

COMPREHENSIVE ANNUAL FINANCIAL  
REPORT

OF

ARLINGTON HEIGHTS SCHOOL  
DISTRICT 25

ARLINGTON HEIGHTS, ILLINOIS

As of and for the Year Ended June 30, 2013

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

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## **Arlington Heights School District 25**

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Stacey Mallek, Assistant Superintendent for Business

December 4, 2013

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, 2013, 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 2012-13 was 5,153. The schools currently operating in the district are as follows:

School	Year Built
Dryden Elementary School	1952
Greenbrier Elementary School	1964
Ivy Hill Elementary School	1966
Olive Mary Stitt Elementary School	1962
Patton Elementary School	1962
Westgate Elementary School	1962
Windsor Elementary School	1959
South Middle School	1997
Thomas Middle School	1964

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 schools 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 75,777 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 \$78,494, Arlington Heights attracts both middle and upper management executives. The average resident is 40 years old. Over half of the residents age 25 or older have completed four or more years of college. This data is based on the most recent data available (2011).

The average single-family home sells for \$358,100. 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. The District engages the University of Wisconsin Applied Population Lab to develop enrollment projections every two years. Future projected student enrollments based on a kindergarten trend projection model are as follows:

### Projected Enrollment

Grade	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
<b>K</b>	458	457	455	454	453	452	450	449	448	447
<b>1</b>	518	527	526	524	523	521	520	519	517	516
<b>2</b>	551	535	544	543	541	540	538	537	535	534
<b>3</b>	593	569	552	562	560	559	557	556	554	553
<b>4</b>	606	600	577	560	570	568	566	565	563	562
<b>5</b>	613	611	606	582	565	575	573	571	570	568
<b>6</b>	581	646	644	638	613	595	606	604	602	601
<b>7</b>	570	585	651	649	643	618	600	610	608	607
<b>8</b>	635	572	587	654	652	646	620	602	612	611
<b>Total</b>	5,126	5,104	5,144	5,166	5,120	5,073	5,031	5,013	5,011	4,997

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 21<sup>st</sup> 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

## **21<sup>st</sup> Century Learning**

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

## **Life Skills**

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

## **21<sup>st</sup> 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 21<sup>st</sup> 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 with 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 judgments 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 basic 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, 2013, 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, 2013 and the amount and percentage of increase and decrease in relation to prior year revenues:

Revenue Sources	Fiscal 2013 Revenues		Increase (Decrease) from Fiscal 2012	
	Amount	Percent of Total	Dollars	Percentage
Local Property Taxes	\$58,970,899	72.0%	\$ 1,096,985	1.9%
Personal Property				
Replacement Tax	948,877	1.2	20,198	2.2
Earnings on Investments	241,586	0.3	570,506	(173.4)
State Sources	16,148,919	19.7	3,176,075	24.5
Federal Sources	1,661,653	2.0	(316,067)	(16.0)
Other Sources	<u>3,899,406</u>	<u>4.8</u>	<u>101,149</u>	<u>2.7</u>
Total	<u>\$81,871,340</u>	<u>100.0%</u>	<u>\$ 4,648,846</u>	<u>6.0%</u>

Revenues for general Districts functions totaled \$81,871,340 in 2012-13, an increase of 6.0% over 2011-12. Local property taxes accounted for \$58,970,899, or 72% of general revenues compared to 74.9% last year. They increased 1.9% over the prior year, mainly based on a higher collection rate. Earnings on investments increased based on a prior year audit adjustment included in 2011-12 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 increased by \$3,176,075 mainly due to receiving past due quarterly payments for special education mandated categorical payments and an increase of \$1.4 million 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 Chinese Language FLAP grant, where \$101,032 was received in the prior year, and the District's decision to not accept Title I funds in 2012-13.

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 2012 EAV of \$1,775,620,213 represents a 6.7% decrease over the 2011 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 2013 and was fifty-five percent of the 2011 tax bill. The second installment is due in September after the close of the fiscal year and is the difference between the actual 2012 tax extension amount and the amount paid in the spring. The fall collections have historically been late. Tax collections are expected to exceed 97% 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 2012 and the proceeding two fiscal years.

<u>Fund Type</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General	2.4279	2.4279	2.2555
Special Revenue	.3733	.3733	.2797
Debt Service	.2887	.2887	.2666
Capital Projects	.0107	.0107	.0105
Total Tax Rate	<u>3.1006</u>	<u>3.1006</u>	<u>2.8123</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, 2013 and the percentage of increase and decrease in relation to prior year amounts.

Function	Fiscal 2013 Expenditures		Increase (Decrease) from Fiscal 2012	
	Amount	Percent of Total	Dollars	Percentage
Instruction	\$44,465,634	55.9%	\$ 2,446,253	5.8%
Instructional Support	9,408,162	11.8	361,001	4.0
Support Services	8,733,752	11.0	(76,153)	(0.9)
Transportation	1,987,469	2.5	66,873	3.5
Operations & Maintenance	5,655,507	7.1	419,432	8.0
Nonprogrammed Charges	1,373,175	1.7	(99,245)	(6.7)
Capital Outlay	2,540,761	3.2	(1,742,397)	(40.7)
Debt Service	<u>5,419,361</u>	<u>6.8</u>	<u>(232,601)</u>	<u>(4.1)</u>
Total	<u>\$79,583,821</u>	<u>100.0%</u>	<u>\$ 1,143,163</u>	<u>1.5%</u>

Expenditures for general District functions totaled \$79,583,821 an increase of 1.5% over 2012. The increase in instruction and instructional support is mainly due to about \$1 million in new staff to maintain lower class sizes and provide required special education and ELL services to students. The operations and maintenance fund saw an increase expenditures mainly due to construction projects completed to maintain the roofing and infrastructure of the District facilities. The decrease in capital outlay is due to the completion of and final payout on the Phase I and Phase II air conditioning project in 2011-12.

Overall financial results for fiscal 2013 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 \$64,947,213 and total expenditures of \$62,868,479, providing a surplus of \$2,078,734. The closing unassigned fund balance was \$55,176,748. A more detailed analysis of the District's financial performance can be found in the Financial Section Management Discussion & Analysis (MD&A).

### **Debt Administration**

All of the District's existing long-term debt will be retired by the end of calendar 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 2012-13 fiscal year was as follows:

	Amount	Ratio of Debt to Equalized Assessed Valuation
General Obligation Debt	\$5,120,000	0.3%

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. No expenditures were made from this fund in 2012-13.

### **Capital Assets**

The capital assets of the District are those assets used in the performance of general governmental functions. As of June 30, 2013, the capital assets of the District amounted to \$130,636,530 (\$81,728,619 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, 2012 received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting, for the eleventh 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, 2013.


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, 2012*

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



A handwritten signature in black ink, appearing to read "Ron McCulley".

Ron McCulley, CPPB, RSBO  
President

A handwritten signature in black ink, appearing to read "John D. Musso".

John D. Musso, CAE, RSBA  
Executive Director

# Arlington Heights District 25

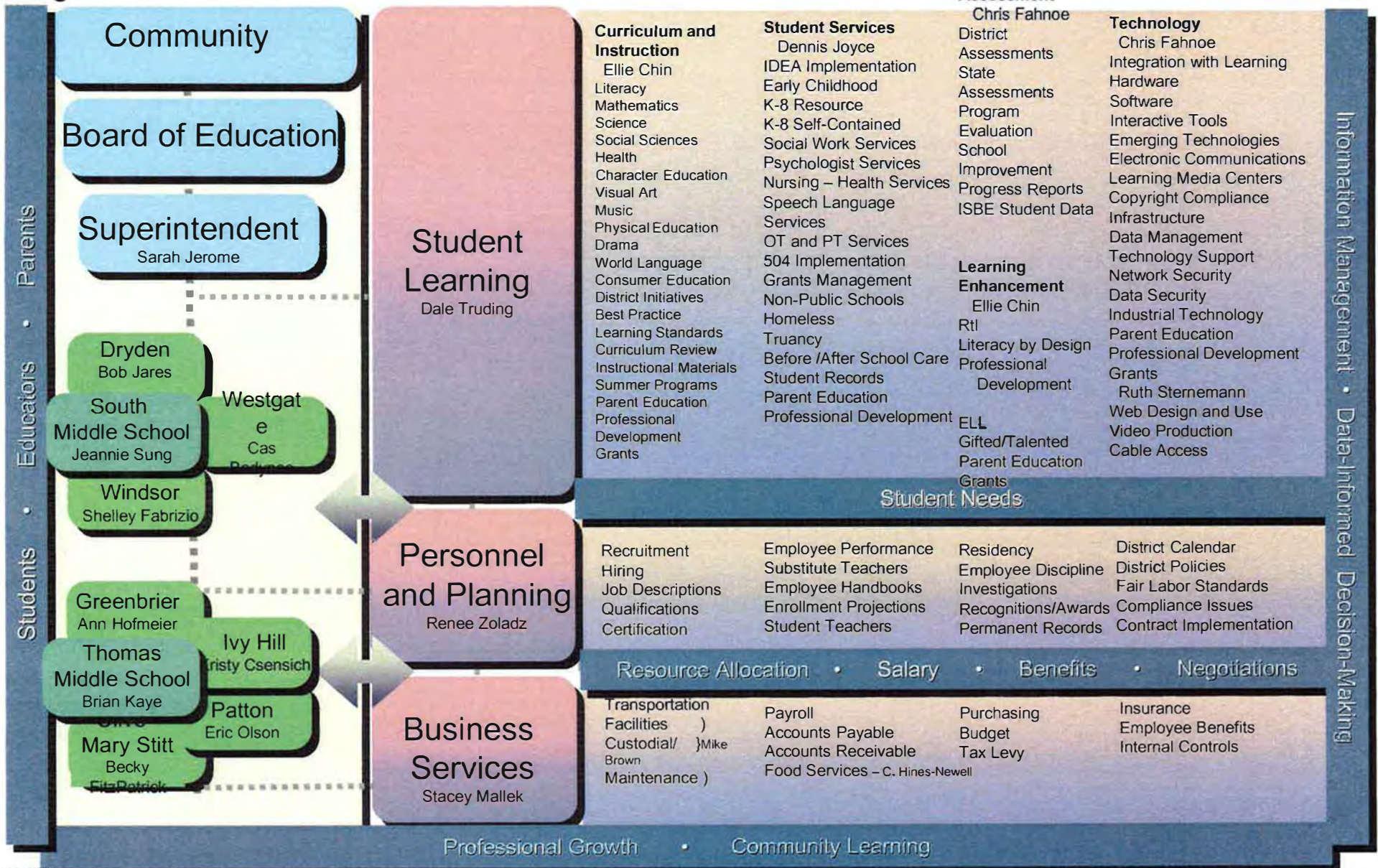
Understanding



for Success &

Comprehensive • Cohesive • Student-Centered

## Organization of Services



xvi

# **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, 2013

### **Board of Education**

		<u>Term Expires</u>
David Page	President	2017
Diana Chrissis	Vice President	2015
Susan Preissing	Secretary	2015
Charles W. Williams	Member	2015
Denise Glasgow	Member	2017
Phil Crusius	Member	2017
Rich Olejniczak	Member	2017

### **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**

Akemi Sessler	Dryden Elementary School
Ann Hofmeier	Greenbrier Elementary School
Piper Boston	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
Jhoon Chung	South Middle School
Brian Kaye	Thomas Middle School

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Arlington Heights School District 25  
Arlington Heights, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Arlington Heights School District 25, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Arlington Heights School District 25's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Arlington Heights School District 25's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Arlington Heights School District 25's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Education  
Arlington Heights School District 25

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Arlington Heights School District 25 as of June 30, 2013 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3, Arlington Heights School District 25 adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Prior-Year Comparative Information***

We have previously audited Arlington Heights School District 25's 2012 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 11, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Required Supplementary Information***

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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit for the year ended June 30, 2013 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 supplementary information as listed in the table of contents for the year ended June 30, 2013 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2013, 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 supplementary information as listed in the table of contents is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2013.

To the Board of Education  
Arlington Heights School District 25

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Arlington Heights School District 25 as of and for the year ended June 30, 2012 (not presented herein), and have issued our report thereon dated December 11, 2012, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The supplementary information as listed in the table of contents for the year ended June 30, 2012 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 2012 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

*Other Information*

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 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arlington Heights School District 25's internal control over financial reporting and compliance.



Oak Brook, Illinois  
December 4, 2013

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# **Arlington Heights School District 25**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and for the Year Ended June 30, 2013**

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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, 2013. 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**

- > In total, net position increased by \$5.8. This represents a 4% increase from 2012 and 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, 26 and 57. At the same time, the District constantly manages expenditures, such as bidding out services to achieve cost reductions and tying expenditure increases to revenue increases to the extent possible.
- > General revenues accounted for \$62.2 in revenue or 76% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$18.9 or 24% of total revenues of \$81.1.
- > The District had \$75.3 in expenses related to government activities. However, only \$18.9 of these expenses were offset by program specific charges and grants.
- > 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.
- > The District continued to pay down its long-term debt retiring \$5.1 million in fiscal 2013.
- > During the year, the Board of Education authorized the interest transfer of \$8,000 from the Debt Service Fund to the General (Educational Accounts) Fund. The transfer was less than anticipated in the 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.

# **Arlington Heights School District 25**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and for the Year Ended June 30, 2013**

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#### *Government-wide financial statements*

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

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

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

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The 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 six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund, and Fire Prevention and Safety Fund, all of which are considered to be major funds.

**Arlington Heights School District 25**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2013**

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.

*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 position was higher on June 30, 2013, than it was the year before, increasing 4% to \$144.4.

<b>Table 1</b>		
<b>Condensed Statements of Net Position</b>		
<b>(in millions of dollars)</b>		
	<u>2012</u>	<u>2013</u>
<b>Assets:</b>		
Current and other assets	\$ 103.2	\$ 106.7
Deferred charges	0.1	-
Capital Assets	<u>82.6</u>	<u>81.7</u>
Total assets	<u>185.9</u>	<u>188.4</u>
<b>Liabilities:</b>		
Current liabilities	36.4	38.2
Long-term debt outstanding	<u>10.9</u>	<u>5.8</u>
Total liabilities	<u>47.3</u>	<u>44.0</u>
<b>Net position:</b>		
Net investment in capital assets	72.2	76.6
Restricted	12.8	13.0
Unrestricted	<u>53.6</u>	<u>54.8</u>
Total net position	<u>\$ 138.6</u>	<u>\$ 144.4</u>

**Arlington Heights School District 25**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2013**

The increase in net position in fiscal year 2013 of \$5.8 million, or 4 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 2013, leaving a balance of \$5.8 million.

Table 2, Changes in Net Position, illustrates in summary form revenues and expenses from fiscal year 2013 and the increase in net positions. Comparative data from fiscal year 2012 is also illustrated.

<b>Table 2</b>		
<b>Changes in Net Position</b>		
<b>(in millions of dollars)</b>		
	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>		
<i>Program revenues:</i>		
Charges for services	\$ 3.7	\$ 3.8
Operating grants & contributions	13.6	15.1
<i>General revenues:</i>		
Taxes	58.8	59.9
General state aid	2.1	2.0
Other	(0.3)	0.3
Total revenues	<u>77.9</u>	<u>81.1</u>
<b>Expenses:</b>		
Instruction	46.8	48.7
Pupil & instructional staff services	9.0	9.4
Administration & business	7.3	6.9
Transportation	1.9	2.0
Operations & maintenance	5.5	5.6
Other	3.0	2.7
Total expenses	<u>73.5</u>	<u>75.3</u>
<b>Increase (decrease) in net position</b>	<u>4.4</u>	<u>5.8</u>
<b>Net position, beginning</b>	<u>134.2</u>	<u>138.6</u>
<b>Net position, ending</b>	<u>\$ 138.6</u>	<u>\$ 144.4</u>

Revenues for the District's governmental activities were \$81.1 million and total expenses were \$75.3 million, resulting in net position increasing \$5.8 million in 2013. This favorable change in net position 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 tying expenditure increases to revenue increases whenever possible.

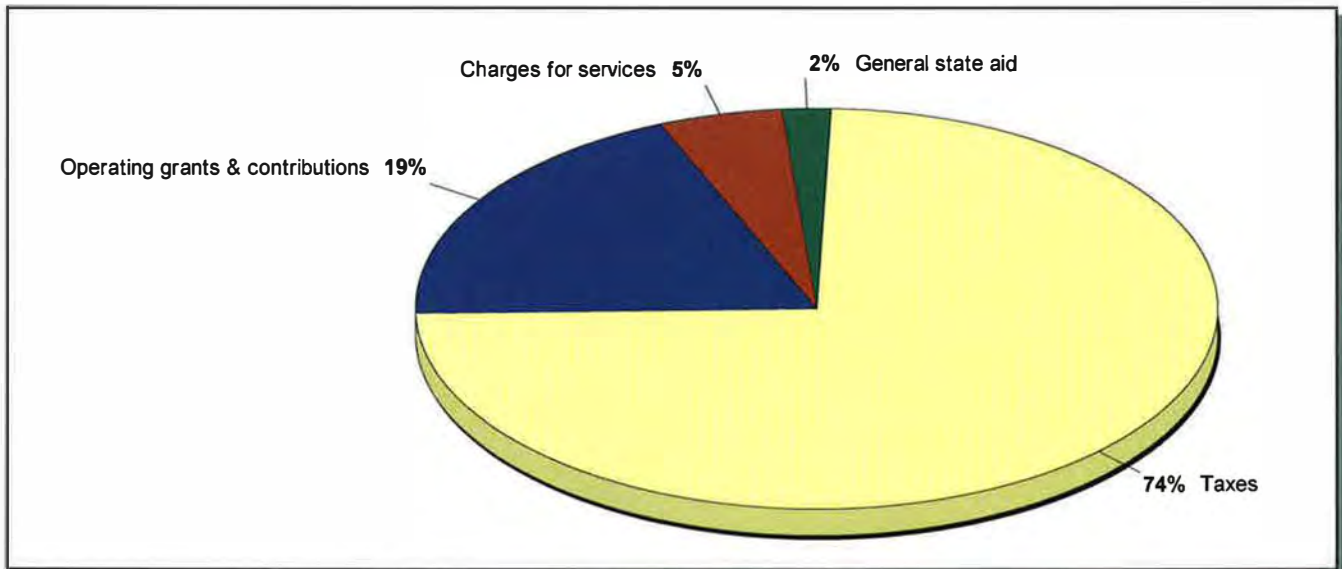


**Arlington Heights School District 25**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2013**

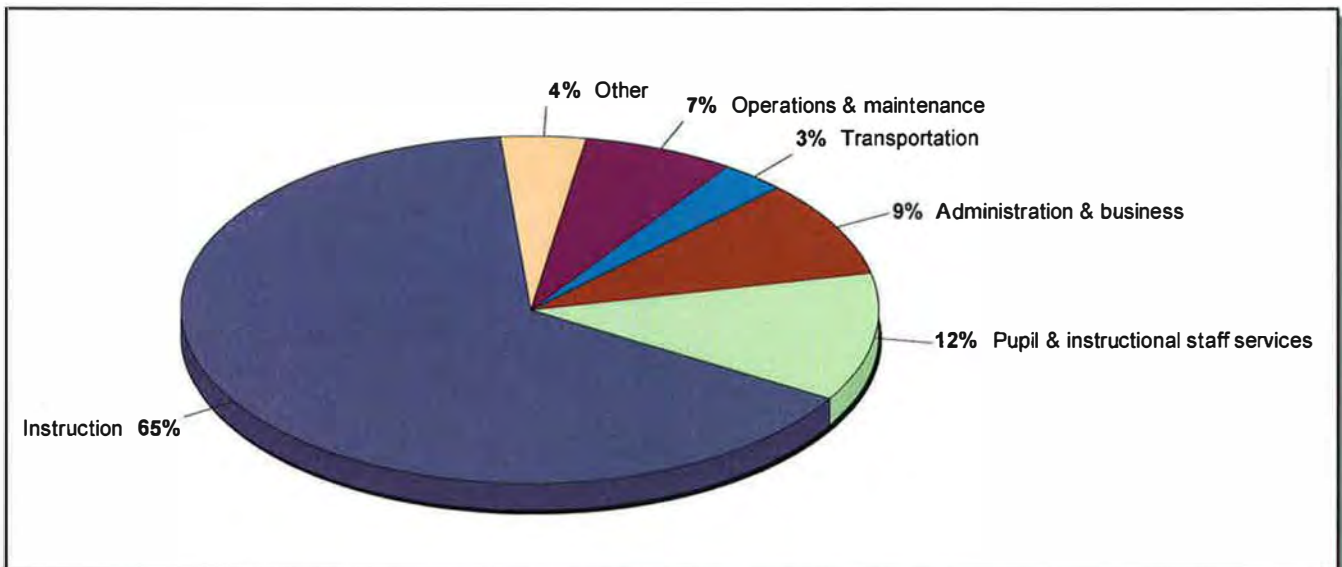
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Property taxes accounted for the largest portion of the District's revenues, contributing 74%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$75.3, mainly related to instructing and caring for the students and student transportation at 80%. The District's administrative and business activities accounted for 9% of the total costs. The increase in total expenses is due to additional resources provided for both direct instruction and support services for pupils and instructional staff.

**District-Wide Revenues by Source**



**District-Wide Expenses by Function**



# **Arlington Heights School District 25**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and for the Year Ended June 30, 2013**

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#### **Financial Analysis of the District's Funds**

The District's Governmental Funds balance increased from \$66.2 to \$68.4.

The District understands the structural deficit with school funding, and therefore, controls costs in the present to minimize the use of fund balances to fund 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 \$68.4. This is an increase of \$2.2 from last year's ending fund balance of \$66.2 and is attributable primarily to additional revenues from property taxes and the State getting caught up in paying some of the mandated categorical grants that it was formerly two quarters behind in paying.

The largest category of revenue is local property taxes, which reflected an \$823,000 over-budget condition for 2012-13. This represents over one percent of the budget amount of \$58.1. The budget anticipates that approximately three percent of taxes will be uncollected, and for 2012-13 the actual uncollected amount was less than two percent.

The District's General Fund had more revenues than expenditures in 2013. The District and Arlington Teachers' Association were in the final year of an agreement on a contract that tied 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 and Maintenance Fund experienced a deficit of \$274,267 attributable to construction/renovation projects to maintain district facilities.

The \$444,664 surplus in the Transportation Fund is due to back payments of mandated categorical grants payments from the State. In the Debt Service Fund, the \$89,134 deficit is a result of the payment structure designed within the bond issuance as the final bonds expire in December of 2013. There is sufficient fund balance in the fund to cover this deficit. The small deficit of \$55,235 in the Municipal Retirement/Social Security Fund is attributed to higher employer pension contributions than planned for 2013. Deficits in all of these funds were anticipated in the budget for the fiscal year.

#### **General Fund Budgetary Highlights**

The 2012-13 budget was adopted by the Board of Education in September 2012. The District's adopted budget for the General Fund (Education Accounts, Tort Accounts and Working Cash Accounts) anticipated a deficit of about \$738,904, while the actual report for the year shows a surplus of \$2.1, or about \$2.8 more than projected.

Total revenues in the General Fund reflected a \$1.9 over-budget condition, primarily due to State revenue coming in \$1.0 over-budget and property tax revenues at \$539,000 over-budget. As previously indicated, property tax revenue across all funds was \$823,000 over-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.

Special education categorical state grants reflected an \$838,000 over-budget condition, mainly attributable to the State catching up with the quarterly payments by the end of 2012-13. Federal aid reflected an over-budget condition of \$63,110 mainly due to unbudgeted Medicaid reimbursement.

For 2012-13, total General Fund expenditures were \$1.3 less than the budget. This is mainly due to contingency amounts included in the budget that were not spent, \$592,000 in employee benefits amounts that were not spent based on employee benefits selections and retirement costs.

**Arlington Heights School District 25**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2013**

**Capital Assets and Debt Administration**

*Capital assets*

By the end of 2013, the District had compiled a total investment of \$130.6 (\$81.7 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$3.5. More detailed information about capital assets can be found in Note 6 of the basic financial statements.

<b>Table 3</b>		
<b>Capital Assets (net of depreciation)</b>		
<b>(in millions of dollars)</b>		
	<u>2012</u>	<u>2013</u>
Land and Construction in Progress	\$ 1.5	\$ 1.4
Buildings	77.3	76.8
Equipment and vehicles	3.8	3.5
Total	<u>\$ 82.6</u>	<u>\$ 81.7</u>

*Long-term debt*

The District retired \$5.1 in bonds in 2013. Capital leases and other were reduced by \$0.1. At the end of fiscal 2013, the District had a debt margin of \$117.4. More detailed information on long-term debt can be found in Note 8 of the basic financial statements.

<b>Table 4</b>		
<b>Outstanding Long-Term Debt</b>		
<b>(in millions of dollars)</b>		
	<u>2012</u>	<u>2013</u>
General Obligation Bonds	\$ 10.4	\$ 5.2
Capital leases and other	0.5	0.6
Total	<u>\$ 10.9</u>	<u>\$ 5.8</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. A collective bargaining agreement with the custodial/maintenance union is in place through June 30, 2018. The District is currently in negotiations with the Arlington Teachers' Association for a contract to be effective August 16, 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.

**Arlington Heights School District 25**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2013**

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**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, Illinois 60005

# ARLINGTON HEIGHTS SCHOOL DISTRICT 25

## STATEMENT OF NET POSITION

AS OF JUNE 30, 2013

	GOVERNMENTAL ACTIVITIES
<b>Assets</b>	
Cash and investments	\$ 76,527,939
Receivables (net of allowance for uncollectibles):	
Interest	85,069
Property taxes	28,375,640
Replacement taxes	183,106
Intergovernmental	1,189,224
Other	340,559
Prepaid items	46,867
Deferred charges	12,769
Capital assets:	
Land	1,060,199
Construction in progress	369,417
Depreciable buildings, property and equipment, net	<u>80,299,003</u>
Total assets	<u>188,489,792</u>
<b>Liabilities</b>	
Accounts payable	1,306,492
Salaries and wages payable	6,625,347
Payroll deductions payable	657
Other current liabilities	1,139,321
Interest payable	17,067
Unearned revenue	28,069,464
Health claims payable	1,083,720
Long-term liabilities:	
Other long-term liabilities - due within one year	5,120,000
Other long-term liabilities - due after one year	<u>677,566</u>
Total liabilities	<u>44,039,634</u>
<b>Net position</b>	
Net investment in capital assets	76,558,426
Restricted for:	
Tort immunity	118,402
Operations and maintenance	7,423,468
Student transportation	1,814,979
Retirement benefits	1,531,179
Debt service	1,953,826
Capital projects	248,953
Unrestricted	<u>54,800,925</u>
Total net position	<u>\$ 144,450,158</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, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>Governmental activities</b>				
Instruction:				
Regular programs	\$ 25,511,002	\$ 804,719	\$ 98,002	\$ (24,608,281)
Special programs	10,780,199	119,663	3,418,394	(7,242,142)
Other instructional programs	2,427,583	154,966	170,242	(2,102,375)
State retirement contributions	9,984,364	-	9,984,364	-
Support Services:				
Pupils	4,402,573	-	-	(4,402,573)
Instructional staff	5,005,589	-	99,725	(4,905,864)
General administration	1,604,607	-	-	(1,604,607)
School administration	3,174,416	-	-	(3,174,416)
Business	2,093,047	1,729,269	241,227	(122,551)
Transportation	1,987,469	77,863	1,118,248	(791,358)
Operations and maintenance	5,643,826	919,567	-	(4,724,259)
Central	1,807,907	-	-	(1,807,907)
Other supporting services	104,608	-	-	(104,608)
Community services	559,319	-	-	(559,319)
Interest and fees	249,074	-	-	(249,074)
<b>Total governmental activities</b>	<b><u>\$ 75,335,583</u></b>	<b><u>\$ 3,806,047</u></b>	<b><u>\$ 15,130,202</u></b>	<b><u>(56,399,334)</u></b>

**General revenues:**

**Taxes:**

Real estate taxes, levied for general purposes	45,505,806
Real estate taxes, levied for specific purposes	8,149,848
Real estate taxes, levied for debt service	5,323,903
Personal property replacement taxes	948,877
State aid-formula grants	1,972,777
Investment income	241,586
Miscellaneous	84,701

**Total general revenues** 62,227,498

Change in net position 5,828,164

Net position, beginning of year 138,621,994

Net position, end of year \$ 144,450,158

See Notes to Basic Financial Statements

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25  
GOVERNMENTAL FUNDS**

BALANCE SHEET

AS OF JUNE 30, 2013

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
<b>Assets</b>				
Cash and investments	\$ 62,035,188	\$ 9,143,702	\$ 1,615,481	\$ 1,519,969
Receivables (net allowance for uncollectibles):				
Interest	69,149	10,009	1,756	1,702
Property taxes	21,715,411	2,656,893	490,171	925,508
Replacement taxes	-	183,106	-	-
Intergovernmental	909,600	-	279,624	-
Other	340,559	-	-	-
Prepaid items	<u>40,363</u>	<u>6,504</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 85,110,270</u>	<u>\$ 12,000,214</u>	<u>\$ 2,387,032</u>	<u>\$ 2,447,179</u>
<b>Liabilities and fund balance</b>				
Accounts payable	\$ 388,572	\$ 805,803	\$ 87,222	\$ -
Salaries and wages payable	6,625,347	-	-	-
Payroll deductions payable	627	30	-	-
Other current liabilities	-	1,139,321	-	-
Deferred revenue	21,553,264	2,631,592	484,831	916,000
Health claims payable	<u>1,083,720</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>29,651,530</u>	<u>4,576,746</u>	<u>572,053</u>	<u>916,000</u>
<b>Fund balance</b>				
Nonspendable	40,363	6,504	-	-
Restricted	87,713	7,416,964	1,814,979	1,531,179
Unassigned	<u>55,330,664</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>55,458,740</u>	<u>7,423,468</u>	<u>1,814,979</u>	<u>1,531,179</u>
Total liabilities and fund balance	<u>\$ 85,110,270</u>	<u>\$ 12,000,214</u>	<u>\$ 2,387,032</u>	<u>\$ 2,447,179</u>

See Notes to Basic Financial Statements



DEBT SERVICE FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
		2013	2012
\$ 1,946,239	\$ 267,360	\$ 76,527,939	\$ 74,094,142
2,176	277	85,069	142,383
2,491,285	96,372	28,375,640	27,282,856
-	-	183,106	169,385
-	-	1,189,224	1,448,904
-	-	340,559	-
-	-	46,867	167,825
<u>\$ 4,439,700</u>	<u>\$ 364,009</u>	<u>\$ 106,748,404</u>	<u>\$ 103,305,495</u>
\$ 5,164	\$ 19,731	\$ 1,306,492	\$ 895,368
-	-	6,625,347	6,253,251
-	-	657	1,257
-	-	1,139,321	1,121,010
2,463,643	95,325	28,144,655	28,065,640
-	-	1,083,720	808,276
<u>2,468,807</u>	<u>115,056</u>	<u>38,300,192</u>	<u>37,144,802</u>
-	-	46,867	167,825
1,970,893	248,953	13,070,681	12,816,120
-	-	55,330,664	53,176,748
<u>1,970,893</u>	<u>248,953</u>	<u>68,448,212</u>	<u>66,160,693</u>
<u>\$ 4,439,700</u>	<u>\$ 364,009</u>	<u>\$ 106,748,404</u>	<u>\$ 103,305,495</u>

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**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2013**

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Total fund balances - governmental funds		\$ 68,448,212
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net capital assets used in governmental activities and included in the Statement of Net Position do not require the expenditure of financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.		
		81,728,619
Certain revenues receivable by the District and recognized in the Statement of Net Position do not provide current financial resources and are deferred in the Governmental Funds Balance Sheet, as follows:		
State and federal grant revenue	<u>\$ 75,191</u>	75,191
Deferred charges included in the Statement of Net Position are not available to pay for current period expenditures and, therefore, are not included in the Governmental Funds Balance Sheet.		
		12,769
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 Position.		
Balances at June 30, 2013 are:		
Bonds payable	\$ (5,120,000)	
Unamortized bond premium	(50,193)	
Net Pension Obligation - IMRF	(375,146)	
Other Post Retirement Benefits Obligation	(7,404)	
Compensated absences	<u>(244,823)</u>	(5,797,566)
Interest on long-term liabilities accrued in the Statement of Net Position will not be paid with current financial resources and, therefore, is not recognized in the Governmental Funds Balance Sheet.		
		<u>(17,067)</u>
Net position of governmental activities		<u>\$ 144,450,158</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, 2013  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
<b>Revenues</b>				
Property taxes	\$ 45,712,412	\$ 4,873,185	\$ 1,028,580	\$ 1,831,150
Corporate personal property replacement taxes	-	928,877	-	20,000
State aid	14,849,880	-	1,299,039	-
Federal aid	1,649,613	-	12,040	-
Investment income	198,426	25,485	4,775	5,757
Other	2,536,882	1,278,954	81,074	2,496
<b>Total revenues</b>	<b>64,947,213</b>	<b>7,106,501</b>	<b>2,425,508</b>	<b>1,859,403</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular programs	22,439,416	-	-	247,180
Special programs	8,822,318	-	-	544,773
Other instructional programs	2,389,143	-	-	38,440
State retirement contributions	9,984,364	-	-	-
Support Services:				
Pupils	4,321,333	-	-	81,240
Instructional staff	4,818,062	-	-	187,527
General administration	1,187,796	375,333	-	41,478
School administration	3,018,014	-	-	139,027
Business	1,956,238	-	-	136,809
Transportation	-	-	1,980,844	6,625
Operations and maintenance Central	1,063	5,233,608	-	401,105
Community services	1,266,975	-	-	52,763
Payments to other districts and gov't units	521,648	-	-	37,671
1,373,175	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	768,934	1,771,827	-	-
<b>Total expenditures</b>	<b>62,868,479</b>	<b>7,380,768</b>	<b>1,980,844</b>	<b>1,914,638</b>
Excess (deficiency) of revenues over expenditures	2,078,734	(274,267)	444,664	(55,235)
<b>Other financing sources (uses)</b>				
Transfers in	8,000	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	2,086,734	(274,267)	444,664	(55,235)
Fund balance, beginning of year	53,372,006	7,697,735	1,370,315	1,586,414
Fund balance, end of year	<b>\$ 55,458,740</b>	<b>\$ 7,423,468</b>	<b>\$ 1,814,979</b>	<b>\$ 1,531,179</b>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
		2013	2012
\$ 5,323,903	\$ 201,669	\$ 58,970,899	\$ 57,873,914
-	-	948,877	928,679
-	-	16,148,919	12,972,844
-	-	1,661,653	1,977,720
6,324	819	241,586	(328,920)
-	-	3,899,406	3,798,257
<u>5,330,227</u>	<u>202,488</u>	<u>81,871,340</u>	<u>77,222,494</u>
-	-	22,686,596	22,415,974
-	-	9,367,091	8,818,368
-	-	2,427,583	2,211,284
-	-	9,984,364	8,573,755
-	-	4,402,573	4,252,148
-	-	5,005,589	4,795,013
-	-	1,604,607	1,668,816
-	-	3,157,041	3,117,324
-	-	2,093,047	2,195,148
-	-	1,987,469	1,920,596
-	19,731	5,655,507	5,236,075
-	-	1,319,738	1,274,807
-	-	559,319	553,810
-	-	1,373,175	1,472,420
5,045,958	-	5,045,958	5,036,141
373,403	-	373,403	615,821
-	-	2,540,761	4,283,158
<u>5,419,361</u>	<u>19,731</u>	<u>79,583,821</u>	<u>78,440,658</u>
<u>(89,134)</u>	<u>182,757</u>	<u>2,287,519</u>	<u>(1,218,164)</u>
-	-	8,000	266,261
<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>	<u>(266,261)</u>
<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(97,134)</u>	<u>182,757</u>	<u>2,287,519</u>	<u>(1,218,164)</u>
<u>2,068,027</u>	<u>66,196</u>	<u>66,160,693</u>	<u>67,378,857</u>
<u>\$ 1,970,893</u>	<u>\$ 248,953</u>	<u>\$ 68,448,212</u>	<u>\$ 66,160,693</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, 2013**

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Net change in fund balances - total governmental funds	\$	2,287,519
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 losses exceeds current year net capital outlay in the current period.		
		(828,541)
Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are deferred in the fund statements:		
Grant revenue	\$	(707,593)
		(707,593)
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 position. This is the amount of current year principal repayments.		
		5,045,958
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	\$	20,479
Compensated absences		(18,393)
Net pension obligation		(73,732)
OPEB		(1,383)
		(73,029)
Change in net position of governmental activities	\$	5,828,164

See Notes to Basic Financial Statements

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**  
**AGENCY FUND**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2013

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	<u>AGENCY STUDENT ACTIVITY FUND</u>
<b>Assets</b>	
Cash and investments	\$ 271,046
Total assets	<u>\$ 271,046</u>
<b>Liabilities</b>	
Due to student groups	\$ 192,043
Flexible spending account	<u>79,003</u>
Total liabilities	<u>\$ 271,046</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, 2013

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## **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:

### **Basis of Presentation**

#### *Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position 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.

#### *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.

# ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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

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.

*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 Fund - 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.

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

## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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

*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.

#### **Assets, Liabilities and Net Position 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 position. Receivables are expected to be collected within one year.

# ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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

### *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	\$ -	\$ 28,069,464	\$ 28,069,464
State and federal aid receivable	75,191	-	75,191
Total	<u>\$ 75,191</u>	<u>\$ 28,069,464</u>	<u>\$ 28,144,655</u>

### *Property Tax Revenues*

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2012 levy resolution was approved during the November 15, 2012 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 lessor 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 2012 and 2011 tax levies were 3.0% and 1.5%, respectively.

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 2012 property tax levy is recognized as a receivable in fiscal 2013, net of estimated uncollectible amounts approximating 2%. The District considers that the first installment of the 2012 levy is to be used to finance operations in fiscal 2013. The District has determined that the second installment of the 2012 levy is to be used to finance operations in fiscal 2014 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.

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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

*Prepaid Items*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid assets.

*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.

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 position. 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.

## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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

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 position in the government-wide financial statements and displayed in three components:

*Net investment in capital assets* - 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 position* - Consists of net position with constraints placed on its 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 position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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).

*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 (a resolution) 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.

## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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

*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, 2013 are as follows:

The nonspendable fund balance in the General Fund and Operations & Maintenance Fund consists of \$40,363 and \$6,504 respectively for prepaid items. The restricted fund balance in the General Fund is comprised of \$87,713 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, 2012, 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, 2013, expenditures exceeded budget in the Transportation Fund by \$108,524. This excess was funded by available fund balances.

### NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

In June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities. The District implemented this standard effective July 1, 2012.

## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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### NOTE 4 - 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 referendums 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 0.35 years at June 30, 2013. The Treasury also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2013, the fair value of all investments held by the Treasury was \$338,899,290 and the fair value of the District's proportionate share of the pool was \$76,509,941.

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.



**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)**

**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:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits with financial institutions	\$ 271,046	\$ 274,899
Total	<u>\$ 271,046</u>	<u>\$ 274,899</u>

The District maintains \$17,998 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, 2013, the bank balance of the District's deposit with financial institutions totaled \$274,899; of this amount, \$24,899 was uncollateralized and uninsured.

**NOTE 5 - INTERFUND TRANSFERS**

During the year, the Board transferred \$8,000 in interest earned in the Debt Service Fund to the General (Educational Accounts) Fund.

State law allows for the above transfer.

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the District for the year ended June 30, 2013 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b><u>Capital assets not being depreciated:</u></b>				
Land	\$ 1,060,199	\$ -	\$ -	\$ 1,060,199
Construction in progress	401,458	505,399	537,440	369,417
Total capital assets not being depreciated	<u>1,461,657</u>	<u>505,399</u>	<u>537,440</u>	<u>1,429,616</u>
<b><u>Capital assets being depreciated:</u></b>				
Buildings	111,927,784	-	-	111,927,784
Building improvements	4,234,722	1,860,258	-	6,094,980
Equipment	10,232,376	780,202	281,515	10,731,063
Vehicles	403,126	49,961	-	453,087
Total capital assets being depreciated	<u>126,798,008</u>	<u>2,690,421</u>	<u>281,515</u>	<u>129,206,914</u>
<b><u>Less Accumulated Depreciation for:</u></b>				
Buildings	36,907,241	2,121,131	-	39,028,372
Building improvements	1,987,451	244,388	-	2,231,839
Equipment	6,565,007	1,084,674	270,493	7,379,188
Vehicles	242,806	25,706	-	268,512
Total accumulated depreciation	<u>45,702,505</u>	<u>3,475,899</u>	<u>270,493</u>	<u>48,907,911</u>
Net capital assets being depreciated	<u>81,095,503</u>	<u>(785,478)</u>	<u>11,022</u>	<u>80,299,003</u>
Net governmental activities capital assets	<u>\$ 82,557,160</u>	<u>\$ (280,079)</u>	<u>\$ 548,462</u>	<u>\$ 81,728,619</u>

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	\$ 2,824,406
Operations and maintenance	69,738
Central	488,169
Other supporting services	104,608
Total depreciation expense - governmental activities	<u>\$ 3,486,921</u>

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

**NOTE 7 - OPERATING LEASES**

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$9,861 for the year ended June 30, 2013. At June 30, 2013, future minimum lease payments for these leases are as follows:

	<i>Year Ending June 30,</i>	<i>Amount</i>
2014		\$ 19,722
2015		19,722
2016		19,722
2017		19,722
2018		<u>9,861</u>
Total		<u>\$ 88,749</u>

**NOTE 8 - 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, 2013:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
General obligation bonds	\$ 10,165,000	\$ -	\$ 5,045,000	\$ 5,120,000	\$ 5,120,000
Deferred refunding	(132,163)	-	(132,163)	-	-
Unamortized premium	<u>329,204</u>	-	<u>279,011</u>	<u>50,193</u>	-
Total bonds payable	<u>10,362,041</u>	-	<u>5,191,848</u>	<u>5,170,193</u>	<u>5,120,000</u>
Capital leases	958	-	958	-	-
Net pension obligation	301,414	868,637	794,905	375,146	-
OPEB	6,021	11,439	10,056	7,404	-
Compensated absences	<u>226,430</u>	<u>327,831</u>	<u>309,438</u>	<u>244,823</u>	-
Total long-term liabilities - governmental activities	<u>\$ 10,896,864</u>	<u>\$ 1,207,907</u>	<u>\$ 6,307,205</u>	<u>\$ 5,797,566</u>	<u>\$ 5,120,000</u>

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 2008 GO Limited Tax School Bonds dated are due in annual installments through December 1, 2013	4.00%	\$ 5,770,000	\$ 5,120,000
Total		<u>\$ 5,770,000</u>	<u>\$ 5,120,000</u>

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

**NOTE 8 - LONG TERM LIABILITIES - (CONTINUED)**

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>
2014	\$ 5,120,000	\$ 102,400	\$ 5,222,400
Total	\$ 5,120,000	\$ 102,400	\$ 5,222,400

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, 2013, the statutory debt limit for the District was \$122,517,795, providing a debt margin of \$117,397,795. There are numerous covenants with which the District must comply in regard to these bond issues. As of June 30, 2013, the District was in compliance with all significant bond covenants, including federal arbitrage regulations.

**NOTE 9 - 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, 2013, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$1,083,720. 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, 2012 and June 30, 2013, 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 2012	\$ 947,336	\$ 4,866,898	\$ 5,005,958	\$ 808,276
Fiscal Year 2013	\$ 808,276	\$ 5,270,910	\$ 4,995,466	\$ 1,083,720

## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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### NOTE 10 - 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 11 - 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (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 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$318,071, 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, 2012 and June 30, 2011 were 0.88 percent of pay. For these years, state contributions on behalf of District employees were \$294,001 and \$291,183, respectively.

*Employer Contributions to THIS Fund.* The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the year ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and 2011. For the years ended June 30, 2013, 2012 and 2011 the District paid \$238,554, \$220,501 and \$218,387 to the THIS Fund, respectively, which was 100 percent of the required contribution for those years.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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**NOTE 11 - 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.

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>6,021</u>
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 7,404</u></u>

## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 11 - 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, 2013 and the two preceding years are as follows:

<i><b>Fiscal Year Ended</b></i>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2013	\$ 11,439	87.91 %	\$ 7,404
June 30, 2012	11,439	87.91 %	6,021
June 30, 2011	11,439	87.91 %	4,638

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, 2013

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### NOTE 11 - 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, 2013 is 30 years.

### NOTE 12 - 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, 2013 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, 2012 and 2011.

*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, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$9,666,293 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and 2011, the State of Illinois contributions rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$8,279,754) and 23.10 percent (\$7,643,553), respectively.



## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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### NOTE 12 - RETIREMENT SYSTEMS - (CONTINUED)

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

*2.2 Formula Contributions.* For the years ended June 30, 2013, 2012 and 2011, 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 \$200,523, \$193,773 and \$191,916, respectively.

*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, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer pension contribution was 24.91 and 23.10 percent of salaries paid from those funds, respectively. For the year ended June 30, 2013, salaries totaling \$112,042 were paid from federal and special trust funds that required employer contributions of \$31,428, which was equal to the District's actual contribution. For the years ended June 30, 2012 and 2011, required District contributions were \$42,472 and \$82,556, 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, 2013, the District made no ERO contributions. For the years ended June 30, 2012 and 2011, the District paid \$55,167 and \$55,167, 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, 2013, the District made no excess salary increase contributions. For the years ending 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.

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 (17.63 percent of salary during the year ended June 30, 2013). For the years ended June 30, 2013, 2012 and 2011, 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, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

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, 2013

### NOTE 12 - 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](http://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 2012 was 11.32 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 12.37 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	\$	868,637
Interest on net pension obligation		-
Adjustment to annual pension contribution		-
Annual pension cost		868,637
Contributions made		(794,905)
Change in net pension obligation		73,732
Net Pension Obligation - Beginning of Year		301,414
Net Pension Obligation - End of Year		\$ 375,146

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:

<i>Fiscal Year Ended</i>	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
June 30, 2013	\$ 868,637	92 %	\$ 375,146
June 30, 2012	805,065	85 %	301,414
June 30, 2011	784,855	77 %	179,294

## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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### **NOTE 12 - RETIREMENT SYSTEMS - (CONTINUED)**

The required contribution for fiscal year 2013 was determined as part of the December 31, 2010, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.50% investment rate of return (net of administrative and direct investment 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 District plan 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 District's unfunded actuarial accrued liability at December 31, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 68.87 percent funded. The actuarial accrued liability for benefits was \$18,286,054 and the actuarial value of assets was \$12,593,543, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,692,511. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$7,022,126 and the ratio of the UAAL to the covered payroll was 81.07 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 13 - CONSTRUCTION COMMITMENTS**

As of June 30, 2013, the District is committed to approximately \$571,037 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 14 - 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 15 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; 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 of 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, 2013

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 868,637	92%	\$ 375,146
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)
12/31/12	\$ 12,593,543	\$ 18,286,054	\$ 5,692,511	68.87%	\$ 7,022,126	81.07%
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 Auditors' Report and Notes to Required Supplementary Information

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**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**  
**SCHEDULE OF FUNDING PROGRESS FOR RETIREE'S HEALTH PLAN**  
**AS OF JUNE 30, 2013**

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 Auditors' 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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 44,720,046	\$ 45,241,893	\$ 521,847	\$ 45,589,110
Tort immunity levy	200,029	215,264	15,235	219,115
Special education levy	253,277	255,255	1,978	247,653
Regular tuition from pupils or parents (in state)	9,500	8,580	(920)	-
Summer school - tuition from pupils or parents (in state)	100,000	154,966	54,966	149,296
Special education - tuition from pupils or parents (in state)	121,754	119,663	(2,091)	121,393
Investment income	250,802	198,426	(52,376)	(366,142)
Sales to pupils - lunch	705,000	726,386	21,386	713,109
Sales to pupils - breakfast	-	84	84	103
Sales to pupils - other	250,000	291,698	41,698	252,443
Sales to adults	10,000	10,428	428	11,023
Other food service	563,500	700,673	137,173	693,752
Fees	98,000	44,236	(53,764)	64,837
Rentals - regular textbook	288,600	291,101	2,501	299,856
Contributions and donations from private sources	-	-	-	850
Refund of prior years' expenditures	-	74,924	74,924	30,028
Other	<u>109,292</u>	<u>114,143</u>	<u>4,851</u>	<u>250,837</u>
Total local sources	<u>47,679,800</u>	<u>48,447,720</u>	<u>767,920</u>	<u>48,277,263</u>
<b>State sources</b>				
General state aid	1,972,521	1,972,777	256	1,952,142
Special education - private facility tuition	152,847	252,945	100,098	102,378
Special education - extraordinary	477,248	786,548	309,300	503,844
Special education - personnel	1,250,358	1,665,310	414,952	974,591
Special education - orphanage - individual	45,530	56,917	11,387	65,576
Special education - orphanage - summer	-	1,952	1,952	1,968
Special education - summer school	5,000	5,834	834	7,452
CTE - Other	-	-	-	4,437
Bilingual education - downstate - TPI	115,391	116,321	930	82,151
State free lunch & breakfast	5,500	2,975	(2,525)	5,923
Other restricted revenue from state sources	3,800	3,937	137	16,343
On behalf payment to TRS from the state	<u>9,742,000</u>	<u>9,984,364</u>	<u>242,364</u>	<u>8,573,755</u>
Total state sources	<u>13,770,195</u>	<u>14,849,880</u>	<u>1,079,685</u>	<u>12,290,560</u>
<b>Federal sources</b>				
Other restricted grants-in-aid received directly from federal government	-	-	-	101,032
National school lunch program	205,000	236,475	31,475	228,390
School breakfast program	3,000	2,231	(769)	3,075
Title I - Low income	-	28,843	28,843	118,160
Federal - special education - preschool flow- through	43,020	43,020	-	43,020

See Auditors' Report and Notes to Required Supplementary Information

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**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Federal - special education - IDEA - flow-through/low incident	\$ 1,075,387	\$ 1,075,387	\$ -	\$ 1,068,485
Federal - special education - IDEA - room & board	-	8,184	8,184	56,164
Other ARRA funds - XI	-	-	-	2,972
Title III - English language acquisition	86,966	40,138	(46,828)	35,587
McKinney education for homeless children	-	-	-	735
Title II - Teacher quality	103,130	99,725	(3,405)	96,818
Medicaid matching funds - administrative outreach	70,000	21,545	(48,455)	76,555
Other restricted revenue from federal sources	-	<u>94,065</u>	<u>94,065</u>	<u>121,567</u>
Total federal sources	<u>1,586,503</u>	<u>1,649,613</u>	<u>63,110</u>	<u>1,952,560</u>
Total revenues	<u>63,036,498</u>	<u>64,947,213</u>	<u>1,910,715</u>	<u>62,520,383</u>
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular programs</b>				
Salaries	19,500,590	19,355,530	145,060	18,899,194
Employee benefits	2,431,900	1,849,132	582,768	2,174,555
On-behalf payments to TRS from the state	9,742,000	9,984,364	(242,364)	8,573,755
Purchased services	395,951	423,144	(27,193)	330,991
Supplies and materials	801,378	741,021	60,357	701,652
Capital outlay	62,160	74,374	(12,214)	284,872
Other objects	30,960	34,263	(3,303)	22,398
Termination benefits	45,000	36,326	8,674	45,770
Total	<u>33,009,939</u>	<u>32,498,154</u>	<u>511,785</u>	<u>31,033,187</u>
<b>Pre-K programs</b>				
Supplies and materials	2,550	1,339	1,211	830
Total	<u>2,550</u>	<u>1,339</u>	<u>1,211</u>	<u>830</u>
<b>Special education programs</b>				
Salaries	6,203,250	6,054,760	148,490	5,743,582
Employee benefits	1,107,800	1,074,229	33,571	1,027,804
Purchased services	74,360	28,990	45,370	11,386
Supplies and materials	108,320	150,610	(42,290)	84,484
Capital outlay	22,500	11,874	10,626	23,325
Total	<u>7,516,230</u>	<u>7,320,463</u>	<u>195,767</u>	<u>6,890,581</u>
<b>Special education programs Pre-K</b>				
Salaries	856,400	857,203	(803)	827,876
Employee benefits	110,100	100,008	10,092	94,321
Purchased services	6,000	5,698	302	3,880
Supplies and materials	8,200	7,373	827	5,440
Total	<u>980,700</u>	<u>970,282</u>	<u>10,418</u>	<u>931,517</u>

See Auditors' Report and Notes to Required Supplementary Information

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**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
<b>Remedial and supplemental programs K-12</b>				
Salaries	\$ -	\$ 2,768	\$ (2,768)	\$ 71,390
Employee benefits	-	35	(35)	20,868
Supplies and materials	-	5,137	(5,137)	7,766
Capital outlay	-	3,796	(3,796)	10,889
Total	<u>-</u>	<u>11,736</u>	<u>(11,736)</u>	<u>110,913</u>
<b>Interscholastic programs</b>				
Salaries	133,030	110,658	22,372	101,751
Employee benefits	1,900	1,246	654	1,147
Purchased services	12,390	17,381	(4,991)	20,820
Supplies and materials	5,500	5,736	(236)	6,417
Other objects	4,500	4,720	(220)	4,015
Total	<u>157,320</u>	<u>139,741</u>	<u>17,579</u>	<u>134,150</u>
<b>Summer school programs</b>				
Salaries	242,150	241,000	1,150	235,859
Employee benefits	2,400	2,558	(158)	3,240
Purchased services	5,000	3,879	1,121	4,959
Supplies and materials	12,000	13,179	(1,179)	7,915
Total	<u>261,550</u>	<u>260,616</u>	<u>934</u>	<u>251,973</u>
<b>Gifted programs</b>				
Salaries	546,120	549,079	(2,959)	536,038
Employee benefits	51,300	44,673	6,627	47,415
Purchased services	13,200	16,940	(3,740)	21,925
Supplies and materials	4,150	1,636	2,514	2,949
Total	<u>614,770</u>	<u>612,328</u>	<u>2,442</u>	<u>608,327</u>
<b>Bilingual programs</b>				
Salaries	1,186,997	1,185,302	1,695	986,521
Employee benefits	153,900	157,914	(4,014)	141,385
Purchased services	52,940	25,253	27,687	42,776
Supplies and materials	17,900	6,650	11,250	7,579
Capital outlay	4,454	22,468	(18,014)	1,586
Total	<u>1,416,191</u>	<u>1,397,587</u>	<u>18,604</u>	<u>1,179,847</u>
<b>Special education programs K-12 - private tuition</b>				
Other objects	428,000	535,507	(107,507)	438,747
Total	<u>428,000</u>	<u>535,507</u>	<u>(107,507)</u>	<u>438,747</u>
Total instruction	<u>44,387,250</u>	<u>43,747,753</u>	<u>639,497</u>	<u>41,580,072</u>

See Auditors' Report and Notes to Required Supplementary Information

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**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
<b>Support services</b>				
<b>Pupils</b>				
<b>Attendance and social work services</b>				
Salaries	\$ 1,018,470	\$ 997,388	\$ 21,082	\$ 1,027,676
Employee benefits	106,800	113,921	(7,121)	101,370
Purchased services	2,500	2,548	(48)	3,097
Supplies and materials	6,600	3,129	3,471	13,703
Total	<u>1,134,370</u>	<u>1,116,986</u>	<u>17,384</u>	<u>1,145,846</u>
<b>Health services</b>				
Salaries	523,640	525,985	(2,345)	486,927
Employee benefits	34,400	56,127	(21,727)	31,520
Purchased services	3,380	2,190	1,190	1,029
Supplies and materials	9,050	10,110	(1,060)	11,126
Total	<u>570,470</u>	<u>594,412</u>	<u>(23,942)</u>	<u>530,602</u>
<b>Psychological services</b>				
Salaries	484,110	489,881	(5,771)	486,918
Employee benefits	58,200	58,748	(548)	54,965
Purchased services	38,850	12,532	26,318	49,757
Supplies and materials	4,200	4,261	(61)	2,771
Total	<u>585,360</u>	<u>565,422</u>	<u>19,938</u>	<u>594,411</u>
<b>Speech pathology and audiology services</b>				
Salaries	1,422,250	1,422,055	195	1,361,492
Employee benefits	175,990	198,159	(22,169)	167,511
Purchased services	40,600	40,274	326	5,978
Supplies and materials	11,800	8,404	3,396	6,692
Capital outlay	5,100	-	5,100	-
Total	<u>1,655,740</u>	<u>1,668,892</u>	<u>(13,152)</u>	<u>1,541,673</u>
<b>Other support services - pupils</b>				
Salaries	319,760	342,440	(22,680)	318,254
Employee benefits	2,700	2,392	308	2,116
Purchased services	15,295	6,104	9,191	6,435
Supplies and materials	33,264	24,685	8,579	36,519
Total	<u>371,019</u>	<u>375,621</u>	<u>(4,602)</u>	<u>363,324</u>
Total pupils	<u>4,316,959</u>	<u>4,321,333</u>	<u>(4,374)</u>	<u>4,175,856</u>

See Auditors' Report and Notes to Required Supplementary Information

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**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Instructional staff</b>				
<b>Improvement of instructional services</b>				
Salaries	\$ 1,702,389	\$ 1,700,229	\$ 2,160	\$ 1,654,205
Employee benefits	142,000	161,171	(19,171)	132,201
Purchased services	269,094	354,377	(85,283)	249,784
Supplies and materials	184,075	151,512	32,563	132,160
Capital outlay	1,500	278	1,222	-
Other objects	2,500	2,660	(160)	2,477
Total	<u>2,301,558</u>	<u>2,370,227</u>	<u>(68,669)</u>	<u>2,170,827</u>
<b>Educational media services</b>				
Salaries	1,502,010	1,463,544	38,466	1,484,243
Employee benefits	271,600	240,569	31,031	259,662
Purchased services	229,755	246,411	(16,656)	297,829
Supplies and materials	309,224	396,859	(87,635)	320,389
Capital outlay	667,000	655,323	11,677	714,899
Total	<u>2,979,589</u>	<u>3,002,706</u>	<u>(23,117)</u>	<u>3,077,022</u>
<b>Assessment and testing</b>				
Salaries	3,120	1,051	2,069	807
Employee benefits	100	13	87	9
Purchased services	-	-	-	2,000
Supplies and materials	90,250	99,666	(9,416)	90,080
Total	<u>93,470</u>	<u>100,730</u>	<u>(7,260)</u>	<u>92,896</u>
Total instructional staff	<u>5,374,617</u>	<u>5,473,663</u>	<u>(99,046)</u>	<u>5,340,745</u>
<b>General administration</b>				
<b>Board of education services</b>				
Purchased services	156,000	178,018	(22,018)	176,472
Supplies and materials	3,000	2,562	438	1,723
Other objects	10,500	9,232	1,268	8,997
Total	<u>169,500</u>	<u>189,812</u>	<u>(20,312)</u>	<u>187,192</u>
<b>Executive administration services</b>				
Salaries	331,380	331,053	327	309,300
Employee benefits	38,000	40,474	(2,474)	37,322
Purchased services	16,000	16,525	(525)	20,004
Supplies and materials	4,000	5,490	(1,490)	1,064
Other objects	3,300	5,952	(2,652)	375
Total	<u>392,680</u>	<u>399,494</u>	<u>(6,814)</u>	<u>368,065</u>

See Auditors' 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, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Special area administration services</b>				
Salaries	\$ 346,190	\$ 356,159	\$ (9,969)	\$ 370,293
Employee benefits	50,400	49,070	1,330	50,450
Purchased services	31,950	27,782	4,168	30,714
Supplies and materials	4,500	982	3,518	4,145
Capital outlay	1,500	-	1,500	-
Other objects	2,200	687	1,513	1,798
Total	<u>436,740</u>	<u>434,680</u>	<u>2,060</u>	<u>457,400</u>
<b>Tort immunity services</b>				
Purchased services	<u>697,103</u>	<u>163,810</u>	<u>533,293</u>	<u>251,961</u>
Total	<u>697,103</u>	<u>163,810</u>	<u>533,293</u>	<u>251,961</u>
Total general administration	<u>1,696,023</u>	<u>1,187,796</u>	<u>508,227</u>	<u>1,264,618</u>
<b>School administration</b>				
<b>Office of the principal services</b>				
Salaries	2,425,570	2,403,612	21,958	2,405,485
Employee benefits	524,200	525,977	(1,777)	501,045
Purchased services	31,500	25,831	5,669	15,780
Supplies and materials	65,556	62,594	2,962	61,562
Capital outlay	-	821	(821)	-
Total	<u>3,046,826</u>	<u>3,018,835</u>	<u>27,991</u>	<u>2,983,872</u>
Total school administration	<u>3,046,826</u>	<u>3,018,835</u>	<u>27,991</u>	<u>2,983,872</u>
<b>Business</b>				
<b>Direction of business support services</b>				
Salaries	236,710	234,184	2,526	234,016
Employee benefits	44,300	46,482	(2,182)	42,237
Purchased services	4,700	4,263	437	7,829
Other objects	2,000	1,587	413	2,250
Total	<u>287,710</u>	<u>286,516</u>	<u>1,194</u>	<u>286,332</u>
<b>Fiscal services</b>				
Salaries	132,160	123,343	8,817	118,601
Employee benefits	14,100	13,869	231	13,156
Purchased services	80,340	46,960	33,380	90,830
Supplies and materials	46,200	56,893	(10,693)	45,218
Total	<u>272,800</u>	<u>241,065</u>	<u>31,735</u>	<u>267,805</u>
<b>Operation and maintenance of plant services</b>				
Purchased services	-	1,063	(1,063)	-
Supplies and materials	-	-	-	79
Total	<u>-</u>	<u>1,063</u>	<u>(1,063)</u>	<u>79</u>

See Auditors' 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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Food services</b>				
Salaries	\$ 551,780	\$ 560,490	\$ (8,710)	\$ 554,882
Employee benefits	48,200	46,400	1,800	39,440
Purchased services	34,875	19,138	15,737	25,856
Supplies and materials	660,000	719,565	(59,565)	803,676
Capital outlay	-	-	-	299,662
Total	<u>1,294,855</u>	<u>1,345,593</u>	<u>(50,738)</u>	<u>1,723,516</u>
<b>Internal services</b>				
Purchased services	<u>92,000</u>	<u>83,064</u>	<u>8,936</u>	<u>88,505</u>
Total	<u>92,000</u>	<u>83,064</u>	<u>8,936</u>	<u>88,505</u>
Total business	<u>1,947,365</u>	<u>1,957,301</u>	<u>(9,936)</u>	<u>2,366,237</u>
<b>Central</b>				
<b>Information services</b>				
Salaries	71,680	67,424	4,256	61,445
Employee benefits	10,800	6,069	4,731	5,588
Purchased services	14,500	640	13,860	3,721
Supplies and materials	3,500	10,606	(7,106)	1,547
Capital outlay	-	-	-	13,556
Total	<u>100,480</u>	<u>84,739</u>	<u>15,741</u>	<u>85,857</u>
<b>Staff services</b>				
Salaries	940,040	886,258	53,782	852,955
Employee benefits	57,600	57,880	(280)	114,435
Purchased services	155,850	212,877	(57,027)	157,367
Supplies and materials	36,930	22,807	14,123	25,932
Other objects	14,555	2,414	12,141	2,233
Total	<u>1,204,975</u>	<u>1,182,236</u>	<u>22,739</u>	<u>1,152,922</u>
Total central	<u>1,305,455</u>	<u>1,266,975</u>	<u>38,480</u>	<u>1,238,779</u>
Total support services	<u>17,687,245</u>	<u>17,225,903</u>	<u>461,342</u>	<u>17,370,107</u>
<b>Community services</b>				
Salaries	215,860	231,099	(15,239)	217,504
Employee benefits	19,200	18,933	267	17,857
Purchased services	2,500	595	1,905	1,149
Supplies and materials	<u>285,500</u>	<u>271,021</u>	<u>14,479</u>	<u>283,822</u>
Total community services	<u>523,060</u>	<u>521,648</u>	<u>1,412</u>	<u>520,332</u>

See Auditors' 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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Payments to other districts and governmental units</b>				
<b>Payments for special education programs</b>				
Other objects	\$ 169,397	\$ 167,292	\$ 2,105	\$ 231,407
Total	<u>169,397</u>	<u>167,292</u>	<u>2,105</u>	<u>231,407</u>
<b>Payments for special education programs - tuition</b>				
Other objects	1,352,557	1,205,883	146,674	1,229,451
Total	<u>1,352,557</u>	<u>1,205,883</u>	<u>146,674</u>	<u>1,229,451</u>
<b>Other Payments to In-State Govt. Units</b>				
Other objects	13,500	-	13,500	11,562
Total	<u>13,500</u>	<u>-</u>	<u>13,500</u>	<u>11,562</u>
Total payments to other districts and governmental units	<u>1,535,454</u>	<u>1,373,175</u>	<u>162,279</u>	<u>1,472,420</u>
<b>Provision for contingencies</b>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total expenditures	<u>64,233,009</u>	<u>62,868,479</u>	<u>1,364,530</u>	<u>60,942,931</u>
Excess (deficiency) of revenues over expenditures	<u>(1,196,511)</u>	<u>2,078,734</u>	<u>3,275,245</u>	<u>1,577,452</u>
<b>Other financing sources (uses)</b>				
Permanent transfer of interest	-	8,000	8,000	37,646
Permanent transfer from working cash accounts - abolishment or abatement	-	-	-	(228,615)
Total other financing sources (uses)	<u>-</u>	<u>8,000</u>	<u>8,000</u>	<u>(190,969)</u>
Net change in fund balance	<u>\$ (1,196,511)</u>	<u>2,086,734</u>	<u>\$ 3,283,245</u>	<u>1,386,483</u>
Fund balance, beginning of year		<u>53,372,006</u>		<u>51,985,523</u>
Fund balance, end of year		<u>\$ 55,458,740</u>		<u>\$ 53,372,006</u>

See Auditors' 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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 4,624,039	\$ 4,873,185	\$ 249,146	\$ 3,549,962
Mobile home privilege tax	6,000	8,658	2,658	7,549
Corporate personal property replacement taxes	733,462	928,877	195,415	908,679
Investment income	29,128	25,485	(3,643)	22,954
Rentals	901,000	919,567	18,567	929,257
Impact fees from municipal or county governments	-	6,996	6,996	925
Refund of prior years' expenditures	-	183	183	26,051
Other	221,933	343,550	121,617	153,780
Total local sources	<u>6,515,562</u>	<u>7,106,501</u>	<u>590,939</u>	<u>5,599,157</u>
<b>Federal sources</b>				
Other restricted revenue from federal sources	-	-	-	8,509
Total federal sources	-	-	-	8,509
Total revenues	<u>6,515,562</u>	<u>7,106,501</u>	<u>590,939</u>	<u>5,607,666</u>
<b>Expenditures</b>				
<b>Support services</b>				
<b>Business</b>				
<b>Operation and maintenance of plant services</b>				
Salaries	2,406,080	2,263,434	142,646	2,165,148
Employee benefits	321,150	326,923	(5,773)	292,139
Purchased services	1,868,280	1,684,235	184,045	1,311,919
Supplies and materials	1,226,604	952,505	274,099	1,105,484
Capital outlay	2,088,328	1,771,827	316,501	2,198,754
Other objects	50,000	-	50,000	-
Termination benefits	-	6,511	(6,511)	4,459
Total	<u>7,960,442</u>	<u>7,005,435</u>	<u>955,007</u>	<u>7,077,903</u>
Total business	<u>7,960,442</u>	<u>7,005,435</u>	<u>955,007</u>	<u>7,077,903</u>
<b>Other supporting services</b>				
Purchased services	-	375,333	(375,333)	365,596
Total	-	375,333	(375,333)	365,596
Total support services	<u>7,960,442</u>	<u>7,380,768</u>	<u>579,674</u>	<u>7,443,499</u>
Total expenditures	<u>7,960,442</u>	<u>7,380,768</u>	<u>579,674</u>	<u>7,443,499</u>
Excess (deficiency) of revenues over expenditures	<u>(1,444,880)</u>	<u>(274,267)</u>	<u>1,170,613</u>	<u>(1,835,833)</u>

See Auditors' 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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Other financing sources (uses)</b>				
Permanent transfer of interest	\$ -	\$ -	\$ -	\$ (28,267)
Total other financing sources (uses)	-	-	-	(28,267)
Net change in fund balance	<u>\$ (1,444,880)</u>	(274,267)	<u>\$ 1,170,613</u>	(1,864,100)
Fund balance, beginning of year		<u>7,697,735</u>		<u>9,561,835</u>
Fund balance, end of year		<u>\$ 7,423,468</u>		<u>\$ 7,697,735</u>

See Auditors' 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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 1,132,049	\$ 1,028,580	\$ (103,469)	\$ 923,835
Regular transportation fees from pupils or parents (in state)	30,000	26,035	(3,965)	35,616
Regular transportation fees from co-curricular act (in state)	40,000	51,828	11,828	51,550
Investment income	5,932	4,775	(1,157)	5,175
Refund of prior years' expenditures	-	102	102	-
Other	-	3,109	3,109	4,621
Total local sources	<u>1,207,981</u>	<u>1,114,429</u>	<u>(93,552)</u>	<u>1,020,797</u>
<b>State sources</b>				
Transportation - regular/vocational	19,759	20,502	743	13,301
Transportation - special education	728,706	1,278,537	549,831	526,841
Total state sources	<u>748,465</u>	<u>1,299,039</u>	<u>550,574</u>	<u>540,142</u>
<b>Federal sources</b>				
Title I - Low income	-	-	-	8,624
Title III - English language acquisition	12,000	12,040	40	8,027
Total federal sources	<u>12,000</u>	<u>12,040</u>	<u>40</u>	<u>16,651</u>
Total revenues	<u>1,968,446</u>	<u>2,425,508</u>	<u>457,062</u>	<u>1,577,590</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Business</b>				
<b>Pupil transportation services</b>				
Salaries	40,970	42,504	(1,534)	42,261
Employee benefits	11,300	11,118	182	5,685
Purchased services	1,727,550	1,821,776	(94,226)	1,716,328
Supplies and materials	92,500	105,446	(12,946)	150,218
Total	<u>1,872,320</u>	<u>1,980,844</u>	<u>(108,524)</u>	<u>1,914,492</u>
Total business	<u>1,872,320</u>	<u>1,980,844</u>	<u>(108,524)</u>	<u>1,914,492</u>
Total support services	<u>1,872,320</u>	<u>1,980,844</u>	<u>(108,524)</u>	<u>1,914,492</u>
Total expenditures	<u>1,872,320</u>	<u>1,980,844</u>	<u>(108,524)</u>	<u>1,914,492</u>
Net change in fund balance	<u>\$ 96,126</u>	444,664	<u>\$ 348,538</u>	(336,902)
Fund balance, beginning of year		<u>1,370,315</u>		<u>1,707,217</u>
Fund balance, end of year		<u>\$ 1,814,979</u>		<u>\$ 1,370,315</u>

See Auditors' 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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2012 ACTUAL
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 849,005	\$ 612,038	\$ (236,967)	\$ 849,055
Social security/medicare only levy	843,331	1,219,112	375,781	853,874
Corporate personal property replacement taxes	20,000	20,000	-	20,000
Investment income	7,107	5,757	(1,350)	5,118
Refund of prior years' expenditures	-	2,496	2,496	1,381
Total local sources	<u>1,719,443</u>	<u>1,859,403</u>	<u>139,960</u>	<u>1,729,428</u>
Total revenues	<u>1,719,443</u>	<u>1,859,403</u>	<u>139,960</u>	<u>1,729,428</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular programs	329,700	247,180	82,520	241,414
Pre-K programs	15,300	-	15,300	1,382
Special education programs	505,500	490,965	14,535	430,451
Special education programs Pre-K	51,700	53,772	(2,072)	48,815
Remedial and supplemental programs K - 12	-	36	(36)	1,558
Interscholastic programs	2,500	2,901	(401)	2,501
Summer school programs	9,500	10,725	(1,225)	10,367
Gifted programs	7,600	6,876	724	6,461
Bilingual programs	24,700	17,938	6,762	17,032
Total instruction	<u>946,500</u>	<u>830,393</u>	<u>116,107</u>	<u>759,981</u>
<b>Support services</b>				
<b>Pupils</b>				
Attendance and social work services	16,800	12,314	4,486	13,251
Health services	29,200	28,553	647	24,414
Psychological services	8,600	6,070	2,530	6,742
Speech pathology and audiology services	19,000	16,074	2,926	15,404
Other support services - pupils	21,700	18,229	3,471	16,481
Total pupils	<u>95,300</u>	<u>81,240</u>	<u>14,060</u>	<u>76,292</u>
<b>Instructional staff</b>				
Improvement of instructional staff	47,550	49,433	(1,883)	35,239
Educational media services	144,200	138,080	6,120	133,912
Assessment and testing	100	14	86	16
Total instructional staff	<u>191,850</u>	<u>187,527</u>	<u>4,323</u>	<u>169,167</u>
<b>General administration</b>				
Executive administration services	18,300	18,573	(273)	17,135
Special area administration services	23,400	22,905	495	21,467
Total general administration	<u>41,700</u>	<u>41,478</u>	<u>222</u>	<u>38,602</u>

See Auditors' 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, 2013  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>School administration</b>				
Office of the principal services	\$ 148,400	\$ 139,027	\$ 9,373	\$ 133,452
Total school administration	<u>148,400</u>	<u>139,027</u>	<u>9,373</u>	<u>133,452</u>
<b>Business</b>				
Direction of business support services	19,300	16,292	3,008	16,331
Fiscal services	26,000	23,934	2,066	21,569
Operations and maintenance of plant services	422,600	401,105	21,495	356,847
Pupil transportation services	7,900	6,625	1,275	6,104
Food services	<u>94,400</u>	<u>96,583</u>	<u>(2,183)</u>	<u>90,752</u>
Total business	<u>570,200</u>	<u>544,539</u>	<u>25,661</u>	<u>491,603</u>
<b>Central</b>				
Information services	13,900	10,924	2,976	9,243
Staff services	<u>44,600</u>	<u>41,839</u>	<u>2,761</u>	<u>40,341</u>
Total central	<u>58,500</u>	<u>52,763</u>	<u>5,737</u>	<u>49,584</u>
Total support services	<u>1,105,950</u>	<u>1,046,574</u>	<u>59,376</u>	<u>958,700</u>
<b>Community services</b>				
Total expenditures	<u>39,800</u>	<u>37,671</u>	<u>2,129</u>	<u>33,478</u>
Total expenditures	<u>2,092,250</u>	<u>1,914,638</u>	<u>177,612</u>	<u>1,752,159</u>
Net change in fund balance	<u>\$ (372,807)</u>	<u>(55,235)</u>	<u>\$ 317,572</u>	<u>(22,731)</u>
Fund balance, beginning of year		<u>1,586,414</u>		<u>1,609,145</u>
Fund balance, end of year		<u>\$ 1,531,179</u>		<u>\$ 1,586,414</u>

See Auditors' 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, 2013

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**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, 2013, expenditures exceeded budget in the Transportation Fund by \$108,524. 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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 5,335,174	\$ 5,323,903	\$ (11,271)	\$ 5,433,933
Investment income	<u>10,804</u>	<u>6,324</u>	<u>(4,480)</u>	<u>4,309</u>
Total local sources	<u>5,345,978</u>	<u>5,330,227</u>	<u>(15,751)</u>	<u>5,438,242</u>
Total revenues	<u>5,345,978</u>	<u>5,330,227</u>	<u>(15,751)</u>	<u>5,438,242</u>
<b>Expenditures</b>				
<b>Debt services</b>				
<b>Payments on long term debt</b>				
Interest on long term debt	327,675	327,680	(5)	576,602
Principal payments on long term debt	<u>5,045,000</u>	<u>5,045,958</u>	<u>(958)</u>	<u>5,036,141</u>
Total	<u>5,372,675</u>	<u>5,373,638</u>	<u>(963)</u>	<u>5,612,743</u>
<b>Other debt service</b>				
Purchased services	46,600	-	46,600	-
Other objects	<u>-</u>	<u>45,723</u>	<u>(45,723)</u>	<u>39,219</u>
Total	<u>46,600</u>	<u>45,723</u>	<u>877</u>	<u>39,219</u>
Total debt services	<u>5,419,275</u>	<u>5,419,361</u>	<u>(86)</u>	<u>5,651,962</u>
<b>Provision for contingencies</b>	<u>3,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>
Total expenditures	<u>5,422,875</u>	<u>5,419,361</u>	<u>3,514</u>	<u>5,651,962</u>
Excess (deficiency) of revenues over expenditures	<u>(76,897)</u>	<u>(89,134)</u>	<u>(12,237)</u>	<u>(213,720)</u>
<b>Other financing sources (uses)</b>				
Permanent transfer of interest	<u>-</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>(9,379)</u>
Total other financing sources (uses)	<u>-</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>(9,379)</u>
Net change in fund balance	<u>\$ (76,897)</u>	<u>(97,134)</u>	<u>\$ (20,237)</u>	<u>(223,099)</u>
Fund balance, beginning of year		<u>2,068,027</u>		<u>2,291,126</u>
Fund balance, end of year		<u>\$ 1,970,893</u>		<u>\$ 2,068,027</u>

**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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 190,317	\$ 201,669	\$ 11,352	\$ 207,377
Investment income	366	819	453	(334)
Total local sources	<u>190,683</u>	<u>202,488</u>	<u>11,805</u>	<u>207,043</u>
<b>State sources</b>				
General state aid	-	-	-	104,245
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,245</u>
Total revenues	<u>190,683</u>	<u>202,488</u>	<u>11,805</u>	<u>311,288</u>
<b>Expenditures</b>				
<b>Support services</b>				
<b>Business</b>				
<b>Facilities acquisition and construction service</b>				
Purchased services	10,000	19,731	(9,731)	-
Capital outlay	<u>190,000</u>	<u>-</u>	<u>190,000</u>	<u>507,000</u>
Total	<u>200,000</u>	<u>19,731</u>	<u>180,269</u>	<u>507,000</u>
Total business	<u>200,000</u>	<u>19,731</u>	<u>180,269</u>	<u>507,000</u>
Total support services	<u>200,000</u>	<u>19,731</u>	<u>180,269</u>	<u>507,000</u>
Total expenditures	<u>200,000</u>	<u>19,731</u>	<u>180,269</u>	<u>507,000</u>
Net change in fund balance	<u>\$ (9,317)</u>	182,757	<u>\$ 192,074</u>	(195,712)
Fund balance, beginning of year		<u>66,196</u>		<u>261,908</u>
Fund balance, end of year		<u>\$ 248,953</u>		<u>\$ 66,196</u>

# ARLINGTON HEIGHTS SCHOOL DISTRICT 25

## GENERAL FUND

### COMBINING BALANCE SHEET

AS OF JUNE 30, 2013

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
<b>Assets</b>				
Cash	\$ 54,301,415	\$ 86,498	\$ 7,647,275	\$ 62,035,188
Receivables (net allowance for uncollectibles):				
Interest	60,490	97	8,562	69,149
Property taxes	21,604,167	111,244	-	21,715,411
Intergovernmental	909,600	-	-	909,600
Other	340,559	-	-	340,559
Prepaid items	9,674	30,689	-	40,363
<b>Total assets</b>	<b><u>\$ 77,225,905</u></b>	<b><u>\$ 228,528</u></b>	<b><u>\$ 7,655,837</u></b>	<b><u>\$ 85,110,270</u></b>
<b>Liabilities and fund balance</b>				
Accounts payable	\$ 388,572	\$ -	\$ -	\$ 388,572
Salaries and wages payable	6,625,347	-	-	6,625,347
Payroll deductions payable	627	-	-	627
Deferred revenue	21,443,138	110,126	-	21,553,264
Health claims payable	1,083,720	-	-	1,083,720
<b>Total liabilities</b>	<b><u>29,541,404</u></b>	<b><u>110,126</u></b>	<b><u>-</u></b>	<b><u>29,651,530</u></b>
<b>Fund balance</b>				
Nonspendable	9,674	30,689	-	40,363
Restricted	-	87,713	-	87,713
Unassigned	47,674,827	-	7,655,837	55,330,664
<b>Total fund balance</b>	<b><u>47,684,501</u></b>	<b><u>118,402</u></b>	<b><u>7,655,837</u></b>	<b><u>55,458,740</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 77,225,905</u></b>	<b><u>\$ 228,528</u></b>	<b><u>\$ 7,655,837</u></b>	<b><u>\$ 85,110,270</u></b>

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**  
**GENERAL FUND**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	ELIMINATIONS
<b>Revenues</b>				
Property taxes	\$ 45,497,148	\$ 215,264	\$ -	\$ -
State aid	14,849,880	-	-	-
Federal aid	1,649,613	-	-	-
Investment income	174,892	398	23,136	-
Other	2,536,882	-	-	-
<b>Total revenues</b>	<b>64,708,415</b>	<b>215,662</b>	<b>23,136</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular programs	22,439,416	-	-	-
Special programs	8,822,318	-	-	-
Other instructional programs	2,389,143	-	-	-
State retirement contributions	9,984,364	-	-	-
Support Services:				
Pupils	4,321,333	-	-	-
Instructional staff	4,818,062	-	-	-
General administration	1,030,477	157,319	-	-
School administration	3,018,014	-	-	-
Business	1,956,238	-	-	-
Operations and maintenance	1,063	-	-	-
Central	1,266,975	-	-	-
Community services	521,648	-	-	-
Payments to other districts and gov't units	1,373,175	-	-	-
Capital outlay	768,934	-	-	-
<b>Total expenditures</b>	<b>62,711,160</b>	<b>157,319</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	1,997,255	58,343	23,136	-
<b>Other financing sources (uses)</b>				
Transfers in	35,000	-	-	(27,000)
Transfers (out)	-	-	(27,000)	27,000
<b>Total other financing sources (uses)</b>	<b>35,000</b>	<b>-</b>	<b>(27,000)</b>	<b>-</b>
Net change in fund balance	2,032,255	58,343	(3,864)	-
Fund balance, beginning of year	45,652,246	60,059	7,659,701	-
<b>Fund balance, end of year</b>	<b>\$ 47,684,501</b>	<b>\$ 118,402</b>	<b>\$ 7,655,837</b>	<b>\$ -</b>

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TOTAL

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\$ 45,712,412  
14,849,880  
1,649,613  
198,426  
2,536,882  
64,947,213

22,439,416  
8,822,318  
2,389,143  
9,984,364

4,321,333  
4,818,062  
1,187,796  
3,018,014  
1,956,238  
1,063  
1,266,975  
521,648  
1,373,175  
768,934

62,868,479

2,078,734

8,000

8,000

2,086,734

53,372,006

\$ 55,458,740

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**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, 2013  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 44,720,046	\$ 45,241,893	\$ 521,847	\$ 45,589,110
Special education levy	253,277	255,255	1,978	247,653
Regular tuition from pupils or parents (in state)	9,500	8,580	(920)	-
Summer school - tuition from pupils or parents (in state)	100,000	154,966	54,966	149,296
Special education - tuition from pupils or parents (in state)	121,754	119,663	(2,091)	121,393
Investment income	211,850	174,892	(36,958)	182,035
Sales to pupils - lunch	705,000	726,386	21,386	713,109
Sales to pupils - breakfast	-	84	84	103
Sales to pupils - other	250,000	291,698	41,698	252,443
Sales to adults	10,000	10,428	428	11,023
Other food service	563,500	700,673	137,173	693,752
Fees	98,000	44,236	(53,764)	64,837
Rentals - regular textbook	288,600	291,101	2,501	299,856
Contributions and donations from private sources	-	-	-	850
Refund of prior years' expenditures	-	74,924	74,924	30,028
Other	109,292	114,143	4,851	250,837
<b>Total local sources</b>	<b>47,440,819</b>	<b>48,208,922</b>	<b>768,103</b>	<b>48,606,325</b>
<b>State sources</b>				
General state aid	1,972,521	1,972,777	256	1,952,142
Special education - private facility tuition	152,847	252,945	100,098	102,378
Special education - extraordinary	477,248	786,548	309,300	503,844
Special education - personnel	1,250,358	1,665,310	414,952	974,591
Special education - orphanage - individual	45,530	56,917	11,387	65,576
Special education - orphanage - summer	-	1,952	1,952	1,968
Special education - summer school	5,000	5,834	834	7,452
CTE - Other	-	-	-	4,437
Bilingual education - downstate - TPI	115,391	116,321	930	82,151
State free lunch & breakfast	5,500	2,975	(2,525)	5,923
Other restricted revenue from state sources	3,800	3,937	137	16,343
On behalf payment to TRS from the state	9,742,000	9,984,364	242,364	8,573,755
<b>Total state sources</b>	<b>13,770,195</b>	<b>14,849,880</b>	<b>1,079,685</b>	<b>12,290,560</b>
<b>Federal sources</b>				
Other restricted grants-in-aid received directly from federal government	-	-	-	101,032
National school lunch program	205,000	236,475	31,475	228,390
School breakfast program	3,000	2,231	(769)	3,075
Title I - Low income	-	28,843	28,843	118,160
Federal - special education - preschool flow- through	43,020	43,020	-	43,020

(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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Federal - special education - IDEA - flow-through/low incident	\$ 1,075,387	\$ 1,075,387	\$ -	\$ 1,068,485
Federal - special education - IDEA - room & board	-	8,184	8,184	56,164
Other ARRA funds - XI	-	-	-	2,972
Title III - English language acquisition	86,966	40,138	(46,828)	35,587
McKinney education for homeless children	-	-	-	735
Title II - Teacher quality	103,130	99,725	(3,405)	96,818
Medicaid matching funds - administrative outreach	70,000	21,545	(48,455)	76,555
Other restricted revenue from federal sources	-	<u>94,065</u>	<u>94,065</u>	<u>121,567</u>
Total federal sources	<u>1,586,503</u>	<u>1,649,613</u>	<u>63,110</u>	<u>1,952,560</u>
Total revenues	<u>62,797,517</u>	<u>64,708,415</u>	<u>1,910,898</u>	<u>62,849,445</u>
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular programs</b>				
Salaries	19,500,590	19,355,530	145,060	18,899,194
Employee benefits	2,431,900	1,849,132	582,768	2,174,555
On-behalf payments to TRS from the state	9,742,000	9,984,364	(242,364)	8,573,755
Purchased services	395,951	423,144	(27,193)	330,991
Supplies and materials	801,378	741,021	60,357	701,652
Capital outlay	62,160	74,374	(12,214)	284,872
Other objects	30,960	34,263	(3,303)	22,398
Termination benefits	45,000	<u>36,326</u>	<u>8,674</u>	<u>45,770</u>
Total	<u>33,009,939</u>	<u>32,498,154</u>	<u>511,785</u>	<u>31,033,187</u>
<b>Pre-K programs</b>				
Supplies and materials	<u>2,550</u>	<u>1,339</u>	<u>1,211</u>	<u>830</u>
Total	<u>2,550</u>	<u>1,339</u>	<u>1,211</u>	<u>830</u>
<b>Special education programs</b>				
Salaries	6,203,250	6,054,760	148,490	5,743,582
Employee benefits	1,107,800	1,074,229	33,571	1,027,804
Purchased services	74,360	28,990	45,370	11,386
Supplies and materials	108,320	150,610	(42,290)	84,484
Capital outlay	22,500	<u>11,874</u>	<u>10,626</u>	<u>23,325</u>
Total	<u>7,516,230</u>	<u>7,320,463</u>	<u>195,767</u>	<u>6,890,581</u>
<b>Special education programs Pre-K</b>				
Salaries	856,400	857,203	(803)	827,876
Employee benefits	110,100	100,008	10,092	94,321
Purchased services	6,000	5,698	302	3,880
Supplies and materials	8,200	<u>7,373</u>	<u>827</u>	<u>5,440</u>
Total	<u>980,700</u>	<u>970,282</u>	<u>10,418</u>	<u>931,517</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, 2013  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
<b>Remedial and supplemental programs K-12</b>				
Salaries	\$ -	\$ 2,768	\$ (2,768)	\$ 71,390
Employee benefits	-	35	(35)	20,868
Supplies and materials	-	5,137	(5,137)	7,766
Capital outlay	-	3,796	(3,796)	10,889
Total	<u>-</u>	<u>11,736</u>	<u>(11,736)</u>	<u>110,913</u>
<b>Interscholastic programs</b>				
Salaries	133,030	110,658	22,372	101,751
Employee benefits	1,900	1,246	654	1,147
Purchased services	12,390	17,381	(4,991)	20,820
Supplies and materials	5,500	5,736	(236)	6,417
Other objects	4,500	4,720	(220)	4,015
Total	<u>157,320</u>	<u>139,741</u>	<u>17,579</u>	<u>134,150</u>
<b>Summer school programs</b>				
Salaries	242,150	241,000	1,150	235,859
Employee benefits	2,400	2,558	(158)	3,240
Purchased services	5,000	3,879	1,121	4,959
Supplies and materials	12,000	13,179	(1,179)	7,915
Total	<u>261,550</u>	<u>260,616</u>	<u>934</u>	<u>251,973</u>
<b>Gifted programs</b>				
Salaries	546,120	549,079	(2,959)	536,038
Employee benefits	51,300	44,673	6,627	47,415
Purchased services	13,200	16,940	(3,740)	21,925
Supplies and materials	4,150	1,636	2,514	2,949
Total	<u>614,770</u>	<u>612,328</u>	<u>2,442</u>	<u>608,327</u>
<b>Bilingual programs</b>				
Salaries	1,186,997	1,185,302	1,695	986,521
Employee benefits	153,900	157,914	(4,014)	141,385
Purchased services	52,940	25,253	27,687	42,776
Supplies and materials	17,900	6,650	11,250	7,579
Capital outlay	4,454	22,468	(18,014)	1,586
Total	<u>1,416,191</u>	<u>1,397,587</u>	<u>18,604</u>	<u>1,179,847</u>
<b>Special education programs K -12 - private tuition</b>				
Other objects	428,000	535,507	(107,507)	438,747
Total	<u>428,000</u>	<u>535,507</u>	<u>(107,507)</u>	<u>438,747</u>
Total instruction	<u>44,387,250</u>	<u>43,747,753</u>	<u>639,497</u>	<u>41,580,072</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, 2013  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Support services</b>				
<b>Pupils</b>				
<b>Attendance and social work services</b>				
Salaries	\$ 1,018,470	\$ 997,388	\$ 21,082	\$ 1,027,676
Employee benefits	106,800	113,921	(7,121)	101,370
Purchased services	2,500	2,548	(48)	3,097
Supplies and materials	<u>6,600</u>	<u>3,129</u>	<u>3,471</u>	<u>13,703</u>
Total	<u>1,134,370</u>	<u>1,116,986</u>	<u>17,384</u>	<u>1,145,846</u>
<b>Health services</b>				
Salaries	523,640	525,985	(2,345)	486,927
Employee benefits	34,400	56,127	(21,727)	31,520
Purchased services	3,380	2,190	1,190	1,029
Supplies and materials	<u>9,050</u>	<u>10,110</u>	<u>(1,060)</u>	<u>11,126</u>
Total	<u>570,470</u>	<u>594,412</u>	<u>(23,942)</u>	<u>530,602</u>
<b>Psychological services</b>				
Salaries	484,110	489,881	(5,771)	486,918
Employee benefits	58,200	58,748	(548)	54,965
Purchased services	38,850	12,532	26,318	49,757
Supplies and materials	<u>4,200</u>	<u>4,261</u>	<u>(61)</u>	<u>2,771</u>
Total	<u>585,360</u>	<u>565,422</u>	<u>19,938</u>	<u>594,411</u>
<b>Speech pathology and audiology services</b>				
Salaries	1,422,250	1,422,055	195	1,361,492
Employee benefits	175,990	198,159	(22,169)	167,511
Purchased services	40,600	40,274	326	5,978
Supplies and materials	11,800	8,404	3,396	6,692
Capital outlay	<u>5,100</u>	<u>-</u>	<u>5,100</u>	<u>-</u>
Total	<u>1,655,740</u>	<u>1,668,892</u>	<u>(13,152)</u>	<u>1,541,673</u>
<b>Other support services - pupils</b>				
Salaries	319,760	342,440	(22,680)	318,254
Employee benefits	2,700	2,392	308	2,116
Purchased services	15,295	6,104	9,191	6,435
Supplies and materials	<u>33,264</u>	<u>24,685</u>	<u>8,579</u>	<u>36,519</u>
Total	<u>371,019</u>	<u>375,621</u>	<u>(4,602)</u>	<u>363,324</u>
Total pupils	<u>4,316,959</u>	<u>4,321,333</u>	<u>(4,374)</u>	<u>4,175,856</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, 2013  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Instructional staff</b>				
<b>Improvement of instructional services</b>				
Salaries	\$ 1,702,389	\$ 1,700,229	\$ 2,160	\$ 1,654,205
Employee benefits	142,000	161,171	(19,171)	132,201
Purchased services	269,094	354,377	(85,283)	249,784
Supplies and materials	184,075	151,512	32,563	132,160
Capital outlay	1,500	278	1,222	-
Other objects	2,500	2,660	(160)	2,477
Total	<u>2,301,558</u>	<u>2,370,227</u>	<u>(68,669)</u>	<u>2,170,827</u>
<b>Educational media services</b>				
Salaries	1,502,010	1,463,544	38,466	1,484,243
Employee benefits	271,600	240,569	31,031	259,662
Purchased services	229,755	246,411	(16,656)	297,829
Supplies and materials	309,224	396,859	(87,635)	320,389
Capital outlay	667,000	655,323	11,677	714,899
Total	<u>2,979,589</u>	<u>3,002,706</u>	<u>(23,117)</u>	<u>3,077,022</u>
<b>Assessment and testing</b>				
Salaries	3,120	1,051	2,069	807
Employee benefits	100	13	87	9
Purchased services	-	-	-	2,000
Supplies and materials	90,250	99,666	(9,416)	90,080
Total	<u>93,470</u>	<u>100,730</u>	<u>(7,260)</u>	<u>92,896</u>
Total instructional staff	<u>5,374,617</u>	<u>5,473,663</u>	<u>(99,046)</u>	<u>5,340,745</u>
<b>General administration</b>				
<b>Board of education services</b>				
Purchased services	156,000	178,018	(22,018)	176,472
Supplies and materials	3,000	2,562	438	1,723
Other objects	10,500	9,232	1,268	8,997
Total	<u>169,500</u>	<u>189,812</u>	<u>(20,312)</u>	<u>187,192</u>
<b>Executive administration services</b>				
Salaries	331,380	331,053	327	309,300
Employee benefits	38,000	40,474	(2,474)	37,322
Purchased services	16,000	16,525	(525)	20,004
Supplies and materials	4,000	5,490	(1,490)	1,064
Other objects	3,300	5,952	(2,652)	375
Total	<u>392,680</u>	<u>399,494</u>	<u>(6,814)</u>	<u>368,065</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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Special area administration services</b>				
Salaries	\$ 346,190	\$ 356,159	\$ (9,969)	\$ 370,293
Employee benefits	50,400	49,070	1,330	50,450
Purchased services	31,950	27,782	4,168	30,714
Supplies and materials	4,500	982	3,518	4,145
Capital outlay	1,500	-	1,500	-
Other objects	<u>2,200</u>	<u>687</u>	<u>1,513</u>	<u>1,798</u>
Total	<u>436,740</u>	<u>434,680</u>	<u>2,060</u>	<u>457,400</u>
<b>Tort immunity services</b>				
Purchased services	<u>487,103</u>	<u>6,491</u>	<u>480,612</u>	<u>41,961</u>
Total	<u>487,103</u>	<u>6,491</u>	<u>480,612</u>	<u>41,961</u>
Total general administration	<u>1,486,023</u>	<u>1,030,477</u>	<u>455,546</u>	<u>1,054,618</u>
<b>School administration</b>				
<b>Office of the principal services</b>				
Salaries	2,425,570	2,403,612	21,958	2,405,485
Employee benefits	524,200	525,977	(1,777)	501,045
Purchased services	31,500	25,831	5,669	15,780
Supplies and materials	65,556	62,594	2,962	61,562
Capital outlay	<u>-</u>	<u>821</u>	<u>(821)</u>	<u>-</u>
Total	<u>3,046,826</u>	<u>3,018,835</u>	<u>27,991</u>	<u>2,983,872</u>
Total school administration	<u>3,046,826</u>	<u>3,018,835</u>	<u>27,991</u>	<u>2,983,872</u>
<b>Business</b>				
<b>Direction of business support services</b>				
Salaries	236,710	234,184	2,526	234,016
Employee benefits	44,300	46,482	(2,182)	42,237
Purchased services	4,700	4,263	437	7,829
Other objects	<u>2,000</u>	<u>1,587</u>	<u>413</u>	<u>2,250</u>
Total	<u>287,710</u>	<u>286,516</u>	<u>1,194</u>	<u>286,332</u>
<b>Fiscal services</b>				
Salaries	132,160	123,343	8,817	118,601
Employee benefits	14,100	13,869	231	13,156
Purchased services	80,340	46,960	33,380	90,830
Supplies and materials	<u>46,200</u>	<u>56,893</u>	<u>(10,693)</u>	<u>45,218</u>
Total	<u>272,800</u>	<u>241,065</u>	<u>31,735</u>	<u>267,805</u>
<b>Operation and maintenance of plant services</b>				
Purchased services	-	1,063	(1,063)	-
Supplies and materials	<u>-</u>	<u>-</u>	<u>-</u>	<u>79</u>
Total	<u>-</u>	<u>1,063</u>	<u>(1,063)</u>	<u>79</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, 2013  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Food services</b>				
Salaries	\$ 551,780	\$ 560,490	\$ (8,710)	\$ 554,882
Employee benefits	48,200	46,400	1,800	39,440
Purchased services	34,875	19,138	15,737	25,856
Supplies and materials	660,000	719,565	(59,565)	803,676
Capital outlay	-	-	-	299,662
Total	<u>1,294,855</u>	<u>1,345,593</u>	<u>(50,738)</u>	<u>1,723,516</u>
<b>Internal services</b>				
Purchased services	<u>92,000</u>	<u>83,064</u>	<u>8,936</u>	<u>88,505</u>
Total	<u>92,000</u>	<u>83,064</u>	<u>8,936</u>	<u>88,505</u>
Total business	<u>1,947,365</u>	<u>1,957,301</u>	<u>(9,936)</u>	<u>2,366,237</u>
<b>Central</b>				
<b>Information services</b>				
Salaries	71,680	67,424	4,256	61,445
Employee benefits	10,800	6,069	4,731	5,588
Purchased services	14,500	640	13,860	3,721
Supplies and materials	3,500	10,606	(7,106)	1,547
Capital outlay	-	-	-	13,556
Total	<u>100,480</u>	<u>84,739</u>	<u>15,741</u>	<u>85,857</u>
<b>Staff services</b>				
Salaries	940,040	886,258	53,782	852,955
Employee benefits	57,600	57,880	(280)	114,435
Purchased services	155,850	212,877	(57,027)	157,367
Supplies and materials	36,930	22,807	14,123	25,932
Other objects	14,555	2,414	12,141	2,233
Total	<u>1,204,975</u>	<u>1,182,236</u>	<u>22,739</u>	<u>1,152,922</u>
Total central	<u>1,305,455</u>	<u>1,266,975</u>	<u>38,480</u>	<u>1,238,779</u>
Total support services	<u>17,477,245</u>	<u>17,068,584</u>	<u>408,661</u>	<u>17,160,107</u>
<b>Community services</b>				
Salaries	215,860	231,099	(15,239)	217,504
Employee benefits	19,200	18,933	267	17,857
Purchased services	2,500	595	1,905	1,149
Supplies and materials	<u>285,500</u>	<u>271,021</u>	<u>14,479</u>	<u>283,822</u>
Total community services	<u>523,060</u>	<u>521,648</u>	<u>1,412</u>	<u>520,332</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, 2013  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Payments to other districts and governmental units</b>				
<b>Payments for special education programs</b>				
Other objects	\$ 169,397	\$ 167,292	\$ 2,105	\$ 231,407
Total	<u>169,397</u>	<u>167,292</u>	<u>2,105</u>	<u>231,407</u>
<b>Payments for special education programs - tuition</b>				
Other objects	<u>1,352,557</u>	<u>1,205,883</u>	<u>146,674</u>	<u>1,229,451</u>
Total	1,352,557	1,205,883	146,674	1,229,451
<b>Other Payments to In-State Govt. Units</b>				
Other objects	<u>13,500</u>	<u>-</u>	<u>13,500</u>	<u>11,562</u>
Total	<u>13,500</u>	<u>-</u>	<u>13,500</u>	<u>11,562</u>
Total payments to other districts and governmental units	<u>1,535,454</u>	<u>1,373,175</u>	<u>162,279</u>	<u>1,472,420</u>
<b>Provision for contingencies</b>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total expenditures	<u>64,023,009</u>	<u>62,711,160</u>	<u>1,311,849</u>	<u>60,732,931</u>
Excess (deficiency) of revenues over expenditures	<u>(1,225,492)</u>	<u>1,997,255</u>	<u>3,222,747</u>	<u>2,116,514</u>
<b>Other financing sources (uses)</b>				
Permanent transfer from working cash accounts - interest	<u>-</u>	<u>27,000</u>	<u>27,000</u>	<u>21,737</u>
Permanent transfer of interest	<u>-</u>	<u>8,000</u>	<u>8,000</u>	<u>37,646</u>
Total other financing sources (uses)	<u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>59,383</u>
Net change in fund balance	<u>\$ (1,225,492)</u>	<u>2,032,255</u>	<u>\$ 3,257,747</u>	<u>2,175,897</u>
Fund balance, beginning of year		<u>45,652,246</u>		<u>43,476,349</u>
Fund balance, end of year		<u>\$ 47,684,501</u>		<u>\$ 45,652,246</u>

(Concluded)

# 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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2012 ACTUAL
<b>Revenues</b>				
<b>Local sources</b>				
Tort immunity levy	\$ 200,029	\$ 215,264	\$ 15,235	\$ 219,115
Investment income	<u>342</u>	<u>398</u>	<u>56</u>	<u>247</u>
Total local sources	<u>200,371</u>	<u>215,662</u>	<u>15,291</u>	<u>219,362</u>
Total revenues	<u>200,371</u>	<u>215,662</u>	<u>15,291</u>	<u>219,362</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>General administration</b>				
<b>Workers' compensation or workers' occupational disease act payments</b>				
Purchased services	<u>210,000</u>	<u>157,319</u>	<u>52,681</u>	<u>210,000</u>
Total	<u>210,000</u>	<u>157,319</u>	<u>52,681</u>	<u>210,000</u>
Total general administration	<u>210,000</u>	<u>157,319</u>	<u>52,681</u>	<u>210,000</u>
Total expenditures	<u>210,000</u>	<u>157,319</u>	<u>52,681</u>	<u>210,000</u>
Net change in fund balance	<u>\$ (9,629)</u>	58,343	<u>\$ 67,972</u>	9,362
Fund balance, beginning of year		<u>60,059</u>		<u>50,697</u>
Fund balance, end of year		<u>\$ 118,402</u>		<u>\$ 60,059</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, 2013  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE WITH FINAL BUDGET	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
Investment income	\$ 38,610	\$ 23,136	\$ (15,474)	\$ (548,424)
Total local sources	<u>38,610</u>	<u>23,136</u>	<u>(15,474)</u>	<u>(548,424)</u>
Total revenues	<u>38,610</u>	<u>23,136</u>	<u>(15,474)</u>	<u>(548,424)</u>
<b>Expenditures</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>38,610</u>	<u>23,136</u>	<u>(15,474)</u>	<u>(548,424)</u>
<b>Other financing sources (uses)</b>				
Permanent transfer from working cash accounts - abolishment or abatement	-	-	-	(228,615)
Permanent transfer from working cash accounts - interest	<u>-</u>	<u>(27,000)</u>	<u>(27,000)</u>	<u>(21,737)</u>
Total other financing sources (uses)	<u>-</u>	<u>(27,000)</u>	<u>(27,000)</u>	<u>(250,352)</u>
Net change in fund balance	<u>\$ 38,610</u>	<u>(3,864)</u>	<u>\$ (42,474)</u>	<u>(798,776)</u>
Fund balance, beginning of year		<u>7,659,701</u>		<u>8,458,477</u>
Fund balance, end of year		<u>\$ 7,655,837</u>		<u>\$ 7,659,701</u>



**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**

**AGENCY FUND**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

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	BALANCE JUNE 30, 2012	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2013
<b>Assets</b>				
Cash	\$ 242,434	\$ 606,042	\$ 577,430	\$ 271,046
Total assets	<u>\$ 242,434</u>	<u>\$ 606,042</u>	<u>\$ 577,430</u>	<u>\$ 271,046</u>
<b>Liabilities</b>				
Due to student groups - activity funds	\$ 152,449	\$ 558,608	\$ 519,014	\$ 192,043
Due to employess - flexible spending account	<u>89,985</u>	<u>47,434</u>	<u>58,416</u>	<u>79,003</u>
Total liabilities	<u>\$ 242,434</u>	<u>\$ 606,042</u>	<u>\$ 577,430</u>	<u>\$ 271,046</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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	72
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	84
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	89
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.	
<b>Demographic and Economic Information</b>	94
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.	
<b>Operating Information</b>	97
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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

	2013	2012	2011	2010
<b>Governmental activities</b>				
Net investment in capital assets	\$ 76,558,426	\$ 72,194,161	\$ 67,179,282	\$ 63,532,991
Restricted	13,090,807	12,811,200	5,863,906	6,318,095
Unrestricted	<u>54,800,925</u>	<u>53,616,633</u>	<u>61,139,228</u>	<u>58,687,324</u>
Total governmental activities net position	<u>\$ 144,450,158</u>	<u>\$ 138,621,994</u>	<u>\$ 134,182,416</u>	<u>\$ 128,538,410</u>

2009	2008	2007	2006	2005	2004
\$ 54,602,552	\$ 39,989,857	\$ 36,806,197	\$ 27,794,218	\$ 15,305,916	\$ 25,404,049
7,842,981	7,841,567	7,163,851	10,062,908	9,198,429	10,386,595
<u>56,338,333</u>	<u>60,378,082</u>	<u>50,191,384</u>	<u>51,841,333</u>	<u>51,777,132</u>	<u>34,616,334</u>
<u>\$ 118,783,866</u>	<u>\$ 108,209,506</u>	<u>\$ 94,161,432</u>	<u>\$ 89,698,459</u>	<u>\$ 76,281,477</u>	<u>\$ 70,406,978</u>

**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**

	2013	2012	2011	2010
<b>Expenses</b>				
Instruction:				
Regular programs	\$ 25,511,002	\$ 25,607,333	\$ 22,325,897	\$ 23,802,870
Special programs	10,780,199	10,379,098	8,404,462	8,826,609
Other instructional programs	2,427,583	2,212,870	4,842,590	3,041,262
State retirement contributions	9,984,364	8,573,755	7,934,736	8,022,134
Support services:				
Pupils	4,402,573	4,252,148	4,048,759	3,633,769
Instructional staff	5,005,589	4,795,013	5,224,305	5,636,145
General administration	1,604,607	1,668,816	1,347,151	1,350,947
School administration	3,174,416	3,145,892	3,283,749	3,190,837
Business	2,093,047	2,494,810	1,276,302	1,974,980
Transportation	1,987,469	1,920,596	1,517,949	2,037,335
Operations and maintenance	5,643,826	5,516,852	5,795,017	4,854,686
Central and other	1,912,515	1,949,986	1,621,861	1,554,972
Community services	559,319	553,810	244,144	219,599
Payments to other districts and gov't units	-	11,562	-	-
Nonprogrammed charges	-	-	207,621	436,488
Interest and fees	249,074	483,159	906,552	1,227,027
Unallocated depreciation	-	-	-	-
<b>Total expenses</b>	<b><u>\$ 75,335,583</u></b>	<b><u>\$ 73,565,700</u></b>	<b><u>\$ 68,981,095</u></b>	<b><u>\$ 69,809,660</u></b>
<b>Program Revenues</b>				
Charges for services:				
Instruction*	\$ 1,079,348	\$ 1,044,620	\$ 3,161,422	\$ 3,185,475
Support services*	2,726,699	2,686,853		
Operating grants and contributions			13,757,207	10,266,275
Instruction*	13,671,002	12,583,471		
Support services*	1,459,200	1,055,593		
Capital grants and contributions	-	-	-	-
<b>Total program revenues</b>	<b><u>\$ 18,936,249</u></b>	<b><u>\$ 17,370,537</u></b>	<b><u>\$ 16,918,629</u></b>	<b><u>\$ 13,451,750</u></b>
<b>Net (expense)/revenue</b>	<b><u>\$ (56,399,334)</u></b>	<b><u>\$ (56,195,163)</u></b>	<b><u>\$ (52,062,466)</u></b>	<b><u>\$ (56,357,910)</u></b>
<b>General revenues</b>				
Taxes:				
Real estate taxes, levied for general purposes	\$ 45,505,806	\$ 45,844,312	\$ 42,757,403	\$ 47,053,517
Real estate taxes, levied for specific purposes	8,149,848	6,603,218	5,845,346	7,177,688
Real estate taxes, levied for debt service	5,323,903	5,433,933	5,185,579	7,809,607
Personal property replacement taxes	948,877	928,679	1,009,510	778,451
Unrestricted grants and contributions	1,972,777	2,094,284	2,171,697	2,054,834
Investment earnings	241,586	(328,920)	302,390	925,090
Miscellaneous	84,701	59,235	434,547	313,267
<b>Total general revenues</b>	<b><u>\$ 62,227,498</u></b>	<b><u>\$ 60,634,741</u></b>	<b><u>\$ 57,706,472</u></b>	<b><u>\$ 66,112,454</u></b>
<b>Change in net position</b>	<b><u>\$ 5,828,164</u></b>	<b><u>\$ 4,439,578</u></b>	<b><u>\$ 5,644,006</u></b>	<b><u>\$ 9,754,544</u></b>

NOTE: \* Information prior to 2012 is not available

2009	2008	2007	2006	2005	2004
\$ 22,532,296	\$ 20,665,110	\$ 20,275,380	\$ 19,289,439	\$ 19,454,207	\$ 17,706,482
8,021,378	7,502,458	8,287,423	7,655,563	6,972,878	6,775,066
3,232,429	1,760,888	1,556,410	1,575,827	1,541,994	1,426,784
5,607,110	4,139,852	2,697,912	1,841,948	3,054,296	3,492,984
3,430,394	3,201,995	1,915,909	1,621,609	1,611,268	1,396,181
4,901,783	5,376,031	4,129,547	3,862,370	2,278,512	3,301,273
1,724,353	1,189,361	1,195,634	1,299,864	671,270	1,081,159
3,088,493	2,870,305	2,473,805	2,470,477	2,527,579	2,340,049
2,053,358	2,540,315	2,809,170	2,699,038	2,593,564	2,291,825
1,602,246	1,971,821	2,038,686	1,900,692	1,757,836	1,721,123
4,949,474	4,877,287	4,833,132	4,745,319	4,369,900	3,917,717
1,435,455	1,138,175	965,618	1,324,368	1,564,629	1,348,089
258,487	213,482	122,601	166,325	126,103	97,573
-	-	-	-	-	-
88,278	842,870	1,137,466	1,821,968	2,830,248	2,660,546
1,651,805	1,538,130	1,813,973	2,075,827	2,090,204	2,290,489
-	-	62,082	62,082	62,082	53,199
<u>\$ 64,577,339</u>	<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>
\$ 3,462,179	\$ 3,000,025	\$ 3,206,822	\$ 2,932,152	\$ 2,876,209	\$ 2,703,021
10,576,779	10,939,006	7,692,374	6,124,570	6,711,719	7,661,605
-	165,101	184,381	155,307	132,736	102,261
<u>\$ 14,038,958</u>	<u>\$ 14,104,132</u>	<u>\$ 11,083,577</u>	<u>\$ 9,212,029</u>	<u>\$ 9,720,664</u>	<u>\$ 10,466,887</u>
<u>\$ (50,538,381)</u>	<u>\$ (45,723,948)</u>	<u>\$ (45,231,171)</u>	<u>\$ (45,200,687)</u>	<u>\$ (43,785,906)</u>	<u>\$ (41,433,652)</u>
\$ 40,220,343	\$ 44,194,863	\$ 35,452,971	\$ 43,794,705	\$ 37,978,471	\$ 35,847,186
7,176,535	1,237,121	887,370	1,396,835	1,604,404	1,679,855
8,765,912	8,349,503	6,756,017	7,650,226	6,029,833	5,981,109
962,248	1,100,001	1,028,641	942,831	743,874	605,474
2,006,709	1,958,119	1,804,286	1,662,118	1,679,182	1,501,620
1,632,837	2,739,678	3,530,093	2,120,890	1,330,401	748,164
348,157	328,929	251,335	70,064	196,016	40,110
<u>\$ 61,112,741</u>	<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>\$ 10,574,360</u>	<u>\$ 14,184,266</u>	<u>\$ 4,479,542</u>	<u>\$ 12,436,982</u>	<u>\$ 5,776,275</u>	<u>\$ 4,969,866</u>

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

	2013	2012	2011	2010	2009
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ 87,968	\$ 94,235
Unreserved	-	-	-	40,581,799	33,522,737
Nonspendable	40,363	135,199	135,418	-	-
Restricted	87,713	60,059	50,697	-	-
Unassigned	<u>55,330,664</u>	<u>53,176,748</u>	<u>51,799,408</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ 55,458,740</u>	<u>\$ 53,372,006</u>	<u>\$ 51,985,523</u>	<u>\$ 40,669,767</u>	<u>\$ 33,616,972</u>
<b>All other governmental funds</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Debt service fund	-	-	-	2,753,750	4,146,966
Special revenue funds	-	-	-	21,731,456	23,288,174
Capital projects fund	-	-	-	33,276	82,424
Unassigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects fund	-	-	(37,897)	-	-
Restricted, reported in:					
Debt service fund	1,970,893	2,068,027	2,291,126	-	-
Special revenue funds	10,763,122	10,621,838	13,100,459	-	-
Capital projects fund	248,953	66,196	-	-	-
Nonspendable, reported in:					
Debt service fund					
Capital projects fund					
Special revenue funds	<u>6,504</u>	<u>32,626</u>	<u>39,646</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 12,989,472</u>	<u>\$ 12,788,687</u>	<u>\$ 15,393,334</u>	<u>\$ 24,518,482</u>	<u>\$ 27,517,564</u>
Total Governmental Funds	<u>\$ 68,448,212</u>	<u>\$ 66,160,693</u>	<u>\$ 67,378,857</u>	<u>\$ 65,188,249</u>	<u>\$ 61,134,536</u>

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



2008	2007	2006	2005	2004
\$ 167,805	\$ 64,262	\$ 135,879	\$ 482,879	\$ 500,231
30,968,742	27,702,418	28,006,945	21,136,998	19,878,636
-	-	-	-	-
-	-	-	-	-
<u>\$ 31,136,547</u>	<u>\$ 27,766,680</u>	<u>\$ 28,142,824</u>	<u>\$ 21,619,877</u>	<u>\$ 20,378,867</u>
\$ -	\$ -	\$ -	\$ -	\$ -
4,391,560	4,438,554	7,144,146	6,141,309	6,229,267
28,601,040	23,165,595	24,311,509	22,650,767	15,823,889
278,524	36,593	350,211	657,812	721,792
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 33,271,124</u>	<u>\$ 27,640,742</u>	<u>\$ 31,805,866</u>	<u>\$ 29,449,888</u>	<u>\$ 22,774,948</u>
<u>\$ 64,407,671</u>	<u>\$ 55,407,422</u>	<u>\$ 59,948,690</u>	<u>\$ 51,069,765</u>	<u>\$ 43,153,815</u>

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

	2013	2012	2011	2010
<b>Local Sources</b>				
Property taxes	\$ 58,970,899	\$ 57,873,914	\$ 53,788,328	\$ 62,040,812
Replacement taxes	948,877	928,679	1,009,510	778,451
Earnings on investments	241,586	(328,920)	302,390	925,090
Other local sources	<u>3,899,406</u>	<u>3,798,257</u>	<u>3,462,020</u>	<u>3,417,273</u>
Total local sources	<u>64,060,768</u>	<u>62,271,930</u>	<u>58,562,248</u>	<u>67,161,626</u>
<b>State sources</b>	<u>16,148,919</u>	<u>12,972,844</u>	<u>13,264,411</u>	<u>12,764,852</u>
<b>Federal sources</b>	<u>1,661,653</u>	<u>1,977,720</u>	<u>2,798,442</u>	<u>2,831,060</u>
 Total	 <u>\$ 81,871,340</u>	 <u>\$ 77,222,494</u>	 <u>\$ 74,625,101</u>	 <u>\$ 82,757,538</u>

2009	2008	2007	2006	2005	2004
\$ 56,162,790	\$ 53,781,487	\$ 43,096,358	\$ 52,841,766	\$ 45,612,708	\$ 43,508,150
962,248	1,100,001	1,028,641	942,831	743,874	605,474
1,632,837	2,739,678	3,530,093	2,120,890	1,330,401	748,164
<u>3,814,886</u>	<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>62,572,761</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>10,991,751</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>2,126,269</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>\$ 75,690,781</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>

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

	2013	2012	2011	2010	2009
<b>Current:</b>					
Instruction					
Regular programs	\$ 22,686,596	\$ 22,415,974	\$ 19,753,207	\$ 21,450,621	\$ 20,265,649
Special programs	9,367,091	8,818,368	7,155,948	7,533,065	6,663,875
Other instructional programs	2,427,583	2,211,284	4,843,209	3,083,056	3,232,429
State retirement contributions	9,984,364	8,573,755	7,934,736	8,022,134	5,607,110
Total instruction	<u>44,465,634</u>	<u>42,019,381</u>	<u>39,687,100</u>	<u>40,088,876</u>	<u>35,769,063</u>
Supporting Services					
Pupils	4,402,573	4,252,148	4,048,759	3,633,769	3,430,394
Instructional staff	5,005,589	4,795,013	5,224,305	5,451,561	4,936,439
General administration	1,604,607	1,668,816	1,347,151	1,350,947	1,724,353
School administration	3,157,041	3,117,324	3,283,749	3,190,837	3,088,493
Business	2,093,047	2,195,148	2,026,760	1,974,980	2,255,039
Transportation	1,987,469	1,920,596	1,517,949	2,037,335	1,602,246
Operations and maintenance	5,655,507	5,236,075	5,042,663	5,178,139	5,578,657
Central	1,319,738	1,274,807	1,112,114	1,153,820	1,055,551
Community services	559,319	553,810	244,144	219,599	258,487
Nonprogrammed charges	1,373,175	1,472,420	1,455,516	1,251,750	1,357,503
Total supporting services	<u>27,158,065</u>	<u>26,486,157</u>	<u>25,303,110</u>	<u>25,442,737</u>	<u>25,287,162</u>
<b>Other:</b>					
Debt service:					
Principal	5,045,958	5,036,141	4,790,488	8,043,675	7,522,115
Interest	373,403	615,821	864,147	1,177,379	1,578,936
Capital outlay	2,540,761	4,283,158	1,789,648	3,951,159	8,806,640
Total Other	<u>7,960,122</u>	<u>9,935,120</u>	<u>7,444,283</u>	<u>13,172,213</u>	<u>17,907,691</u>
Total	<u>\$ 79,583,821</u>	<u>\$ 78,440,658</u>	<u>\$ 72,434,493</u>	<u>\$ 78,703,826</u>	<u>\$ 78,963,916</u>

<b>Debt service as a percentage of noncapital expenditures</b>	7.03%	7.62%	8.00%	12.34%	12.97%
----------------------------------------------------------------	-------	-------	-------	--------	--------

	2008	2007	2006	2005	2004
\$	19,129,598	\$ 17,966,673	\$ 16,994,614	\$ 16,546,694	\$ 15,654,426
	7,476,522	8,264,490	7,649,778	6,965,217	6,769,301
	1,760,888	1,556,410	1,575,827	1,515,718	1,430,820
	4,139,852	2,697,912	1,841,948	3,054,296	3,492,984
	<u>32,506,860</u>	<u>30,485,485</u>	<u>28,062,167</u>	<u>28,081,925</u>	<u>27,347,531</u>
	3,196,010	1,915,909	1,621,609	1,611,268	1,396,181
	4,340,609	3,886,000	3,642,288	3,482,509	3,178,617
	1,180,471	1,186,562	1,307,564	662,446	1,060,127
	2,866,703	2,467,381	2,467,757	2,517,285	2,336,828
	2,426,779	2,269,046	2,176,195	2,211,322	2,026,181
	1,971,775	2,037,709	1,896,101	1,751,820	1,720,882
	5,865,605	5,318,220	4,651,726	4,681,045	4,216,356
	1,135,762	962,139	1,326,322	1,561,739	1,347,527
	213,482	122,601	166,325	126,103	97,573
	842,870	1,137,466	1,821,968	2,830,248	2,660,546
	<u>24,040,066</u>	<u>21,303,033</u>	<u>21,077,855</u>	<u>21,435,785</u>	<u>20,040,818</u>
	6,445,000	5,960,000	4,035,000	5,285,000	5,010,000
	1,734,900	1,982,783	2,342,764	2,538,459	2,589,507
	4,418,119	5,571,203	2,493,329	3,003,755	902,557
	<u>12,598,019</u>	<u>13,513,986</u>	<u>8,871,093</u>	<u>10,827,214</u>	<u>8,502,064</u>
\$	<u>69,144,945</u>	<u>\$ 65,302,504</u>	<u>\$ 58,011,115</u>	<u>\$ 60,344,924</u>	<u>\$ 55,890,413</u>
	12.64%	13.30%	11.49%	13.64%	13.82%

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

	2013	2012	2011	2010	2009
<b>Excess of revenues over (under) expenditures</b>	\$ 2,287,519	\$ (1,218,164)	\$ 2,190,608	\$ 4,053,712	\$ (3,273,135)
<b>Other financing sources (uses)</b>					
General long-term debt issued	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Other	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	8,000	266,261	88,294	606,901	12,130,552
Transfers out	<u>(8,000)</u>	<u>(266,261)</u>	<u>(88,294)</u>	<u>(606,901)</u>	<u>(12,130,552)</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 2,287,519</u>	<u>\$ (1,218,164)</u>	<u>\$ 2,190,608</u>	<u>\$ 4,053,712</u>	<u>\$ (3,273,135)</u>

2008	2007	2006	2005	2004
\$ 2,907,023	\$ (4,541,268)	\$ 8,878,925	\$ (788,601)	\$ 805,946
5,770,000	-	25,272,095	-	-
-	-	(16,665,768)	-	-
323,226	-	-	-	-
-	-	-	-	12,500
3,272,314	1,953,688	943,364	325,950	331,065
<u>(3,272,314)</u>	<u>(1,953,688)</u>	<u>(943,364)</u>	<u>(325,950)</u>	<u>(331,065)</u>
<u>6,093,226</u>	<u>-</u>	<u>8,606,327</u>	<u>-</u>	<u>12,500</u>
<u>\$ 9,000,249</u>	<u>\$ (4,541,268)</u>	<u>\$ 17,485,252</u>	<u>\$ (788,601)</u>	<u>\$ 818,446</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
2012	\$ 1,775,620,213	\$ 3.416	\$ 5,326,860,639
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

**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**

	2012	2011	2010	2009	2008
<b>District direct rates</b>					
Total direct	<u>\$ 3.4160</u>	<u>\$ 3.1010</u>	<u>\$ 2.8130</u>	<u>\$ 2.5100</u>	<u>\$ 2.8070</u>
<b>Overlapping rates</b>					
County of Cook	0.5310	0.4620	0.4230	0.3940	0.4150
Cook County Forest Preserve District	0.0630	0.0580	0.0510	0.0490	0.0510
Consolidated Elections	0.0000	0.0250	0.0000	0.0210	0.0000
Wheeling Township	0.0520	0.0480	0.0430	0.0390	0.0380
Wheeling Twp General Assistance	0.0090	0.0090	0.0050	0.0090	0.0090
Wheeling Twp Road & Bridge	0.0160	0.0150	0.0140	0.0120	0.0120
Metro Water Reclamation District of Chicago	0.3700	0.3200	0.2740	0.2610	0.2520
Northwest Mosquito Abatement District	0.0110	0.0100	0.0090	0.0080	0.0080
Village of Arlington Heights & Library Fund	1.5320	1.3850	1.2540	1.1080	1.0720
Arlington Heights Park District	0.5450	0.4960	0.4500	0.3920	0.3790
Arlington Heights High School #214	2.3240	2.0670	1.8390	1.6360	1.5870
Harper Comm College #512	0.3730	0.3340	0.2950	0.2580	0.2560
Suburban TB Sanitarium	-	-	-	-	-
Total direct and overlapping rate	<u>\$ 9.2420</u>	<u>\$ 8.3300</u>	<u>\$ 7.4700</u>	<u>\$ 6.6970</u>	<u>\$ 6.8860</u>

**Source:** Cook County Clerk

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

2007	2006	2005	2004	2003
<u>\$ 2.8900</u>	<u>\$ 3.2950</u>	<u>\$ 3.2250</u>	<u>\$ 3.1380</u>	<u>\$ 3.6520</u>
0.4460	0.5000	0.5330	0.5930	0.6300
0.0530	0.0570	0.0600	0.0600	0.0590
0.0120	0.0000	0.0140	0.0000	0.0290
0.0380	0.0430	0.0410	0.0420	0.0470
0.0090	0.0100	0.0090	0.0090	0.0100
0.0120	0.0130	0.0120	0.0120	0.0130
0.2630	0.2840	0.3150	0.3470	0.3610
0.0080	0.0090	0.0090	0.0090	0.0100
1.1340	0.8660	0.8000	0.7400	0.7500
0.4040	0.4610	0.4530	0.4660	0.5160
1.6210	1.8230	1.7590	1.8880	1.9820
0.2600	0.2880	0.2810	0.2790	0.3100
<u>-</u>	<u>0.0050</u>	<u>0.0050</u>	<u>0.0010</u>	<u>0.0040</u>
<u>\$ 7.1500</u>	<u>\$ 7.6540</u>	<u>\$ 7.5160</u>	<u>\$ 7.5840</u>	<u>\$ 8.3730</u>

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## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

### PRINCIPAL PROPERTY TAXPAYERS IN THE DISTRICT

CURRENT LEVY YEAR AND TEN YEARS AGO

TAXPAYER	2012 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2012 EQUALIZED ASSESSED VALUATION
Luther Village	\$ 43,849,356	2.47%
Town & Country Chicago	20,565,525	1.16%
Amcap Northpoint LLC	19,360,250	1.09%
Stonebridge Real Estate	15,277,499	0.86%
New Plan Excel Prop TR	14,810,995	0.83%
WRCMT 2007C33 Evgrn A	10,712,157	0.60%
John Hancock Life Insurance	10,530,539	0.59%
Robin Realty Management	9,998,123	0.56%
Sptmrt Properties Trust	9,090,531	0.51%
Northwest Community Hospital	<u>6,382,740</u>	<u>0.36%</u>
 Total	 \$ <u>160,577,716</u>	 <u>9.04%</u>

\*Includes only those parcels with 2012 equalized assessed valuations of approximately \$163,000 and over as recorded in the County Assessor's office.

Taxpayer	2002 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2001 EQUALIZED ASSESSED VALUATION
Luther Village	\$ 25,562,021	2.68%
Northpoint Freed	22,843,776	2.40%
Avalon Bay Communities	16,387,999	1.72%
Visconsi Companies	15,437,204	1.62%
Stonebridge Trust	13,995,288	1.47%
Robin Realty Mgmt	11,438,046	1.20%
M&J Wilkow, Ltd.	9,358,952	0.98%
Huntoon Paige	8,561,389	0.90%
Marriott Senior Living	8,022,021	0.84%
CNC	<u>7,631,752</u>	<u>0.80%</u>
 Total	 \$ <u>139,238,448</u>	 <u>14.61%</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
2013	\$ 60,646,018	\$ 31,057,458	51.21%	\$ -	\$ 31,057,458	51.21%
2012	59,027,139	30,563,740	51.78%	27,369,585	57,933,325	98.15%
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%

**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
2013	\$ 5,120,000	\$ -	\$ -	\$ 5,120,000	0.81%	\$ 68
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

**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
2013	\$ 5,120,000	\$ -	\$ 5,120,000	0.10%	\$ 68
2012	10,165,000	-	10,165,000	0.18%	135
2011	15,190,000	-	15,190,000	0.25%	202
2010	19,970,000	-	19,970,000	0.30%	266
2009	27,980,000	-	27,980,000	0.44%	364
2008	35,350,000	-	35,350,000	0.61%	459
2007	36,025,000	-	36,025,000	0.73%	468
2006	41,985,000	-	41,985,000	0.90%	546
2005	47,000,000	-	47,000,000	1.10%	611
2004	44,455,000	-	44,455,000	1.21%	585



**ARLINGTON HEIGHTS SCHOOL DISTRICT 25**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
 JUNE 30, 2013

GOVERNMENTAL JURISDICTION	DEBT OUTSTANDING	OVERLAPPING PERCENT	NET DIRECT AND OVERLAPPING DEBT
<b>Overlapping debt:</b>			
<b>County</b>			
Cook County	\$3,706,435,000	1.306%	48,406,041
Cook County Forest Preserve	131,500,000	1.306%	1,717,390
Metro Water Reclamation District of Chicago	2,492,761,543	1.333%	33,228,511
<b>School Districts</b>			
High School District 214	46,530,000	20.514%	9,545,164
Harper Community College 512	182,990,000	10.088%	18,460,031
<b>Park Districts</b>			
Arlington Heights Park District	13,685,000	62.246%	8,518,365
Mt. Prospect Park District	7,070,000	3.245%	229,422
Prospect Heights Park District	545,380	3.221%	17,567
<b>Municipalities</b>			
Village of Arlington Heights	43,330,000	60.098%	26,040,463
Village of Mount Prospect	36,480,000	2.913%	1,062,662
City of Prospect Heights	14,825,000	1.201%	178,048
City of Rolling Meadows	5,428,154	0.607%	32,949
Total overlapping debt			<u>147,436,614</u>
<b>Direct debt:</b>			<u>5,120,000</u>
Total Direct and Overlapping Debt			<u>\$ 152,556,614</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**

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**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed Valuation	<u>\$ 1,775,620,213</u>
Debt Limit - 6.9% of Assessed Valuation	\$ 122,517,795
Total Debt Outstanding	\$ 5,120,000
Less: Exempted Debt	<u>\$ -</u>
Net Subject to 6.9% Limit	\$ 5,120,000
Total Debt Margin	<u>\$ 117,397,795</u>

	2013	2012	2011	2010
Debt Limit	\$ 122,517,795	\$ 131,358,866	\$ 142,374,513	\$ 154,812,478
Total Net Debt Applicable to Limit	<u>5,120,000</u>	<u>10,165,958</u>	<u>15,202,099</u>	<u>19,992,587</u>
Legal Debt Margin	<u>\$ 117,397,795</u>	<u>\$ 121,192,908</u>	<u>\$ 127,172,414</u>	<u>\$ 134,819,891</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4%	8%	11%	13%

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<b>Fiscal Year</b>					
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 144,953,498	\$ 134,354,995	\$ 113,054,336	\$ 106,705,498	\$ 98,484,913	\$ 84,350,371
<u>28,036,262</u>	<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>\$ 116,917,236</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>
19%	26%	32%	39%	48%	53%

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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
2013	75,777	\$ 3,149,822,559	\$ 41,567	7.20%
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%

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

<b>2013</b>			
EMPLOYER	NUMBER OF EMPLOYEES	SOURCE	PERCENTAGE OF TOTAL EMPLOYMENT
Northwest Community Hospital	4,000	(2)	N/A^
Northrop Grumman Corp	2,100	(4)	N/A^
Caremark, Inc.	850	(2)	N/A^
Robert Bosch Tool Corp.	600	(2)(3)	N/A^
Paddock Publications	500	(1)(3)	N/A^
Alexian Brothers Health System	500	(2)	N/A^
Level 3 Communications LLC	500	(2)	N/A^
Cummins-Allison Corp.	450	(1)(3)	N/A^
Kroeschell Inc.	450	(2)	N/A^
IMS Buhrke-Olson	350	(1)(3)	N/A^

### 2004

EMPLOYER	NUMBER OF EMPLOYEES	SOURCE	PERCENTAGE OF TOTAL EMPLOYMENT
Motorola	4,300	(5)	N/A^
Northwest Community Hospital	3,000	(5)	N/A^
Ameritech	1,000	(5)	N/A^
Lutheran Home Services	700	(5)	N/A^
Arlington Heights School District 25	659	(5)	N/A^
Paddock Publications	550	(5)	N/A^
Just the Facts	500	(5)	N/A^
Amersham Corporation	430	(5)	N/A^
Kay & Association, Inc.	400	(5)	N/A^
Village of Arlington Heights	400	(5)	N/A^

^Percentage of total employment not available

- Sources: (1) 2013 Illinois Manufacturers' Directory  
 (2) 2013 Illinois Service Directory  
 (3) 2013 Harris Illinois Industrial Directory  
 (4) City of Rolling Meadows Chamber of Commerce  
 (5) June 30, 2004 CAFR

## ARLINGTON HEIGHTS SCHOOL DISTRICT 25

### NUMBER OF EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009	2007 - 2008	2006 - 2007	2005 - 2006	2004 - 2005	2003 - 2004
<b>Administration:</b>										
Superintendent	1	1	1	1	1	1	1	1	1	1
Assitant Superintendent	3	3	3	3	4	4	4	4	4	4
District Administrators	5	5	5	5	5	5	4	4	4	4
Principals and assistants	<u>17</u>	<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>
Total administration	<u>26</u>	<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>
<b>Teachers:</b>										
Elementary	181	173	168	168	168	165	158	133	132	132
Middle school	109	105	110	111	111	111	109	109	107	107
District Instruction Support	82	82	86	84	84	84	82	91	84	86
Special education and bilingual	<u>67</u>	<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>
Total teachers	<u>439</u>	<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>
<b>Other supporting staff:</b>										
Cafeteria	29	45	39	27	27	27	24	26	22	23
Clerical and Aides, Playground Supervisor Maintenance, custodians and warehouse and crossing guards	<u>192</u>	<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>64</u>	<u>54</u>	<u>50</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>51</u>
Total support staff	<u>285</u>	<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>
Total staff	<u>750</u>	<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>

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

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FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	EXPENSES	PER CAPITA TUITION CHARGE
2013	4,852	\$ 58,228,272	\$ 12,001	0.0%	\$ 52,880,003	\$ 10,899
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	3.5%	39,295,359	8,832



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PERCENTAGE CHANGE	TEACHING STAFF	PUPIL - TEACHER RATIO	PERCENTAGE OF STUDENTS RECEIVING FREE OR REDUCED PRICE-MEALS
-2.5%	439	11.0	10%
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%
5.1%	382	13.0	4%

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

	2013	2012	2011	2010	2009	2008
<b>Elementary</b>						
Buildings	7	7	7	7	7	7
Square Feet	446,817	446,817	446,817	446,817	446,817	446,817
Capacity (Students)	4,454	4,454	4,454	4,454	4,454	4,454
Enrollment	3,443	3,443	3,360	3,226	3,206	3,350
<b>Middle</b>						
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	1,719	1,742	1,773	1,777	1,737
<b>Other</b>						
Buildings	3	3	3	3	3	3
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A
<b>Athletics</b>						
Play grounds	7	7	7	7	7	7

2007	2006	2005	2004
7	7	7	7
429,186	429,186	429,186	429,186
4,238	4,238	4,238	4,238
3,168	3,174	3,063	3,073
2	2	2	2
270,013	270,013	270,013	270,013
1,892	1,892	1,892	1,892
1,737	1,718	1,711	1,693
3	3	3	3
N/A	N/A	N/A	N/A
7	7	7	7

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