2,254
Other objects	<u>1,900</u>	<u>2,250</u>	<u>(350)</u>	<u>1,933</u>
Total	<u>283,870</u>	<u>286,332</u>	<u>(2,462)</u>	<u>289,095</u>
Fiscal services				
Salaries	132,680	118,601	14,079	116,745
Employee benefits	13,300	13,156	144	12,985
Purchased services	80,150	90,830	(10,680)	81,023
Supplies and materials	46,800	45,218	1,582	46,091
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,918</u>
Total	<u>272,930</u>	<u>267,805</u>	<u>5,125</u>	<u>274,762</u>
Operation and maintenance of plant services				
Supplies and materials	<u>-</u>	<u>79</u>	<u>(79)</u>	<u>-</u>
Total	<u>-</u>	<u>79</u>	<u>(79)</u>	<u>-</u>
Food services				
Salaries	603,997	554,882	49,115	533,862
Employee benefits	57,800	39,440	18,360	56,041
Purchased services	29,375	25,856	3,519	24,121
Supplies and materials	907,645	803,678	103,969	654,283
Capital outlay	<u>322,192</u>	<u>299,662</u>	<u>22,530</u>	<u>19,274</u>
Total	<u>1,921,009</u>	<u>1,723,516</u>	<u>197,493</u>	<u>1,287,581</u>
Internal services				
Purchased services	<u>92,000</u>	<u>88,505</u>	<u>3,495</u>	<u>93,775</u>
Total	<u>92,000</u>	<u>88,505</u>	<u>3,495</u>	<u>93,775</u>
Total business	<u>2,569,809</u>	<u>2,366,237</u>	<u>203,572</u>	<u>1,945,213</u>
Central				
Information services				
Salaries	70,000	61,445	8,555	1,150
Employee benefits	-	5,588	(5,588)	14
Purchased services	14,500	3,721	10,779	48,528
Supplies and materials	3,500	1,547	1,953	2,050
Capital outlay	<u>-</u>	<u>13,556</u>	<u>(13,556)</u>	<u>-</u>
Total	<u>88,000</u>	<u>85,857</u>	<u>2,143</u>	<u>51,742</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Staff services				
Salaries	\$ 895,470	\$ 852,955	\$ 42,515	\$ 908,264
Employee benefits	193,600	114,435	79,165	51,310
Purchased services	140,850	157,367	(16,517)	34,749
Supplies and materials	32,700	25,932	6,768	24,493
Capital outlay	1,500	-	1,500	-
Other objects	<u>14,000</u>	<u>2,233</u>	<u>11,767</u>	<u>1,685</u>
Total	<u>1,278,120</u>	<u>1,152,922</u>	<u>125,198</u>	<u>1,020,501</u>
Total central	<u>1,366,120</u>	<u>1,238,779</u>	<u>127,341</u>	<u>1,072,243</u>
Total support services	<u>17,575,169</u>	<u>17,160,107</u>	<u>457,023</u>	<u>16,898,798</u>
Community services				
Salaries	96,830	217,504	(120,674)	95,161
Employee benefits	17,800	17,857	(57)	16,816
Purchased services	-	1,149	(1,149)	5,137
Supplies and materials	<u>153,239</u>	<u>283,822</u>	<u>(130,583)</u>	<u>114,241</u>
Total community services	<u>267,869</u>	<u>520,332</u>	<u>(252,463)</u>	<u>231,355</u>
Payments to other districts and governmental units				
Payments for regular programs				
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,621</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,621</u>
Payments for special education programs				
Other objects	<u>256,687</u>	<u>231,407</u>	<u>25,280</u>	<u>63,446</u>
Total	<u>256,687</u>	<u>231,407</u>	<u>25,280</u>	<u>63,446</u>
Payments for special education programs - tuition				
Other objects	<u>1,329,753</u>	<u>1,229,451</u>	<u>100,302</u>	<u>1,184,449</u>
Total	<u>1,329,753</u>	<u>1,229,451</u>	<u>100,302</u>	<u>1,184,449</u>
Other Payments to In-State Govt. Units				
Other objects	<u>13,500</u>	<u>11,562</u>	<u>1,938</u>	<u>-</u>
Total	<u>13,500</u>	<u>11,562</u>	<u>1,938</u>	<u>-</u>
Total payments to other districts and governmental units	<u>1,599,940</u>	<u>1,472,420</u>	<u>127,520</u>	<u>1,455,516</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Provision for contingencies	\$ 100,000	\$ -	\$ 100,000	\$ -
Total expenditures	<u>61,971,959</u>	<u>60,732,931</u>	<u>1,280,989</u>	<u>57,717,665</u>
Excess (deficiency) of revenues over expenditures	<u>2,719,544</u>	<u>2,116,514</u>	<u>(561,069)</u>	<u>2,718,288</u>
Other financing sources (uses)				
Permanent transfer from working cash accounts - interest	38,409	21,737	(16,672)	30,722
Permanent transfer of interest	<u>55,411</u>	<u>37,646</u>	<u>(17,765)</u>	<u>57,572</u>
Total other financing sources (uses)	<u>93,820</u>	<u>59,383</u>	<u>(34,437)</u>	<u>88,294</u>
Net change in fund balance	<u>\$ 2,813,364</u>	2,175,897	<u>\$ (595,506)</u>	2,806,582
Fund balance, beginning of year		<u>43,476,349</u>		<u>40,669,767</u>
Fund balance, end of year		<u>\$ 45,652,246</u>		<u>\$ 43,476,349</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

TORT IMMUNITY AND JUDGMENT ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
Tort immunity levy	\$ 227,545	\$ 219,115	\$ (8,430)	\$ 213,640
Investment income	<u>264</u>	<u>247</u>	<u>(17)</u>	<u>6</u>
Total local sources	<u>227,809</u>	<u>219,362</u>	<u>(8,447)</u>	<u>213,646</u>
Total revenues	<u>227,809</u>	<u>219,362</u>	<u>(8,447)</u>	<u>213,646</u>
Expenditures				
Support Services				
General administration				
Workers' compensation or workers' occupational disease act payments				
Purchased services	<u>210,000</u>	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Total	<u>210,000</u>	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Total general administration	<u>210,000</u>	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Total expenditures	<u>210,000</u>	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Net change in fund balance	<u>\$ 17,809</u>	9,362	<u>\$ (8,447)</u>	3,646
Fund balance, beginning of year		<u>50,697</u>		<u>47,051</u>
Fund balance, end of year		<u>\$ 60,059</u>		<u>\$ 50,697</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

WORKING CASH ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012		VARIANCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
Investment income	\$ 38,409	\$ (548,424)	\$ (586,833)	\$ 28,429
Total local sources	<u>38,409</u>	<u>(548,424)</u>	<u>(586,833)</u>	<u>28,429</u>
Total revenues	<u>38,409</u>	<u>(548,424)</u>	<u>(586,833)</u>	<u>28,429</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>38,409</u>	<u>(548,424)</u>	<u>(586,833)</u>	<u>28,429</u>
Other financing sources (uses)				
Permanent transfer from working cash accounts - abolishment or abatement	-	(228,615)	(228,615)	-
Permanent transfer from working cash accounts - interest	(38,409)	(21,737)	16,672	(30,722)
Transfer	<u>(266,513)</u>	<u>-</u>	<u>266,513</u>	<u>-</u>
Total other financing sources (uses)	<u>(304,922)</u>	<u>(250,352)</u>	<u>54,570</u>	<u>(30,722)</u>
Net change in fund balance	<u>\$ (266,513)</u>	<u>(798,776)</u>	<u>\$ (532,263)</u>	<u>(2,293)</u>
Fund balance, beginning of year		<u>8,458,477</u>		<u>8,460,770</u>
Fund balance, end of year		<u>\$ 7,659,701</u>		<u>\$ 8,458,477</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

AGENCY FUND

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	BALANCE JUNE 30, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
Assets				
Cash	\$ 254,804	\$ 786,244	\$ 798,614	\$ 242,434
Total assets	<u>\$ 254,804</u>	<u>\$ 786,244</u>	<u>\$ 798,614</u>	<u>\$ 242,434</u>
Liabilities				
Due to student groups - activity funds	\$ 175,629	\$ 468,128	\$ 491,308	\$ 152,449
Due to employess - flexible spending account	<u>79,175</u>	<u>318,116</u>	<u>307,306</u>	<u>89,985</u>
Total liabilities	<u>\$ 254,804</u>	<u>\$ 786,244</u>	<u>\$ 798,614</u>	<u>\$ 242,434</u>

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Statistical Section

The 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	73
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	85
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	90
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	95
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.	
Operating Information	98
These schedules contain information about the District's service 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.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 72,194,161	\$ 67,179,282	\$ 63,532,991	\$ 54,602,552	\$ 39,989,857
Restricted	12,811,200	5,863,906	6,318,095	7,842,981	7,841,567
Unrestricted	<u>53,616,633</u>	<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>\$ 138,621,994</u>	<u>\$ 134,182,416</u>	<u>\$ 128,538,410</u>	<u>\$ 118,783,866</u>	<u>\$ 108,209,506</u>

2007	2006	2005	2004	2003
\$ 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 TEN FISCAL YEARS

	2012	2011	2010	2009
Expenses				
Instruction:				
Regular programs	\$ 25,607,333	\$ 22,325,897	\$ 23,802,870	\$ 22,532,296
Special programs	10,379,098	8,404,462	8,826,609	8,021,378
Other instructional programs	2,212,870	4,842,590	3,041,262	3,232,429
State retirement contributions	8,573,755	7,934,736	8,022,134	5,607,110
Support services:				
Pupils	4,252,148	4,048,759	3,633,769	3,430,394
Instructional staff	4,795,013	5,224,305	5,636,145	4,901,783
General administration	1,668,816	1,347,151	1,350,947	1,724,353
School administration	3,145,892	3,283,749	3,190,837	3,088,493
Business	2,494,810	1,276,302	1,974,980	2,053,358
Transportation	1,920,596	1,517,949	2,037,335	1,602,246
Operations and maintenance	5,516,852	5,795,017	4,854,686	4,949,474
Central and other	1,949,986	1,621,861	1,554,972	1,435,455
Community services	553,810	244,144	219,599	258,487
Payments to other districts and gov't units	11,562	-	-	-
Nonprogrammed charges	-	207,621	436,488	88,278
Interest and fees	483,159	906,552	1,227,027	1,651,805
Unallocated depreciation	-	-	-	-
Total expenses	<u>\$ 73,565,700</u>	<u>\$ 68,981,095</u>	<u>\$ 69,809,660</u>	<u>\$ 64,577,339</u>
Program Revenues				
Charges for services	\$ 3,731,473	\$ 3,161,422	\$ 3,185,475	\$ 3,462,179
Operating grants and contributions	13,639,064	13,757,207	10,266,275	10,576,779
Capital grants and contributions	-	-	-	-
Total program revenues	<u>\$ 17,370,537</u>	<u>\$ 13,757,207</u>	<u>\$ 10,266,275</u>	<u>\$ 10,576,779</u>
Net (expense)/revenue	<u>\$ (56,195,163)</u>	<u>\$ (55,223,888)</u>	<u>\$ (59,543,385)</u>	<u>\$ (54,000,560)</u>
General revenues				
Taxes:				
Real estate taxes, levied for general purposes	\$ 45,844,312	\$ 42,757,403	\$ 47,053,517	\$ 40,220,343
Real estate taxes, levied for specific purposes	6,603,218	5,845,346	7,177,688	7,176,535
Real estate taxes, levied for debt service	5,433,933	5,185,579	7,809,607	8,765,912
Personal property replacement taxes	928,679	1,009,510	778,451	962,248
Unrestricted grants and contributions	2,094,284	2,171,697	2,054,834	2,006,709
Investment earnings	(328,920)	302,390	925,090	1,632,837
Miscellaneous	59,235	434,547	313,267	348,157
Total general revenues	<u>\$ 60,634,741</u>	<u>\$ 57,706,472</u>	<u>\$ 66,112,454</u>	<u>\$ 61,112,741</u>
Change in net assets	<u>\$ 4,439,578</u>	<u>\$ 2,482,584</u>	<u>\$ 6,569,069</u>	<u>\$ 7,112,181</u>

2008	2007	2006	2005	2004	2003
\$ 20,665,110	\$ 20,275,380	\$ 19,289,439	\$ 19,454,207	\$ 17,706,482	\$ 17,127,658
7,502,458	8,287,423	7,655,563	6,972,878	6,775,066	6,868,542
1,760,888	1,556,410	1,575,827	1,541,994	1,426,784	1,395,412
4,139,852	2,697,912	1,841,948	3,054,296	3,492,984	2,501,919
3,201,995	1,915,909	1,621,609	1,611,268	1,396,181	3,262,347
5,376,031	4,129,547	3,862,370	2,278,512	3,301,273	1,385,102
1,189,361	1,195,634	1,299,864	671,270	1,081,159	3,733,648
2,870,305	2,473,805	2,470,477	2,527,579	2,340,049	775,926
2,540,315	2,809,170	2,699,038	2,593,564	2,291,825	2,443,868
1,971,821	2,038,686	1,900,692	1,757,836	1,721,123	1,965,187
4,877,287	4,833,132	4,745,319	4,369,900	3,917,717	1,673,954
1,138,175	965,618	1,324,368	1,564,629	1,348,089	4,655,538
213,482	122,601	166,325	126,103	97,573	1,259,220
-	-	-	-	-	-
842,870	1,137,466	1,821,968	2,830,248	2,660,546	99,835
1,538,130	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>\$ 59,828,080</u>	<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>
\$ 3,000,025	\$ 3,206,822	\$ 2,932,152	\$ 2,876,209	\$ 2,703,021	\$ 2,435,544
10,939,006	7,692,374	6,124,570	6,711,719	7,661,605	7,156,615
165,101	184,381	155,307	132,736	102,261	-
<u>\$ 11,104,107</u>	<u>\$ 7,876,755</u>	<u>\$ 6,279,877</u>	<u>\$ 6,844,455</u>	<u>\$ 7,763,866</u>	<u>\$ 7,156,615</u>
<u>\$ (48,723,973)</u>	<u>\$ (48,437,993)</u>	<u>\$ (48,132,839)</u>	<u>\$ (46,662,115)</u>	<u>\$ (44,136,673)</u>	<u>\$ (44,970,463)</u>
\$ 44,194,863	\$ 35,452,971	\$ 43,794,705	\$ 37,978,471	\$ 35,847,186	\$ 35,618,820
1,237,121	887,370	1,396,835	1,604,404	1,679,855	1,264,688
8,349,503	6,756,017	7,650,226	6,029,833	5,981,109	5,822,633
1,100,001	1,028,641	942,831	743,874	605,474	451,934
1,958,119	1,804,286	1,662,118	1,679,182	1,501,620	1,412,542
2,739,678	3,530,093	2,120,890	1,330,401	748,164	1,813,392
328,929	251,335	70,064	196,016	40,110	213,386
<u>\$ 59,908,214</u>	<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>\$ 11,184,241</u>	<u>\$ 1,272,720</u>	<u>\$ 9,504,830</u>	<u>\$ 2,900,066</u>	<u>\$ 2,266,845</u>	<u>\$ 1,626,932</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
General Fund					
Reserved	\$ -	\$ -	\$ 87,968	\$ 94,235	\$ 167,805
Unreserved	-	-	40,581,799	33,522,737	30,968,742
Nonspendable	135,199	135,418	-	-	-
Restricted	60,059	50,697	-	-	-
Unassigned	<u>53,176,748</u>	<u>51,799,408</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ 53,372,006</u>	<u>\$ 51,985,523</u>	<u>\$ 40,669,767</u>	<u>\$ 33,616,972</u>	<u>\$ 31,136,547</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
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	-	-	-	-	-
Capital projects fund	-	(37,897)	-	-	-
Restricted, reported in:					
Debt service fund	2,068,027	2,291,126	-	-	-
Special revenue funds	10,621,838	13,100,459	-	-	-
Capital projects fund	66,196	-	-	-	-
Nonspendable, reported in:					
Debt service fund					
Capital projects fund					
Special revenue funds	<u>32,626</u>	<u>39,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 12,788,687</u>	<u>\$ 15,393,334</u>	<u>\$ 24,518,482</u>	<u>\$ 27,517,564</u>	<u>\$ 33,271,124</u>
Total Governmental Funds	<u>\$ 66,160,693</u>	<u>\$ 67,378,857</u>	<u>\$ 65,188,249</u>	<u>\$ 61,134,536</u>	<u>\$ 64,407,671</u>

NOTE: GASB 54 was implemented as of June 30, 2011. Prior years are not adjusted.

2007	2006	2005	2004	2003
\$ 64,262	\$ 135,879	\$ 482,879	\$ 500,231	\$ 971,473
27,702,418	28,006,945	21,136,998	19,878,636	19,292,970
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<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>
\$ -	\$ -	\$ -	\$ -	\$ -
4,438,554	7,144,146	6,141,309	6,229,267	5,791,506
23,165,595	24,311,509	22,650,767	15,823,889	15,662,626
36,593	350,211	657,812	721,792	629,294
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<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>\$ 55,407,422</u>	<u>\$ 59,948,690</u>	<u>\$ 51,069,765</u>	<u>\$ 43,153,815</u>	<u>\$ 42,347,869</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS

	2012	2011	2010	2009
Local Sources				
Property taxes	\$ 57,873,914	\$ 53,788,328	\$ 62,040,812	\$ 56,162,790
Replacement taxes	928,679	1,009,510	778,451	962,248
Earnings on investments	(328,920)	302,390	925,090	1,632,837
Other local sources	<u>3,798,257</u>	<u>3,462,020</u>	<u>3,417,273</u>	<u>3,814,886</u>
Total local sources	<u>62,271,930</u>	<u>58,562,248</u>	<u>67,161,626</u>	<u>62,572,761</u>
State sources	<u>12,972,844</u>	<u>13,264,411</u>	<u>12,764,852</u>	<u>10,991,751</u>
Federal sources	<u>1,977,720</u>	<u>2,798,442</u>	<u>2,831,060</u>	<u>2,126,269</u>
Total	<u>\$ 77,222,494</u>	<u>\$ 74,625,101</u>	<u>\$ 82,757,538</u>	<u>\$ 75,690,781</u>

2008	2007	2006	2005	2004	2003
\$ 53,781,487	\$ 43,096,358	\$ 52,841,766	\$ 45,612,708	\$ 43,508,150	\$ 42,702,041
1,100,001	1,028,641	942,831	743,874	605,474	451,934
2,739,678	3,530,093	2,120,890	1,330,401	748,164	1,813,392
<u>3,192,762</u>	<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>60,813,928</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>10,029,826</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>1,208,214</u>	<u>983,631</u>	<u>1,085,165</u>	<u>1,145,382</u>	<u>911,729</u>	<u>898,943</u>
<u>\$ 72,051,968</u>	<u>\$ 60,761,236</u>	<u>\$ 66,890,040</u>	<u>\$ 59,556,323</u>	<u>\$ 56,696,359</u>	<u>\$ 56,154,388</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
Current:					
Instruction					
Regular programs	\$ 22,415,974	\$ 19,753,207	\$ 21,450,621	\$ 20,265,649	\$ 19,129,598
Special programs	8,829,121	7,155,948	7,533,065	6,663,875	7,476,522
Other instructional programs	2,200,531	4,843,209	3,083,056	3,232,429	1,760,888
State retirement contributions	<u>8,573,755</u>	<u>7,934,736</u>	<u>8,022,134</u>	<u>5,607,110</u>	<u>4,139,852</u>
Total instruction	<u>42,019,381</u>	<u>39,687,100</u>	<u>40,088,876</u>	<u>35,769,063</u>	<u>32,506,860</u>
Supporting Services					
Pupils	4,252,148	4,048,759	3,633,769	3,430,394	3,196,010
Instructional staff	4,795,013	5,224,305	5,451,561	4,936,439	4,340,609
General administration	1,668,816	1,347,151	1,350,947	1,724,353	1,180,471
School administration	3,117,324	3,283,749	3,190,837	3,088,493	2,866,703
Business	2,195,148	2,026,760	1,974,980	2,255,039	2,426,779
Transportation	1,920,596	1,517,949	2,037,335	1,602,246	1,971,775
Operations and maintenance	5,236,075	5,042,663	5,178,139	5,578,657	5,865,605
Central	1,274,807	1,112,114	1,153,820	1,055,551	1,135,762
Community services	553,810	244,144	219,599	258,487	213,482
Nonprogrammed charges	<u>1,472,420</u>	<u>1,455,516</u>	<u>1,251,750</u>	<u>1,357,503</u>	<u>842,870</u>
Total supporting services	<u>26,486,157</u>	<u>25,303,110</u>	<u>25,442,737</u>	<u>25,287,162</u>	<u>24,040,066</u>
Other:					
Debt service:					
Principal	5,036,141	4,790,488	8,043,675	7,522,115	6,445,000
Interest	615,821	864,147	1,177,379	1,578,936	1,734,900
Capital outlay	<u>4,283,158</u>	<u>1,789,648</u>	<u>3,951,159</u>	<u>8,806,640</u>	<u>4,418,119</u>
Total Other	<u>9,935,120</u>	<u>7,444,283</u>	<u>13,172,213</u>	<u>17,907,691</u>	<u>12,598,019</u>
Total	<u>\$ 78,440,658</u>	<u>\$ 72,434,493</u>	<u>\$ 78,703,826</u>	<u>\$ 78,963,916</u>	<u>\$ 69,144,945</u>
Debt service as a percentage of noncapital expenditures					
	8.25%	8.70%	14.07%	14.91%	14.47%

2007	2006	2005	2004	2003
\$ 17,966,673	\$ 16,994,614	\$ 16,546,694	\$ 15,654,426	\$ 15,841,865
8,264,490	7,649,778	6,965,217	6,769,301	6,724,855
1,556,410	1,575,827	1,515,718	1,430,820	1,395,412
2,697,912	1,841,948	3,054,296	3,492,984	3,262,347
<u>30,485,485</u>	<u>28,062,167</u>	<u>28,081,925</u>	<u>27,347,531</u>	<u>27,224,479</u>
1,915,909	1,621,609	1,611,268	1,396,181	1,385,102
3,886,000	3,642,288	3,482,509	3,178,617	3,238,597
1,186,562	1,307,564	662,446	1,060,127	762,566
2,467,381	2,467,757	2,517,285	2,336,828	2,378,901
2,269,046	2,176,195	2,211,322	2,026,181	1,622,558
2,037,709	1,896,101	1,751,820	1,720,882	1,667,486
5,318,220	4,651,726	4,681,045	4,216,356	4,351,878
962,139	1,326,322	1,561,739	1,347,527	1,256,701
122,601	166,325	126,103	97,573	99,835
1,137,466	1,821,968	2,830,248	2,660,546	2,546,960
<u>21,303,033</u>	<u>21,077,855</u>	<u>21,435,785</u>	<u>20,040,818</u>	<u>19,310,584</u>
5,960,000	4,035,000	5,285,000	5,010,000	4,827,836
1,982,783	2,342,764	2,538,459	2,589,507	2,887,094
5,571,203	2,493,329	3,003,755	902,557	910,724
<u>13,513,986</u>	<u>8,871,093</u>	<u>10,827,214</u>	<u>8,502,064</u>	<u>8,625,654</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>
15.34%	12.98%	15.80%	16.04%	16.58%

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
Excess of revenues over (under) expenditures	\$ (1,218,164)	\$ 2,190,608	\$ 4,053,712	\$ (3,273,135)	\$ 2,907,023
Other financing sources (uses)					
General long-term debt issued	-	-	-	-	5,770,000
Payments to escrow agent	-	-	-	-	-
Other	-	-	-	-	323,226
Sale of capital assets	-	-	-	-	-
Transfers in	266,261	88,294	606,901	12,130,552	3,272,314
Transfers out	<u>(266,261)</u>	<u>(88,294)</u>	<u>(606,901)</u>	<u>(12,130,552)</u>	<u>(3,272,314)</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,093,226</u>
Net change in fund balances	<u>\$ (1,218,164)</u>	<u>\$ 2,190,608</u>	<u>\$ 4,053,712</u>	<u>\$ (3,273,135)</u>	<u>\$ 9,000,249</u>

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

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN LEVY YEARS

LEVY YEAR	TOTAL ASSESSED VALUE	TOTAL DIRECT RATE	ESTIMATED ACTUAL VALUE
2011	\$ 1,903,751,676	\$ 3.101	\$ 5,711,255,028
2010	2,063,398,732	2.812	6,190,196,196
2009	2,243,659,100	2.509	6,730,977,300
2008	2,100,659,689	2.807	6,301,979,067
2007	1,947,173,834	2.889	5,841,521,502
2006	1,638,468,637	3.295	4,915,405,911
2005	1,546,456,494	3.225	4,639,369,482
2004	1,427,317,580	3.138	4,281,952,740
2003	1,222,469,151	3.652	3,667,407,453
2002	1,235,344,790	3.527	3,706,034,370

Source: Cook County Clerk

Note: The county assesses property at approximately 33.3% of actual value for all types of real property. Estimated actual value is calculated by dividing assessed value by that percentage. Tax rates are per \$100 of assessed value.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN TAX LEVY YEARS

	2011	2010	2009	2008	2007
District direct rates					
Total direct	<u>\$ 3.1010</u>	<u>\$ 2.8130</u>	<u>\$ 2.5090</u>	<u>\$ 2.8070</u>	<u>\$ 2.8890</u>
Overlapping rates					
County	0.4620	0.4230	0.3940	0.4150	0.4460
County forest preserve	0.0580	0.0510	0.0490	0.0510	0.0530
Consolidated Elections	0.0250	-	0.0210	-	0.0120
Township	0.0480	0.4300	0.0390	0.0380	0.0380
Village of Arlington Heights	1.3850	0.8660	0.7550	0.7220	0.7630
Park District	0.4960	0.4500	0.3920	0.3790	0.4040
Township High School District No. 214	2.0670	1.8390	1.6360	1.5870	1.6210
Haperper Community College District No. 512	0.3340	0.2950	0.2580	0.2560	0.2600
Wheeling Twp General Assistance	0.0090	-	-	-	-
Wheeling Twp Road & Bridge	0.0150	-	-	-	-
Mt. Prospect Special Service Area #5	-	0.1050	0.0950	0.0960	0.1010
Metropolitan Water Reclamation District	0.3200	0.2740	0.2610	0.2520	0.2630
Northwest Mosquito Abatement District	0.0100	0.0090	0.0080	0.0080	0.0080
Suburban TB Sanitarium	-	-	-	-	-
Total direct and overlapping rate	<u>\$ 8.3300</u>	<u>\$ 7.5550</u>	<u>\$ 6.4170</u>	<u>\$ 6.6110</u>	<u>\$ 6.8580</u>

Source: Cook County Clerk

Note: Tax rates are per \$100 of assessed value.

2006	2005	2004	2003	2002
<u>\$ 3.2950</u>	<u>\$ 3.2250</u>	<u>\$ 3.1380</u>	<u>\$ 3.6520</u>	<u>\$ 3.5270</u>
0.5000	0.5330	0.5930	0.6300	0.6900
0.0570	0.0600	0.0600	0.0590	0.0610
-	0.0140	-	0.0290	-
0.0430	0.0410	0.0420	0.0470	0.0400
0.8660	0.8000	0.7400	0.7500	0.7170
0.4610	0.4530	0.4660	0.5160	0.4580
1.8230	1.7590	1.8880	1.9820	1.8880
0.2880	0.2810	0.2790	0.3100	0.2950
-	-	-	-	-
-	-	-	-	-
0.1180	0.1170	0.1250	0.1410	0.1370
0.2840	0.3150	0.3470	0.3610	0.3710
0.0090	0.0090	0.0090	0.0100	0.0090
<u>0.0050</u>	<u>0.0050</u>	<u>0.0010</u>	<u>0.0040</u>	<u>0.0060</u>
<u>\$ 7.7490</u>	<u>\$ 7.6120</u>	<u>\$ 7.6880</u>	<u>\$ 8.4910</u>	<u>\$ 8.1990</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

PRINCIPAL PROPERTY TAXPAYERS IN THE DISTRICT

CURRENT YEAR AND TEN YEARS AGO

TAXPAYER	2011 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2011 EQUALIZED ASSESSED VALUATION
Luther Village	\$46,428,179	2.44%
Town & Country Chicago	21,775,003	1.14%
Amcap Northpoint LLC	20,411,079	1.07%
Stonebridge Trust	13,304,248	0.70%
New Plan Excel Prop TR	12,590,713	0.66%
WRCMT 2007C33 Evgrn A	11,342,149	0.60%
Avalon Bay Communities	11,149,850	0.59%
Robin Realty Management	10,586,093	0.56%
Sunrise Tax Department	9,625,154	0.51%
Northwest Community Hospital	<u>6,758,115</u>	<u>0.35%</u>
Total	\$ <u>163,970,582</u>	<u>8.61%</u>

Taxpayer	2001 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2001 EQUALIZED ASSESSED VALUATION
Luther Village	\$ 21,732,244	1.91%
Avalon Bay Communities	15,175,428	1.33%
Visconsi Companies	14,856,251	1.30%
Northpoint Freed	26,129,582	2.29%
GMAC Commercial Mortgage	10,501,902	0.92%
M&J Wilkow, Ltd.	8,928,446	0.78%
Stonebridge Trust	11,936,751	1.05%
Prebyterian Homes	8,933,959	0.78%
Northwest Community Hospital	7,373,777	0.65%
Huntoon Paige	<u>7,807,144</u>	<u>0.69%</u>
Total	\$ <u>133,375,484</u>	<u>11.70%</u>

Source: Cook County Clerk

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN LEVY YEARS

LEVY YEAR	TAXES LEVIED FOR THE LEVY YEAR	COLLECTED WITHIN THE		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		FISCAL YEAR OF THE LEVY AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2012	\$ 59,027,139	\$ 30,563,740	51.78%	\$ -	\$ 30,563,740	51.78%
2011	58,027,938	29,393,451	50.65%	27,698,422	57,091,873	98.39%
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%	29,213,062	55,168,207	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%

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

YEAR	GENERAL OBLIGATION BONDS	SCHOOL BUILDING OBLIGATION*	CAPITAL LEASES	TOTAL	PERCENTAGE OF PERSONAL INCOME	OUTSTANDING DEBT PER CAPITA
2012	\$ 10,165,000	\$ -	\$ 958	\$ 10,165,958	0.40%	\$ 135
2011	15,190,000	-	12,099	15,202,099	0.60%	201
2010	19,970,000	-	22,587	19,992,587	0.77%	260
2009	27,980,000	-	56,262	28,036,262	0.53%	376
2008	35,350,000	-	208,377	35,558,377	0.68%	483
2007	36,025,000	-	309,444	36,334,444	0.68%	488
2006	41,985,000	-	452,265	42,437,265	0.80%	569
2005	46,020,000	980,000	595,086	47,595,086	0.92%	626
2004	33,950,000	10,505,000	30,261	44,485,261	0.87%	588
2003	38,075,000	11,390,000	360,778	49,825,778	0.97%	659

Note: See Demographic and Economic Statistics table for personal and population data.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL BONDED DEBT	LESS: AMOUNTS AVAILABLE TO REPAY PRINCIPAL	NET GENERAL BONDED DEBT	PERCENTAGE OF NET GENERAL BONDED DEBT TO ESTIMATED ACTUAL VALUATION	NET GENERAL BONDED DEBT PER CAPITA
2012	\$ 10,165,000	\$ -	\$ 10,165,000	0.18%	\$ 252
2011	15,190,000	-	15,190,000	0.25%	201
2010	19,970,000	-	19,970,000	0.30%	260
2009	27,980,000	-	27,980,000	0.44%	376
2008	35,350,000	-	35,350,000	0.61%	483
2007	36,025,000	-	36,025,000	0.73%	488
2006	41,985,000	-	41,985,000	0.90%	569
2005	47,000,000	-	47,000,000	1.10%	626
2004	44,455,000	-	44,455,000	1.21%	588
2003	49,465,000	-	49,465,000	1.33%	659

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2012

GOVERNMENTAL JURISDICTION	DEBT OUTSTANDING	OVERLAPPING PERCENT	NET DIRECT AND OVERLAPPING DEBT
Overlapping debt:			
County			
Cook County	\$3,709,260,000	1.254%	46,514,120
Cook County Forest Preserve	139,425,000	1.254%	1,748,390
Metro Water Reclamation District of Chicago	2,446,220,030	1.279%	31,287,154
School Districts			
High School District 214	48,305,000	20.206%	9,760,508
Harper Community College 512	185,775,000	9.229%	17,145,175
Park Districts			
Arlington Heights Park District	17,175,000	61.745%	10,604,704
Mt. Prospect Park District	7,160,000	3.207%	229,621
Prospect Heights Park District	520,690	3.210%	16,714
Municipalities			
Village of Arlington Heights	48,445,000	59.560%	28,853,842
Village of Mount Prospect	38,485,000	2.889%	1,111,832
City of Prospect Heights	10,000,000	1.169%	116,900
City of Rolling Meadows	4,760,097	0.597%	28,418
Total overlapping debt			<u>147,417,378</u>
Direct debt:			
	-	0.00%	<u>10,165,000</u>
Total Direct and Overlapping Debt			<u>\$ 157,582,378</u>

NOTE: Percent applicable to School District calculated using assessed valuation of the School District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

Overlapping governments with no outstanding debt are not reflected.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Valuation	<u>\$ 1,903,751,676</u>
Debt Limit - 6.9% of Assessed Valuation	\$ 131,358,866
Total Debt Outstanding	\$ 10,165,958
Less: Exempted Debt	<u>\$ -</u>
Net Subject to 6.9% Limit	\$ 10,165,958
Total Debt Margin	<u>\$ 121,192,908</u>

	2012	2011	2010	2009
Debt Limit	\$ 131,358,866	\$ 142,374,513	\$ 154,812,478	\$ 144,953,498
Total Net Debt Applicable to Limit	<u>10,165,958</u>	<u>15,202,099</u>	<u>19,992,587</u>	<u>28,036,262</u>
Legal Debt Margin	<u>\$ 121,192,908</u>	<u>\$ 127,172,414</u>	<u>\$ 134,819,891</u>	<u>\$ 116,917,236</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8%	11%	13%	19%

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ 134,354,995	\$ 113,054,336	\$ 106,705,498	\$ 98,484,913	\$ 84,350,371	\$ 85,238,791
<u>35,350,000</u>	<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>\$ 99,004,995</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>
26%	32%	39%	48%	53%	45%

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

YEAR	POPULATION	PERSONAL INCOME	PER CAPITA INCOME	UNEMPLOYMENT RATE
2012	75,101	\$ 3,024,842,977	\$ 40,277	7.20%
2011	75,101	3,024,842,977	40,277	7.20%
2010	75,101	3,024,842,977	40,277	7.40%
2009	76,943	2,580,975,992	33,544	7.60%
2008	76,943	2,580,975,992	33,544	4.30%
2007	76,943	2,580,975,992	33,544	3.50%
2006	76,943	2,580,975,992	33,544	3.20%
2005	76,943	2,580,975,992	33,544	4.50%
2004	76,031	2,550,383,864	33,544	4.60%
2003	76,031	2,550,383,864	33,544	4.90%

SOURCE OF INFORMATION:

(1) U.S. Bureau of the Census

(2) Illinois Department of Employment Security

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

2012		
EMPLOYER	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
Northwest Community Hospital	4,000	N/A^
Northrop Grumman Corp	2,400	N/A^
Caremark, Inc.	850	N/A^
Robert Bosch Tool Corp.	650	N/A^
Paddock Publications	550	N/A^
Alexian Brothers Health System	500	N/A^
Level 3 Communications LLC	500	N/A^
IMS Buhrke-Olson	450	N/A^
Kroeschell Inc.	450	N/A^
Weber Marking System Inc.	<u>425</u>	N/A^
	<u>10,775</u>	

2003		
EMPLOYER	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
Motorola	4,326	N/A^
Northwest Community Hospital	2,989	N/A^
Ameritech	1,000	N/A^
Arlington Heights School District 25	662	N/A^
Paddock Publications	525	N/A^
Market Facts	522	N/A^
Lutheran Home Services	450	N/A^
Amersham Corporation	447	N/A^
Kay & Association, Inc.	431	N/A^
Village of Arlington Heights	<u>400</u>	N/A^
	<u>11,752</u>	

SOURCES OF INFORMATION:

- (1) 2012 Illinois Manufacturers' Directory
- (2) 2012 Illinois Service Directory
- (3) 2012 Harris Illinois Industrial Directory
- (4) City of Rolling Meadows Chamber of Commerce

^Percentage of total employment not available

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NUMBER OF EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009	2007 - 2008	2006 - 2007	2005 - 2006	2004 - 2005	2003 - 2004	2002 - 2003
Administration:										
Superintendent	1	1	1	1	1	1	1	1	1	1
Assitant Superintendent	3	3	3	4	4	4	4	4	4	4
District Administrators	5	5	5	5	5	4	4	4	4	4
Principals and assistants	<u>17</u>	<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>
Total administration	<u>26</u>	<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>
Teachers:										
Elementary	173	168	168	168	165	158	133	132	132	132
Middle school	105	110	111	111	111	109	109	107	107	102
District Instruction Support	82	86	84	84	84	82	91	84	86	85
Special education and bilingual	<u>64</u>	<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>
Total teachers	<u>424</u>	<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>
Other supporting staff:										
Cafeteria	45	39	27	27	27	24	26	22	23	22
Clerical and Aides, Playground Supervisor Maintenance, custodians and warehouse and crossing guards	<u>197</u>	<u>197</u>	<u>197</u>	<u>197</u>	<u>197</u>	<u>197</u>	<u>193</u>	<u>190</u>	<u>189</u>	<u>172</u>
Total support staff	<u>296</u>	<u>286</u>	<u>272</u>	<u>272</u>	<u>272</u>	<u>269</u>	<u>267</u>	<u>260</u>	<u>263</u>	<u>245</u>
Total staff	<u>746</u>	<u>735</u>	<u>715</u>	<u>712</u>	<u>709</u>	<u>692</u>	<u>681</u>	<u>664</u>	<u>667</u>	<u>641</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	EXPENSES	PER CAPITA TUITION CHARGE
2012	4,737	\$ 56,837,743	\$ 11,999	5.7%	\$ 52,973,805	\$ 11,183
2011	4,722	53,608,714	11,353	-4.7%	47,795,073	10,122
2010	4,683	55,788,010	11,913	2.3%	49,845,430	10,644
2009	4,630	53,928,313	11,648	1.9%	47,981,979	10,363
2008	4,623	52,824,283	11,426	7.0%	47,327,942	10,237
2007	4,639	49,556,357	10,683	1.0%	44,031,437	9,492
2006	4,481	47,376,554	10,573	2.8%	42,684,392	9,526
2005	4,450	45,785,116	10,289	5.3%	41,533,241	9,333
2004	4,449	43,488,027	9,775	-0.4%	39,295,359	8,832
2003	4,413	43,300,367	9,812	3.5%	39,942,309	9,051

PERCENTAGE CHANGE	TEACHING STAFF	PUPIL - TEACHER RATIO	PERCENTAGE OF STUDENTS RECEIVING FREE OR REDUCED PRICE- MEALS
10.5%	424	11.2	10%
-4.9%	423	12.3	9%
2.7%	417	12.5	7%
1.2%	415	12.3	7%
7.9%	412	12.3	4%
-0.4%	401	13.5	4%
2.1%	392	12.7	4%
5.7%	382	13.0	4%
-2.4%	382	13.0	4%
5.1%	374	13.1	4%

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007
Elementary						
Buildings	7	7	7	7	7	7
Square Feet	446,817	446,817	446,817	446,817	446,817	429,186
Capacity (Students)	4,454	4,454	4,454	4,454	4,454	4,238
Enrollment	3,443	3,360	3,226	3,206	3,350	3,168
Middle						
Buildings	2	2	2	2	2	2
Square Feet	270,013	270,013	270,013	270,013	270,013	270,013
Capacity (Students)	1,892	1,892	1,892	1,892	1,892	1,892
Enrollment	1,719	1,742	1,773	1,777	1,737	1,737
Other						
Buildings	3	3	3	3	3	3
Enrollment	-	-	-	-	-	-
Athletics						
Play grounds	7	7	7	7	7	7

2006	2005	2004	2003
7	7	7	7
429,186	429,186	429,186	420,786
4,238	4,238	4,238	4,238
3,174	3,063	3,073	3,066
2	2	2	2
270,013	270,013	270,013	270,013
1,892	1,892	1,892	1,892
1,718	1,711	1,693	1,699
3	3	3	3
-	-	-	-
7	7	7	7

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